

SUBSIDIARY LEGISLATION

*to the Gazette of the United Republic of Tanzania No. 50 Vol. 100 dated 6 December, 2019
Printed by the Government Printer, Dodoma by Order of Government*

GOVERNMENT NOTICE NO. 951 published on 6/12/2019

**THE POLITICAL PARTIES ACT,
(CAP.258)**

REGULATIONS

(Made under section 22(2)(d))

**THE POLITICAL PARTIES (FINANCIAL ACCOUNTING) REGULATIONS,
2019**

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THE POLITICAL PARTIES ACT,
(CAP.258)

REGULATIONS

(Made under section 22(2)(d))

THE POLITICAL PARTIES (FINANCIAL ACCOUNTING) REGULATIONS, 2019

PART I
PRELIMINARY PROVISIONS

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|----------------|--|
| Citation | 1. These Regulations may be cited as the Political Parties (Financial Accounting) Regulations, 2019. |
| Interpretation | 2. In these Regulations, unless the context otherwise requires- |
| Cap. 258 | "Act" means the Political Parties Act; |
| | "accounting officer" means the national leader of a political party who has been given powers to authorize all expenditures and manage party assets; |
| | "entity" means a political party; |
| | "financial statements" means structured representation of the financial position and the transactions undertaken by an entity; |
| | "Minister" means the Minister for the time being responsible for matters relating to political parties; |
| | "political party" or "party" has the meaning ascribed to it in the Act; |
| | "professional accountant" means an accountant who is registered as an accountant by the National Board of Accountants and Auditors; |
| | "Registrar" means the Registrar of Political Parties appointed under the Act; |

PART II
ACCOUNTING FRAMEWORK

Preparation and
presentation of
financial
statements

3.-(1) Every political party shall prepare and present its financial statements by adhering to International Public Sector Accounting Standards (IPSAS).

(2) The financial statements prepared and presented under these Regulations shall be prepared and presented under accrual basis of accounting and directed to a wide range of users who have to rely on the financial statements as their major source of a political party's financial information.

Submission
financial
statements

4.-(1) A political party shall submit its financial statements to the Controller and Auditor General for auditing not later than 30th September of every calendar year.

(2) Financial statements submitted under subregulation (1) must comply with these Regulations.

Obligation of
political party

5. For effective implementation of these Regulations, each political party shall-

- (a) have an accounting officer, who shall be charged with the duty of controlling, managing and supervising the political party's resources in a transparent and accountable manner;
- (b) establish and maintain effective internal financial controls;
- (c) prepare budget for each financial year;
- (d) use a qualified accountant to prepare and present its financial statements; and
- (e) prepare and submit to the Registrar, the following semi annual unaudited reports or statements in January of each calendar year-
 - (i) revenue and expenditure report;
 - (ii) cash flow statements; and
 - (iii) budget implementation report.

Duty of
accounting
officer

6.-(1) Each political party's accounting officer shall have the duty to establish and maintain effective internal financial and non- financial control systems in the political party so as to safeguard the political party's resources.

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(2) The established systems shall facilitate the control, management and supervision of the political party's resources in a transparency and accountable manner.

Financial
statements

7.-(1) Financial statements to be submitted to the Controller and Auditor General for auditing shall include-

- (a) statement of financial performance;
- (b) statement of financial position;
- (c) cash flow statement;
- (d) statement of changes in net asset or equity (party's funds and reserves);
- (e) statement of comparison between budget and actual amount spent;
- (f) notes to the financial statements comprising a summary of significant account policies and other explanatory notes; and
- (g) disclosure notes which shall include-
 - (i) statement of compliance;
 - (ii) statement of accounting policies;
 - (iii) explanatory notes for line items presented in the financial statements;
 - (iv) trial balance; and
 - (v) other disclosures; and
- (h) political parties specific financial statements.

(2) The specific financial statements referred to in subregulation (1)(h) are-

- (a) summarized information about income and expenditure of the party;
- (b) statement of accounting for subvention for political parties receiving subvention from Government under the Act;
- (c) statement of annual declaration of properties owned by the political party as required under the Act; and
- (d) annual performance report of the Board of Trustees;

(3) Notwithstanding the foregoing provisions, submission of financial statements under subregulation (1) shall be accompanied by-

- (a) organisation structure of the party;
- (b) Constitution, rules and financial regulations of the party; and

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- (c) name, postal address, telephone number and email address of signatories of the statements.
- Signatories of financial statements
8. A political party's financial statements shall be signed by-
- (a) Chairperson of the Board of Trustees;
 - (b) accounting officer of the party;
 - (c) head of finance department; and
 - (d) the person who prepared the statement.
- General purpose financial statements and their objectives
- 9.-(1) General purpose financial statements are statements which provide information about the financial position, performance and cash flows of a recognized body that is useful to a wide range of users in making and evaluating decisions about the allocation of resources.
- (2) The objectives of general purpose financial reporting in political parties shall be to provide information useful for decision making and to demonstrate the accountability of the entity for the resources entrusted to it by-
- (a) providing information about the sources, allocation and uses of financial resources;
 - (b) providing information about how the entity financed its activities and met its cash requirements;
 - (c) providing information that is useful in evaluating the entity's ability to finance its activities and to meet its liabilities and commitments;
 - (d) providing information about the financial condition of the entity and changes in it; and
 - (e) providing aggregate information useful in evaluating the entity's performance in terms of service costs, efficiency and accomplishments.
- Elements of financial statements
10. The elements of financial statements include-
- (a) assets;
 - (b) liabilities;
 - (c) revenue;
 - (d) expenses.
- Assets
- 11.-(1) An asset is a resource controlled by an entity as a result of past event and from which future economic benefit or service potential is expected to flow to the entity.

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(2) For a political party, certain items which may not have future economic benefits, but have service potential, shall be considered as assets.

(3) Tangible assets include land, buildings, vehicles, computers, furniture and inventories while intangible assets include copyrights, software, patents, licence and intellectual property.

