

**REPORT**

**AND**

**ACCOUNTS**

**SELCOM PAYTECH LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**



**AMBER CONSULTANCY**

CERTIFIED PUBLIC ACCOUNTANTS & TAX CONSULTANTS

P.O.BOX 10230

DAR ES SALAAM, TANZANIA

**SELCOM PAYTECH LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**SELCOM PAYTECH LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
Corporate Information	i
Report Of Directors	1 - 2
Accountants Declaration	3
Practitioner's Compilation Report	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement Of Changes In Equity	7
Cash Flow Statement	8
Notes to the Financial Statements	9 - 23

**SELCOM PAYTECH LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**CORPORATE INFORMATION**

<b>Board of Directors</b>	Mr. Nizar Juma Hirji	Tanzanian
	Mrs. Roshan Nizar Hirji	Tanzanian
	Mr. Sameer Nizar Hirji	Tanzanian
<b>Practitioner</b>	Amber Consultancy Certified Public Accountants P.O. Box 10230 Dar es Salaam Tanzania	
<b>Principal Bankers</b>	National Bank Of Commerce P.O.Box 1863 Dar es Salaam Tanzania	
	Diamond Trust Bank Dar es Salaam Tanzania	
<b>Registered Office</b>	8th Floor, Uhuru Heights Bibi Titi Mohamed Road P.O.Box 20656 Dar es Salaam	

## **SELCOM PAYTECH LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2020**

- 1** The Directors submit their report together with the financial statements For The Year Ended 31 December 2020 which disclose the financial position of SELCOM PAYTECH LIMITED (the Company).

#### **2 STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Statement of Financial Position at 31 December 2020 and the income statement, the statement of changes in equity and cash flow statement for the period then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by Tanzania Companies Act, 2002.

The Directors' responsibility includes: keeping proper accounting records, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

#### **3 PRINCIPAL ACTIVITIES**

The principal activities of the company is that of payment system provider under license from BOT

#### **4 EMPLOYEE WELFARE**

The Company's employment terms are reviewed annually to ensure that they meet statutory and market conditions.

#### **5 CAPITAL STRUCTURE AND CASHFLOWS**

The capital structure of the company is outlined .

#### **6 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES**

To ensure its financial stability and profitability, the company has implemented policies and practices for a sound and prudent management and control of the principal financial risks to which it is exposed.

The Company's overall risk management programme focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance.

**SELCOM PAYTECH LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**7 RELATED PARTY TRANSACTIONS**

All transactions with related parties were undertaken on an arms length basis.

**8 DONATIONS**

The company did not give any donations to the political parties or organisations during the period.

**9 DIRECTORS**

The directors of the Company at the date of this report who have held office are:

Mr. Nizar Juma Hirji  
Mrs. Roshan Nizar Hirji  
Mr. Sameer Nizar Hirji

**10 RESULTS AND DIVIDENDS**

The Net Profit Before Tax for the period was TZS 2,731,066,120 The directors do not recommend the declaration of a dividend for the year

**11 SOLVENCY**

The Company's state of affairs at the Financial Period End is set out on these financial statements. Measures are being taken to improve the liquidity of the Company and the shareholders have agreed to provide continued financial support. Consequently, it is solvent and able to meet its obligations in full. These financial statements have therefore been prepared on a going concern basis.

**BY ORDER OF THE BOARD  
APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS**

Director: \_\_\_\_\_





**SELCOM PAYTECH LIMITED**

**REPORT OF THE COMPANY'S ACCOUNTANT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Report on the financial statements**

In accordance with the instructions given to me by the Directors, I have prepared / reviewed the financial statements of SELCOM PAYTECH LIMITED, which comprise the statement of financial position and the statement of comprehensive income and cash flow statement for the period ended 31st December 2020 and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

**Responsibility of the company's accountants**

In accordance with the technical pronouncement no.1 of 2016 issued by the National Board Of Accountants and Auditors (NBAA), I have reviewed the financial statements for the year ended 31st December 2020, as were provided to me by the directors. The objective of our review was to ensure that the financial statements are prepared in compliance with all the applicable accounting standards and legal reporting requirements. I took extra care and vigilance in ensuring all disclosure requirements are met.

**Declaration**

In view of the above, I confirm that the financial statement for the year ended 31st December 2020, are fairly presented and are in compliance with the applicable accounting standards and statutory requirements.

  
\_\_\_\_\_

NAME: CPA FRANCIS MWIKALI

MEMBERSHIP NO: GA 7492

DATE: 30/06/2021

## SELCOM PAYTECH LIMITED

### Practitioner's Compilation Report FOR THE YEAR ENDED 31 DECEMBER 2020

We have compiled the accompanying financial statements of SELCOM PAYTECH LIMITED based on information you have provided. These financial statements comprise the Statement of Financial Position of SELCOM PAYTECH LIMITED as at 31 December 2020, The Statement of Comprehensive Income, Statement of changes in equity and Statement of Cashflows for the year ended and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standards on Relation Services 4410(revised) Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards for Small and medium-sized Entities (IFRS for SMEs). We have compiled with relevant ethical requirements including principles of Integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are proprietors responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided to us to compile these financial statement. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with IFRS for SMEs.