Liabilities

12.-(1) A liability is a present obligation of the entity arising from past event, the settlement of which is expected to result in an outflow from the entity of resources, embodying economic benefits or service potential.

(2) A liability shall include an obligation that can be legally enforceable, as a consequence of a binding contract of statutory requirements. Obligations may arise from normal practices followed by the entity, custom and a desire to maintain good relations or act in an equitable manner.

Revenue

13.-(1) Revenue is an increase in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in owners' interest, other than those relating to contributions from owners.

(2) Revenue for a political party may include, subvention from the Government, membership subscription fees, voluntary contributions, proceeds of any investment, project or undertaking in which the party has an interest, donations, bequests and grants from any other source.

(3) Gains represent other items that meet the definition of "income" and may or may not arise in the course of the ordinary activities of a political party. Gains represent increases in economic benefits and as such they are not different in nature from revenue. Gains include, profits arising from the disposal of fixed assets and sale of investments. Where gains are recognized in the income and expenditure account, they shall be disclosed separately.

(4) Losses represent decreases in economic benefits and as such they are not different in nature from other expenses. Losses shall include, those resulting from disasters such as fire and flood, as well as those arising from the disposal of fixed assets. The definition of expenses shall include unrealized

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losses. Losses are generally recognized in the income and expenditure account and therefore they shall be disclosed separately.

Expenses

14.-(1) Expense is a decrease in economic benefit or service potential during the reporting period, in the form of outflows or consumption of assets or increase of liabilities that result in a decrease in net assets or equity, other than those relating to distributions to owners.

(2) Expenses shall encompass both expenses that arise in the course of the ordinary activities of an entity, as well as losses and shall also include monetary and non-monetary expenses.

(3) For a political party, monetary expenses shall include administration costs, election expenses, salaries and office rent. Non-monetary expenses shall include depreciation.

Accounting principles

15.-(1) Principles for recognition of items of income, expenses, assets and liabilities lay down the timing when an item of income, expense, asset or liability shall be recognized in the financial statements.

(2) Accrual basis of accounting means a basis of accounting under which transactions and other events are recognized when they occur and not only when cash or its equivalent is received or paid. In accrual basis of accounting the transactions and events are recorded in the accounting records and recognized in the financial statements of the periods to which they relate.

(3) In accrual basis of accounting, the timing of the recognition of a grant, donation or contribution as an income in the financial statements of an organization does not depend upon the purpose for which the organization is run. A grant is recognized as income in the financial statements, when it becomes reasonably certain that the grant, donation or contribution will be received and that the organization will fulfill the conditions attached to it.

(4) A political party shall use this accrual basis of accounting for recognition of grants and other incomes, also expenses, assets and liabilities.

(5) Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the

financial statements. Materiality depends on the nature and size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, shall be the determining factor.

(6) Net assets or equity is the residual interest in the assets of the entity after deducting all its liabilities

Recognition
criteria for
income,
expenses, assets
and liabilities

16.-(1) Income is recognised when-

- (a) it is probable that the inflow or other enhancement of future economic benefits has occurred; and
- (b) the inflow or other enhancements of future economic benefits can be measured reliably.

(2) An item that meets the definition of "expense" becomes eligible to be recognized in the income and expenditure account when and only when-

- (a) it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets or an increase in liabilities has occurred;
- (b) the consumption or loss of future economic benefits can be measured reliably.

(3) Under accrual basis of accounting, expenses are recognised on the following basis-

- (a) identification with revenue transactions, whereas, costs directly associated with the revenue recognised during the relevant period (in respect of which whether money has been paid or not) are considered as expenses and are charged to income for the period;
- (b) identification with a period of time, whereas, costs regarded as "period costs" are expensed in the relevant period, and similarly, costs which do not clearly extend beyond the accounting period are also charged as expenses; and
- (c) expenses relating to a future period are accounted for as "prepaid expenses" even though they are paid for in the current accounting period, and similarly, expenses of the current year for which payment has not yet been made (outstanding expenses) are charged to the income and expenditure account for the current accounting period.

(4) An asset shall be recognized in the statement of financial position when-

- (a) it is probable that the future economic benefits embodied in the asset will be received; and
- (b) the asset possesses a cost or value that can be measured reliably.
- (5) A liability shall be recognized in the statement of financial position when-
 - (a) it is probable that any future sacrifice of economic benefits will be required; and
 - (b) the amount of the liability can be measured reliably.
- (6) A "contingent liability" is-
 - (a) a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
 - (b) a present obligation that arises from past events but is not recognized.
- (7) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
- (8) A reliable estimate of the amount of the obligation cannot be made.
- (9) An obligation is a possible obligation; an obligation is a possible obligation if, based on the evidence available, its existence at the reporting date is considered not probable.
- (10) A political party shall not recognize a contingent liability on the face of financial statements, but it shall make the following disclosures, for each class of contingent liability, in the notes to financial statements-
 - (a) brief description of the nature of the contingent liability;
 - (b) estimate of its financial effect;
 - (c) indication of the uncertainties relating to any outflow; and
 - (d) possibility of any reimbursement.
- (11) Where any of the information required in this regulation is not disclosed because it is not practicable to do so, that fact shall be stated.

Principles for
measurement of
items of income,

17.-(1) Principles for measurement of items of income, expenses, assets and liabilities lay down at what amount the aforesaid items shall be recognized in the financial statements.

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expenses, assets
and liabilities

(2) Number of different measurement basis shall be employed to different degrees and in varying combinations in financial statements such as historical cost, current cost, realizable (settlement) value and present value, depending on the nature of the asset.

Basis of
Accounting

18.-(1) Basis of Accounting refers to the timing of recording of revenue, expenses, assets and liabilities in accounts.

(2) Political parties shall adhere to the requirement of International Public Sector Accounting Standards (IPSAS) which lay down the manner in which the financial statements are to be presented by political parties and the disclosures to be made therein.

Presentation and
disclosure
principles

19. Presentation and disclosure shall be done as prescribed by IPSAS.

Notes

20.-(1) Notes shall contain information in addition to that presented in the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets or Equity and Cash Flow Statement.

(2) Notes shall provide narrative descriptions or disaggregation of items disclosed in those statements and information about items, that do not qualify for recognition in those statements.

(3) The structure of Notes shall be as explained in the Third Schedule.

PART III
ACCOUNTING RECORDS

Proper books of
accounts

21.-(1) Books of accounts which must be maintained by a political party in pursuance of section 14(a) of the Act include-

- (a) cash book;
 - (b) ledger;
 - (c) journal book;
 - (d) receipt book;
 - (e) purchase day book;
 - (f) inventory register;
 - (g) payment voucher; and
 - (h) fixed asset register.
- (2) Proper books of accounts of a political party shall-
- (a) be capable of disclosing, with reasonable accuracy, the financial position of the political party at any time;
 - (b) meet the requirements and standards set under the Act and these Regulations; and
 - (c) be capable of enabling the political party's financial accounts to be audited by using acceptable auditing standards.

Key quality
standards

22.-(1) An accounting officer of a political party shall take steps to ensure that the accounting records completely record the financial transactions and balances of the party.

(2) In performing the duty under subregulation (1), the accounting officer shall ensure that-

- (a) all financial transactions are promptly recorded;
 - (b) those transactions are recorded accurately; and
 - (c) income and donated assets are recorded and measured at their fair value.
- (3) The steps to be taken by the accounting officer in subregulation (1) may include, but not limited to, the following-
- (a) ensuring that the processing of financial transactions is systemized;
 - (b) ensuring that staffs engaged in such processing are adequately trained;
 - (c) instituting a system of internal financial control appropriate to the nature and scale of the party's business; and

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- (d) ensuring that there is adequate and timely reconciliation of financial balances with the records of financial institutions.

Period of
maintenance of
records

23.-(1) Books of accounts and accounting records of a political party shall be preserved for a period of seven years from the end of the financial year to which they relate.

(2) Where registration of a political party is cancelled at any time, the obligation to ensure that the accounting records are preserved shall be discharged by the last accounting officer of the party, unless the Registrar or competent court of law permits, in writing, that the records be destroyed or disposed of in some other manner.

(3) Without prejudice to subregulation (1), the Registrar may issue additional directives on how records of political parties shall be maintained.

PART IV ACCOUNTING POLICIES

Revenue from
non-exchange
transactions

24.-(1) Revenue from non-exchange transactions is governed by IPSAS and mainly comprises of taxes and transfers.

(2) Revenue shall comprise gross inflows of economic benefits or service potential received and receivable by reporting entity, which represents an increase in net asset or equity, other than increases relating to contributions from owners.

(3) Revenue shall be recognized to the extent that, it is probable that the economic benefits will flow to the political party and the revenue can be reliably measured.

Specific criteria
for recognition
and disclosure of
grants

25.-(1) A political party grant shall be recognized only when there is reasonable assurance that-

- (a) the political party will comply with any conditions attached to the grant; and
- (b) the grant will be received.

(2) Grants shall be recognized as revenue over the period necessary to match them with the related costs for which they are intended to compensate, on a systematic basis.

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(3) Non-monetary grants, such as land or other resources shall be accounted for at fair value, although recording both the asset and the grant at a nominal amount is also permitted.

(4) Even where there are no conditions attached to the grants, specifically relating to the operating activities of the party (other than the requirement to operate in certain regions or industry sectors), such grants shall not be credited to equity.

(5) A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, shall be recognized as income in the period in which it is receivable.

(6) A grant relating to assets shall be presented in one of the following ways-

(a) as deferred income, or

(b) by deducting the grant from the asset's carrying amount.

(6) A grant relating to income may be reported separately as "other income" or deducted from the related expense.

(7) Where a grant becomes repayable it shall be treated as a change in estimate.

(8) In the case of the original grant related to income, the repayment shall be applied first against any related unamortized deferred credit, and any excess shall be dealt with as an expense.

(9) In the case of the original grant related to an asset, the repayment shall be treated as increasing the carrying amount of the asset or reducing the deferred income balance.

(10) The cumulative depreciation which would have been charged had the grant not been received shall be charged as an expense.

Disclosure in
relation to grants

26. Where a political party receives a grant, the following information must be disclosed-

(a) accounting policy adopted for grants, including method of presentation of the statement of financial position;

(b) nature and extent of grants recognized in the financial statements; and

(c) unfulfilled conditions and contingencies attaching to recognized grants.

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Recognition of
transfers and
investment
property

27.-(1) Transfers shall include fees, fines, penalties, licenses, gifts, donations (including goods-in-kind), and transfers from other political party entities.

(2) Transfers shall be recognized when it is probable that, the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. Services-in-kind shall not be recognized as revenue, but shall be disclosed in the financial statements.

(3) Investment property is property held to earn rentals or for capital appreciation and shall be measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property shall be measured at fair value. Gains or losses arising from changes in the fair value of investment property, shall be included in the statement of financial performance for the period in which they arise.

(4) Non-current assets and disposal group shall be classified as held for sale if their carrying amount is recovered through a sale transaction rather than through continuing use. The condition shall be met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which shall be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal group) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

(5) Property, plant and equipment shall be stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost shall include the cost of any replacement parts in accordance with the related recognition criteria.

Depreciation

28.-(1) Political parties shall adopt a straight line method for depreciation of their assets which is allocated systematically over the useful life of the respective assets. The depreciable amount of an asset shall be allocated on a systematic basis over its estimated useful life. The prevailing International Standard for depreciation shall be applied over the useful life of the assets.

(2) In accordance with the generally acceptable valuation principles, depreciation for valuation purposes shall be the adjustment made to the replacement cost to reflect physical deterioration, functional and economic obsolescence.

(3) Assets shall run an economic life peculiar to themselves depending on the make, constant handling and operational use. Some assets shall be continued in use much beyond the estimated useful life due to periodical maintenance and repairs. Assets expected life shall be projected in ranges as set out in the First Schedule to these Regulations.

(4) In the carrying values of cash, generating property, plant and equipment shall be reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

(5) An item of property, plant and equipment shall be derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) shall be included in the statement of financial performance in the year the asset is derecognized.

(6) The residual values, useful lives and methods of depreciating property, plant and equipment shall be reviewed and adjusted if appropriate, at each financial year end. When each major inspection is performed, its cost is recognized in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied.

Impairment of
non-financial
assets

29.-(1) A political party shall assess, at each reporting date, whether there is an indication that an asset may be impaired, and where any such indication exists, or when annual impairment testing for an asset is required, the political party shall make an estimate of the asset's recoverable amount.

(2) Without prejudice to sub regulation (1) an asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

(3) Where the carrying amount of an asset exceeds its recoverable amount, the asset shall be considered impaired and written down to its recoverable amount. In assessing value in

use, the estimated future cash flows shall be discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations shall be recognized in the statement of financial performance in those expense categories consistent with the function of the impaired asset.

(4) An assessment shall be made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount shall be estimated. A previously recognized impairment loss shall be reversed only if there has been a change in the estimates used to determine the asset's recoverable amount, since the last impairment loss was recognized. If that is the case, the carrying amount of the asset shall be increased to its recoverable amount.

(5) Increased amount should not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal should be recognized in the statement of financial performance. After such a reversal, the depreciation charge shall be adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Intangible assets

30.-(1) Intangible assets (consisting of computer software's) acquired shall be measured on initial recognition at cost. Following initial recognition, intangible assets shall be carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets shall be not capitalized and expenditure charged against surplus or deficit in the year in which the expenditure is incurred.

(2) The useful lives of intangible assets shall be assessed to be finite. Intangible assets with finite lives shall be amortized over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The expected useful life should be approximately five years.

(3) The amortization period and the amortization method for an intangible asset shall be reviewed at least at the

end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset shall be accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets shall be recognized in the statement of financial performance. Gains or losses arising from de-recognition of an intangible asset shall be measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in surplus or deficit when the asset is derecognized.

Interest bearing
loans and
borrowings

31.-(1) All loans and borrowings shall be initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings shall be subsequently measured at amortized cost using the effective interest method. Gains and losses shall be recognized in surplus or deficit when the liabilities are derecognized as well as through the amortization process.

(2) Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready, for its intended use or sale shall be capitalized as part of the cost of the respective assets. All other borrowing costs shall be expensed in the period they occur. Borrowing costs shall consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Provisions

32.-(1) Provisions shall be recognized when the political party has a present obligation (legal or constructive) as a result of a past event.

(2) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(3) Where the political party expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision shall be presented in surplus or deficit net of any reimbursement. If the effect of the time value of money is material, provisions are

discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Associates

33.-(1) An associate is an entity over which the political party has significant influence and that is neither a subsidiary nor an interest in a joint venture.

(2) The results and assets and liabilities of associates shall be incorporated in the financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under non-current assets held for sale and discontinued operations.

(3) Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the political party's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the political party's interest in that associate (which includes any long-term interests that, in substance, form part of the political party's net investment in the associate) are not recognized, unless the political party has incurred legal or constructive obligations or made payments on behalf of the associate.

(4) Any excess of the cost of acquisition over the political party's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill shall be included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the political party's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, shall be recognized immediately in surplus or deficit.

(5) Where a political party entity transacts with an associate of the political party, profits and losses are eliminated to the extent of the political party's interest in the relevant associate.

(6) For purposes of subregulation (1), "significant influence" is the power to participate in the financial and

operating policy decisions of the investee but is not control or joint control over those policies.

Interests in joint ventures

34.-(1) A joint venture is a contractual arrangement whereby the political party and another entity undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities, require the unanimous consent of the parties sharing control. Where the political party undertakes its activities under joint venture arrangements directly, the political party's share of jointly controlled assets and any liabilities incurred jointly with other venturers, shall be recognized in the financial statements of the relevant entity and classified according to their nature.

(2) Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest, shall be referred to as jointly controlled entities. The political party shall report its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under non-current assets held for sale and discontinued operations.

(3) Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the political party's share of the output of jointly controlled assets, and its share of joint venture expenses, shall be recognized when it is probable that the economic benefits associated with the transactions will flow to or from the political party and their amount can be measured reliably.

(4) The political party's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis. Any goodwill arising on the acquisition of the political party's interest in a jointly controlled entity shall be accounted for in accordance with the political party's accounting policy for goodwill arising on the acquisition of a subsidiary.

(5) Where the political party transacts with its jointly controlled entities, unrealized profits and losses shall be eliminated to the extent of the political party's interest in the joint venture.

Political Parties (Financial Accounting)

GN. No. 951 (contd.)

Inventories

35.-(1) Inventories shall be stated at the lower of cost and current replacement cost.

(2) Costs incurred in bringing each product to its present location and condition shall be accounted for as follows-

- (a) raw materials – purchase cost on first in first out basis;
- (b) stationeries and other consumables, cost is determined on first in; and
- (c) finished goods and work in progress, cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity but excluding borrowing costs.

(3) Current replacement cost is the estimated cost that would be required to bring the inventory for public operations.

Related party transactions

36.-(1) Political parties shall be considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions and shall include relationship with subsidiaries, associates, joint ventures and key management personnel.

(2) The political party's transactions and arrangements with related parties and their effect on the basis determined between the parties shall be reflected in the financial statements.

Leases

37.-(1) Leases shall be classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(2) Where the political party is a lessor, amounts due from lessees under finance leases shall be recorded as receivables at the amount of the political party's net investment in the leases. Finance lease income shall be allocated to accounting periods so as to reflect a constant periodic rate of return on the political party's net investment outstanding in respect of the leases. Rental income from operating leases shall be recognized on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived

from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease shall be added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

(3) Where the political party is a lessee, assets held under finance leases shall be recognized as assets of the political party at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor shall be included in the statement of financial position as a finance lease obligation. Lease payments shall be apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges shall be charged directly to statement of financial performance, unless they are directly attributable to qualifying assets, in which case they shall be capitalized in accordance with the political party's general policy on borrowing costs. Contingent rentals shall be recognized as expenses in the periods in which they are incurred. Rentals payable under operating leases shall be charged as an expense to the statement of financial performance on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases shall be recognized as an expense in the period in which they are incurred.

Investments and
other financial
assets

38.-(1) Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they shall be measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(2) The political party shall determine the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

(3) All regular way purchases and sales of financial assets shall be recognized on the trade date, which is the date that the political party commits to purchase the asset. Regular way purchases or sales shall be purchases or sales of financial

assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

(4) Financial assets at fair value through profit or loss shall include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets shall be classified as held for trading if they are acquired for the purpose of selling in the near term.

(5) Non-derivative financial assets with fixed or determinable payments and fixed maturities shall be classified as held-to-maturity, when the political party has the positive intention and ability to hold to maturity. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method. Gains and losses shall be recognized in surplus or deficit when the investments are derecognized or impaired, as well as through the amortization process.

(6) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in surplus or deficit when the loans and receivables are derecognized or impaired, as well as through the amortization process.

(7) Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognized in surplus or deficit.

(8) The fair value of investments that are actively traded in organized financial markets shall be determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For investments where there is no active market, fair value shall be determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is

substantially the same; discounted cash flow analysis or other valuation models.

(9) Held-to-maturity investments and loans and receivables shall be measured at amortized cost. It shall be computed using the effective interest method less any allowance for impairment. The calculation shall take into account any premium or discount on acquisition and shall include transaction costs and fees that are an integral part of the effective interest rate.

Impairment of
financial assets

39. A political party shall assess at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Impairment for
assets carried at
amortized cost

40.-(1) Where there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss shall be measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognized in surplus or deficit. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss shall be recognized in surplus or deficit.

(2) In relation to trade receivables, a provision for impairment shall be made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the political party will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable shall be reduced through use of an allowance account. Impaired debts shall be derecognized when they are assessed as uncollectible.

Impairment for
cash generating
assets

41.-(1) Cash generating assets shall be assets held with the primary objective of generating a commercial return. Non cash generating assets shall be assets other than cash generating assets.

(2) Impairment shall be a loss in the future economic benefits or service potential of an asset, over the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation or decline in the utility of an asset to the entity that control. In impairment an entity shall consider value in use of a non-cash generation asset which is the present value of the assets remaining service potential and the recoverable amount which is the higher of an asset's fair value less cost to sell and its value in use.

(3) Impairment of assets shall be guided by IPSAS relating to impairment of non-cash generating assets and impairment of cash generating assets. The revalued assets shall be subjected to testing for impairment and charging depreciation. An asset shall be subject to impairment test when conditions that drive the purpose exist and these are external indicators and internal indicators that the asset is not performing as desired or its purpose for constructions ceased. An asset shall be said to be impaired when the carrying amount of the asset exceed its recoverable services amount.

(4) Carrying Amount shall be the amount at which an asset is recognized in the statement of financial position, after deducting any accumulated depreciation or amortization and accumulated impairment losses thereon. Whereas, recoverable service amount shall be the higher of a non- cash generating asset's fair value less costs to sell and its value in use. Fair value less costs to sell shall be the amount obtainable from the sale of an asset in an orderly transaction in addition, value in use of non-cash generating asset is the present value of the asset's remaining service potential.

Available-for-
sale financial
investments

42.-(1) Where an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in surplus or deficit, is transferred from equity to surplus or deficit.

(2) Reversals in respect of equity instruments classified as available-for-sale are not recognized in surplus or deficit.

(3) Reversals of impairment losses on debt instruments are reversed through surplus or deficit where the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in surplus or deficit.

De-recognition
of financial
assets and
liabilities

43.-(1) A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized where-

- (a) the rights to receive cash flows from the asset have expired;
- (b) the political party retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- (c) the political party has transferred its rights to receive cash flows from the asset and -
 - (i) has transferred substantially all the risks and rewards of the asset, or
 - (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(2) Where the political party has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset shall be recognized to the extent of the political party's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the political party could be required to repay.

(3) A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of financial performance.

Political Parties (Financial Accounting)

GN. No. 951 (contd.)

Events after
reporting date

44.-(1) Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

(2) The types of events which can be identified under subregulation (1) are two, namely-

(a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

Significant
accounting
judgments,
estimates and
assumptions

45.-(1) In the preparation of a political party's financial statements, the management may make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date:

Provided that, uncertainty about these assumptions and estimates may result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

(2) In the process of applying a political party's accounting policies, the management may make judgments which determine the useful lives of property, plant and equipment, apart from those involving estimations, which have significant effects on the amounts recognized in the financial statements.

(3) In estimates and assumptions, the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(4) For purposes of subregulation (2), the management shall use reasonable judgment in determining the useful lives and hence depreciation rates of the items of property, plant and equipment.

Impairment of
non-financial
assets

46.-(1) The political party shall assess whether there are any indicators of impairment for all non-financial assets at

each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

(2) When value in use calculations are undertaken, management shall estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

PART V

FORMATS OF FINANCIAL STATEMENTS

Formats of
financial
statements under
IPSAS accrual
basis of
accounting

47.-(1) International Public Sector Accounting Standard prescribes the mandatory financial statements to be presented to users, hence, the following statements shall form a set of General Purpose Financial Statements of a political party-

- (a) statement of financial position;
- (b) statement of financial performance;
- (c) statement of comparison of budget and actual amounts;
- (d) statement of cash flows;
- (e) statement of changes in net assets or equity; and
- (f) notes forming part of financial statements.

(2) Save for notes, which structure is explained in the Third Schedule, the format of the financial statements mentioned in subregulation (1) shall be as set out in the Second Schedule to these Regulations.

(3) An integrated statement of financial position for the political party as a whole shall be presented. In the statement of financial position, assets and liabilities shall not be set-off against each other, even though these may be related to the same programme or project, rather they shall be disclosed separately. Balances of various funds shall be distinctly disclosed in the statement of financial position.

(4) In the preparation and presentation of financial statements, the overall consideration shall be that, they give a true and fair view of the state of affairs of the political party and of the surplus or deficit as reflected in the statement of financial position and the statement of financial performance, respectively. The financial statements shall disclose every material transaction, including transactions of an exceptional and extraordinary nature. The financial statements shall be

Political Parties (Financial Accounting)

GN. No. 951 (contd.)

prepared in conformity with relevant statutory requirements, accounting standards and other recognized accounting principles and practices.

(5) The formats of financial statements shall be viewed as the minimum rather than the maximum information that political parties shall present in their financial statements. A political party may present more detailed information than prescribed in these Regulations.

General
instructions

PART VI
PROVISIONS RELATING TO COMPLIANCE

48.-(1) A statement of all significant accounting policies adopted in the preparation and presentation of financial statements, shall be included in the political party's financial statements.

(2) Where any of the accounting policies is not in conformity with Accounting Standards, and the effect of departures from Accounting Standards is material, the particulars of the departure shall be disclosed, together with the reasons therefore and the financial effect thereof, except where such effect is not ascertainable.

(3) Accounting policies shall be applied consistently from one financial year to the next, and any change in the accounting policies which has a material effect in the current period or which is reasonably expected to have a material effect in later periods shall be disclosed.

(4) In case of a change in accounting policies which has a material effect in the current period, the amount by which any item in the financial statements is affected by such change shall also be disclosed to the extent ascertainable, but where such amount is not ascertainable, wholly or in part, the fact shall be indicated.

(5) The accounting treatment and presentation in the financial statements shall be governed by their substance and not merely by the legal form.

(6) In determining the accounting treatment and manner of disclosure of an item in the financial statements, due consideration shall be given to the materiality of the item.

(7) Notes to the financial statements shall contain the explanatory material pertaining to the items included therein.

(8) Where the information required to be given under any provision of these Regulations cannot be conveniently included in the statement of financial position and statement of financial performance itself, as the case may be, it can be furnished in a separate schedule or schedules to be annexed to and form part of the financial statements.

(9) The schedules referred to in subregulation (8), accounting policies and explanatory notes shall form an integral part of the financial statements.

(10) The corresponding amounts for the immediately preceding financial year for all items shown in the statement of financial position, statement of financial performance and cash flow statement shall also be given in the statement of financial position, statement of financial performance and cash flow statement, as the case may be.

(11) Disclosures as required under these Regulations are minimum requirements, hence a political party is encouraged to make additional disclosures.

Mandate of
Registrar

49.-(1) In the supervision and enforcement of these Regulations, the Registrar may call for any information, document or thing, in the possession or procurement of a political party, relating to implementation of these Regulations and a political party shall be obliged to submit the information, document or thing so required to the Registrar at the time stated.

(2) A political party which fails to submit the information to the Registrar as required under subregulation (2), shall be penalized under the Act or Political Parties Registration Regulations.

(3) Where the Registrar is satisfied that, a statement of accounts does not comply with these Regulations, he may furnish a written notice to the political party concerned, containing details of the non-compliance and demand the political party to submit an explanation in respect of the non-compliance or demand the party to comply, within a specified period.

(4) Where the Registrar finds any error or omission in the unaudited accounts submitted to him under regulation(5)(e), he may require a political party concerned to correct the error or omission.

Political Parties (Financial Accounting)

GN. No. 951 (contd.)

Compliance with
these
Regulations

50.-(1) In keeping records, preparations and submissions of its financial accounts to the appropriate authority, a political party must comply with these Regulations.

(2) Any doubt or misunderstanding regarding the interpretation of the accounting guidance for political parties shall be referred to the Registrar.

Political Parties (Financial Accounting)

GN. No. 951 (contd.)

FIRST SCHEDULE

(Made under regulation 28(3))

ASSETS EXPECTED LIFE

S/N	Description of Asset	Number of years
	A : ADMINISTRATION ASSETS	
1.	Leasehold land	Over the lease term
2.	Plant and machinery	10
3.	Furniture, fixture and equipment's	10
4.	Motor vehicles:	
	(i) Heavy duty (5 tons and above)	5
	(ii) Light duty (below 5 tons)	5
5.	Motor cycle	7
6.	Computer hardware	5
	B : INFRASTRUCTURAL ASSETS	
7.	Leasehold land	Over the lease term
8.	Roads:	
	(i) Gravel roads and culverts/drifts	
	(ii) Tarmac roads and culverts/drifts	
	(iii) Earth roads (initial cost) and culverts/drifts	
9.	Bridges:	
	(i) Wooden bridges	
	(ii) Concrete bridges	
	(iii) Steel bridges	
10.	Buildings:	
	(i) Residential	50
	(ii) School	75
	(iii) Hospital	60
	(iv) Office	50
	(v) Dwelling	50

Political Parties (Financial Accounting

GN. No. 951 (contd.)

11.	Shallow wells	15
12.	Boreholes	15
13.	Sewerage systems	15
14.	Water systems	15
15.	Drainage systems	15
16.	Agriculture and livestock extension system	25
17.	Plant and machinery	10
18.	Furniture, fixture and equipment's	10

Authenticated by:

Title	Name	Signature
1. Chairperson of the Board of Trustees	_____	_____
2. Accounting Officer of the Party	_____	_____
3. Headed of finance department	_____	_____
4. Person who prepared it	_____	_____

Political Parties (Financial Accounting)

GN. No. 951 (contd.)

SECOND SCHEDULE

(Made under regulation 47(2))

FORMAT OF FINANCIAL STATEMENTS

(a) STATEMENT OF FINANCIAL POSITION

Name of the Political Party.....

Statement of Financial Position as at 30 June

		Current year	Previous year
	Notes	TZS	TZS
ASSET			
Current Assets			
Cash and cash equivalents	17		
Receivables	18		
Prepayments	19		
Inventories	20		
Other financial Assets	21		
Non – current assets			
Other financial Assets	21		
Investments in associates (at cost)	22		
Property, plant and Equipment	23		
Intangible Assets	24		
TOTAL ASSETS			
LIABILITY			
Current Liabilities			
Trade Creditor	25		
Other payables	26		
Deferred Income Revenue	27		
Non-Current Liabilities			
Other Payables	26		
Differed Income Capital	28		
TOTAL LIABILITIES			
NET ASSETS			
Capital	29		

Political Parties (Financial Accounting)

GN. No. 951 (contd.)

Revaluation Reserves	30		
Accumulated Surplus/Deficit			
TOTAL NET ASSETS			
The notes on pages ... to.... form part of these financial statements			
This statement was authorised for issue by the National Executive Committee meeting or an equivalent body held on at			
PARTY GENERAL SECRETARY			PARTY CHAIRPERSON

Authenticated by:

Title	Name	Signature
1. Chairperson of the Board of Trustees	_____	_____
2. Accounting Officer of the Party	_____	_____
3. Headed of finance department	_____	_____
4. Person who prepared it	_____	_____

(b) STATEMENT OF FINANCIAL PERFORMANCE
(Classification of expenses by nature)

Name of the Political Party.....
Statement of Financial Performance for the year ended 30th June.....

		Current year	Previous year
	Notes	TZS	TZS
Revenue			
Fee and subscriptions	1		
Grants and Donations	2		
Contributions	3		
Sales of party properties	4		
Sales of Publications	5		
Gain on foreign currency translation	6		
Other income	7		
		=====	=====
Expenses			
Wages, salaries and employee costs	8		
Supplies and consumables	9		
Maintenance expenses	10		

Political Parties (Financial Accounting)

GN. No. 951 (contd.)

Grants and other transfer payments to other levels	11
Finance costs	12
General election expenses	13
Depreciation and amortization expenses	14
Impairment loss	15
Other expenses	16

Surplus/deficit during the year

The notes on pages to form part of these financial statements.

This statement was authorized for issue by the National Executive Committee meeting or its equivalent body held on at

.....
PARTY GENERAL SECRETARY

.....
PARTY CHAIRPERSON

.....
CHAIRPERSON OF BOARD OF TRUSTEES

.....
ACCOUNTING OFFICER

.....
HEAD OF FINANCE DEPARTMENT

.....
PERSON WHO PREPARED IT

(c) STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Name of the Political Party.....

For the year ended 30th June

Budget on Cash/Accrual Basis
(Classification of Payments by Functions)

Note: This Statement of Comparison of Budget and Actual Amounts is prepared on the budget basis.

(in currency units)	Budgeted Amounts		Actual Amounts on Comparable Basis	Difference: Final Budget and Actual
	Original	Final		
RECEIPTS	X	X	X	X
Fee and subscriptions	X	X	X	X
Grants and Donations	X	X	X	X

Political Parties (Financial Accounting)

GN. No. 951 (contd.)

Contributions	X	X	X	X
Proceeds: Borrowing	X	X	X	X
Proceeds: Disposal of plant and equipment	X	X	X	X
Trading Activities	X	X	X	X
Other receipts	X	X	X	X
Total receipts	X	X	X	X

PAYMENTS

Health	(X)	(X)	(X)	(X)
Training	(X)	(X)	(X)	(X)
Public order/safety	(X)	(X)	(X)	(X)
Social protection	(X)	(X)	(X)	(X)
Wages, salaries and employee costs	(X)	(X)	(X)	(X)
Housing and community amenities	(X)	(X)	(X)	(X)
Recreational, cultural	(X)	(X)	(X)	(X)
Economic affairs	(X)	(X)	(X)	(X)
Total payments	(X)	(X)	(X)	(X)

NET RECEIPTS				
(PAYMENTS)	X	X	X	X

Authenticated by:

Title	Name	Signature
1. Chairperson of the Board of Trustees	_____	_____
2. Accounting Officer of the Party	_____	_____
3. Headed of finance department	_____	_____
4. Person who prepared it	_____	_____

Political Parties (Financial Accounting)

GN. No. 951 (contd.)

(d) STATEMENT OF CASH FLOWS

Name of the Political Party

For the year ended 30th June

	Notes	Current year TZS '000	Previous year TZS '000
Cash Flow from operating activities			
Receipts:			
Fee and subscription			
Grants and Donations			
Contributions			
Sales of party properties			
Sales of Publications			
Gain on foreign currency translation			
Other income			
Total Receipts			
Payments:			
Wages, salaries and employee costs			
Supplies and consumables			
Maintenance expenses			
Grants and other transfer payments to other levels			
Finance costs			
General election expenses			
Other expenses			
Total payments:			
Net cash flows from (used) in operating activities			
Cash flows from investing activities			
Acquisition of property, plant, and equipment			
Acquisition of investment properties			
Acquisition of intangibles			
Receipts from sales of property, plant, and equipment			
Receipts from sales of investments properties			
Receipts from sales of intangibles			
Net cash from investing activities			
Cash flows from financing activities			
Receipts from Owners			
Proceeds from loan			

Political Parties (Financial Accounting)

GN. No. 951 (contd.)

Proceeds from other short term or long term borrowings			
Repayment from short and long term borrowing			
Net cash flows from financing activities			
Net increase/decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of period			
Effect of foreign currency changes			
Cash and cash equivalents at end of period	17		
This statement was authorised for issue by the National Executive Committee meeting or its equivalent body held on at			
.....			
PARTY GENERAL SECRETARY	PART CHAIRPERSON		

.....
CHAIRPERSON OF BOARD OF TRUSTEES

.....
ACCOUNTING OFFICER

.....
HEAD OF FINANCE DEPARTMENT
IT

.....
PERSON WHO PREPARED

Political Parties (Financial Accounting)

GN. No. 951 (contd.)

(e) STATEMENT OF CHANGES IN NET ASSETS/EQUITY

Name of the Political Party

For the year ended 30th June

	Taxpayer's Fund/Capital	Revaluation Surplus	Other Reserves	Translation Reserves	Accumulated Surplus/ (Deficit)	Total
	TZ 000	TZ 000	TZ 000	TZ 000	TZ 000	TZ 000
Balance at 01 July 20 x 2	0	0	0	0	0	0
Capital Fund Received (Purchases & Constructions)	0	0	0	0	0	0
Adjustment of Taxpayer's fund (for first time adoption)	0	0	0	0	0	0
Revaluation Surplus/(Deficits) during the year	0	0	0	0	0	0
Exchange differences on translating foreign currencies	0	0	0	0	0	0
Surplus/(Deficit) during the year	0	0	0	0	0	0
Balance at 30 June 20 x 3	0	0	0	0	0	0
Balance at 01 July 20 x 1	0	0	0	0	0	0
Capital Fund Received (Purchases & Constructions)	0	0	0	0	0	0
Adjustment of Taxpayer's fund (for first time adoption)	0	0	0	0	0	0
Revaluation Surplus/(Deficits) during the year	0	0	0	0	0	0
Exchange differences on translating foreign currencies	0	0	0	0	0	0
Surplus/(Deficit) during the year						
Balance at 30 June 20x2						
The notes on pages ... to.... form part of these financial statements						
This statements were authorised for issue by the Party National Executive Committee or equivalent body meeting held on at						
.....						
.....						
PARTY GENERAL SECRETARY					PARTY CHAIRPERSON	

Political Parties (Financial Accounting)

GN. No. 951 (contd.)

CHAIRPERSON OF BOARD OF TRUSTEES

ACCOUNTING OFFICER

HEAD OF FINANCE DEPARTMENT

PERSON WHO PREPARED IT

THIRD SCHEDULE

(Made under regulation 20(3))

STRUCTURE OF NOTES FORMING PART OF FINANCIAL STATEMENTS

Contents

1. The notes shall-

- (a) present information about the basis of preparation of the financial statements and the specific accounting policies used;
- (b) disclose the information required by IPSAS that is not presented on the face of the statement of financial position, statement of financial performance, statement of changes in net assets or equity or cash flow statement; and
- (c) provide additional information that is not presented on the face of the statement of financial position, statement of financial performance, statement of changes in net assets or equity or cash flow statement, but that is relevant to an understanding of any of them.

Presentation

2.-(1) Notes shall, as far as practicable, be presented in a systematic manner. Each item on the face of the statement of financial position, statement of financial performance, statement of changes in net assets or equity and cash flow statement shall be cross-referenced to any related information in the notes.

(2) Notes shall be presented in the following order, so as to enable users in understanding the financial statements and comparing them with financial statements of other entities-

- (a) a statement of compliance with IPSAS;
- (b) a summary of significant accounting policies applied;
- (c) supporting information for items presented on the face of the statement of financial position, statement of financial performance, statement of changes in net assets or equity or cash flow statement, in the order in which each statement and each line item is presented;
- (d) trial balance; and

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(e) other disclosures, including-

- (i) contingent liabilities, and unrecognized contractual commitments; and
- (ii) non-financial disclosures, such as the entity's financial risk management objectives and policies.

(3) In some circumstances, it may be necessary or desirable to vary the ordering of specific items within the notes. For example, information on changes in fair value recognized in surplus or deficit may be combined with information on maturities of financial instruments, although the former disclosures relate to the statement of financial performance and the latter relate to the statement of financial position. Nevertheless, a systematic structure for the notes shall be retained as far as practicable.

(4) Notes providing information about the basis of preparation of the financial statements and specific accounting policies may be presented as a separate component of the financial statements.

Disclosure of
accounting
policies in
notes

3.-(1) An entity shall disclose in the summary of significant accounting policies:

- (a) the measurement basis (or bases) used in preparing the financial statements;
- (b) the extent to which the entity has applied any transitional provisions in any IPSAS; and
- (c) the other accounting policies used that are relevant to an understanding of the financial statements

(2) An entity shall disclose, in the summary of significant accounting policies or other notes, the judgments, apart from those involving estimations, the management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognized in the financial statement assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(3) In respect of assets and liabilities, the notes shall include details of-

- (a) their nature; and
- (b) their carrying amount as at the reporting date.

Other
disclosures

4. An entity shall, where it is not disclosed elsewhere in information published with the financial statements, disclose the following-

- (a) the domicile and legal form of the entity, and the jurisdiction within which it operates;
- (b) a description of the nature of the entity's operations and principal activities;

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(c) a reference to the relevant legislation governing the entity's operations; and

(d) the name of the controlling entity and the ultimate controlling entity of the economic entity, where applicable.

.....
PARTY CHAIRPERSON

.....
PARTY SECRETARY GENERAL

.....
CHAIRPERSON OF BOARD OF TRUSTEES

.....
ACCOUNTING OFFICER

.....
HEAD OF FINANCE DEPARTMENT

.....
PERSON WHO PREPARED IT

Dodoma

....., 2019

JENISTA J. MHAGAMA,
*Minister of State, in the Prime Minister's
Office Policy, Parliamentary, Labour, Youth,
Employment and Persons' with Disabilities*