SHAILESH CHAVDA

CP 20/239

Amber Consultancy

PO Box 10230

DAR-ES-SALAAM.....

30/6 2021.....



**SELCOM PAYTECH LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 TZS	2019 TZS
Revenue	2	15,564,791,116	11,714,752,333
Cost of Sales	3	(7,317,164,056)	(4,655,713,653)
<b>Gross Profit</b>		<u>8,247,627,061</u>	<u>7,059,038,680</u>
Other Income	4	<u>293,000,000</u>	<u>398,869,184</u>
		<u>8,540,627,061</u>	<u>7,457,907,865</u>
<b>Operating Costs</b>			
Employment Cost	5	(2,855,671,772)	(2,501,307,304)
Administration Cost	6	(2,467,847,070)	(1,991,886,717)
		<u>(5,323,518,841)</u>	<u>(4,493,194,021)</u>
<b>Operating Profit/ (Loss)</b>		<u>3,217,108,219</u>	<u>2,964,713,843</u>
Finance Cost	7	(486,042,099)	(960,170,851)
<b>Profit/ (Loss) Before Tax</b>		<u>2,731,066,120</u>	<u>2,004,542,992</u>
Tax Credit/ (Charge)	8	(813,758,872)	(615,173,819)
<b>Net Profit/ (Loss) for the Year</b>		<u><u>1,917,307,248</u></u>	<u><u>1,389,369,173</u></u>

**SELCOM PAYTECH LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Notes	2020 TZS	2019 TZS
<b>NON CURRENT ASSETS</b>			
Property, Plant & Equipment	12	4,331,019,169	2,976,929,004
Intangible Asset	13	132,897,934	112,449,624
		<u>4,463,917,103</u>	<u>3,089,378,627</u>
<b>CURRENT ASSETS</b>			
Inventories	10	13,728,814	21,186,441
Trade and Other Receivables	11	855,487,799	2,335,206,810
Due From Related Parties	17	(569,815,851)	723,694,575
Cash and Bank	14	7,206,087,984	6,879,631,238
		<u>7,505,488,745</u>	<u>9,959,719,064</u>
<b>CURRENT LIABILITIES</b>			
Bank Overdraft	16	4,012,325,689	7,826,359,195
Trade and Other Payables	15	4,657,340,608	3,609,739,624
Taxation	20	80,633,734	268,327,181
		<u>8,750,300,031</u>	<u>11,704,426,000</u>
<b>NET CURRENT ASSETS</b>		<u>(1,244,811,285)</u>	<u>(1,744,706,936)</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred Tax	16	102,334,940	60,049,341
Deferred Grants	18	-	85,158,718
		<u>102,334,940</u>	<u>145,208,059</u>
<b>NET ASSETS</b>		<u>3,116,770,878</u>	<u>1,199,463,632</u>
<b>CAPITAL AND RESERVES</b>			
Paid up Share Capital	19	200,000,000	200,000,000
Retained Earnings		2,916,770,880	999,463,632
		<u>3,116,770,878</u>	<u>1,199,463,632</u>

The Report and Financial Statements on pages 1 - 16 were approved by the Board of Directors  
on .....and were signed on its behalf by:

Director: \_\_\_\_\_



**SELCOM PAYTECH LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share Capital	Retained Earnings	Totals
	TZS	TZS	TZS
Balance at 01 January 2020	200,000,000	999,463,632	1,199,463,632
Retained Profit for the Year	-	1,917,307,248	1,917,307,248
Balance at 31 December 2020	200,000,000	2,916,770,880	3,116,770,880

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share Capital	Retained Earnings	Totals
	TZS	TZS	TZS
Balance at 01 January 2019	200,000,000	(105,321,927)	94,678,073
Shares Issued and Paid	-	-	-
Prior Year Adjustment	-	(284,583,614)	(284,583,614)
Retained Profit for the Year	-	1,389,369,173	1,389,369,173
Balance at 31 December 2019	200,000,000	999,463,632	1,199,463,632

**SELCOM PAYTECH LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 TZS	2019 TZS
<b><u>Cash flow from Operating Activities</u></b>			
Profit before Tax		2,731,066,120	2,004,542,992
Interest		451,436,989	888,431,883
Depreciation	12	758,025,943	360,110,363
Amortization		36,079,070	24,982,323
<b>Operating Cash Flow before Working Capital Changes</b>		<b>3,976,608,123</b>	<b>2,993,483,947</b>
<b><u>Changes in Working Capital</u></b>			
(Increase)/ Decrease in Inventories		7,457,627	4,150,298
(Increase)/ Decrease in Trade and Other Receivables		2,773,229,435	(446,233,466)
Increase/ (Decrease) in Trade and Other Payables		1,047,600,984	1,465,789,788
Related party balances		-	(532,677,511)
		<b>3,828,288,046</b>	<b>491,029,110</b>
<b>Cash Flow from Operating Activities</b>		<b>7,804,896,168</b>	<b>3,484,513,057</b>
Tax Paid	20	(959,166,721)	(228,242,222)
<b>Net Cash Generated from Operating Activities</b>		<b>6,845,729,447</b>	<b>3,256,270,835</b>
<b><u>Investing Activities</u></b>			
Acquisition of item of property, plant & Equipment	12	(2,112,116,108)	(482,646,211)
Acquisition of Intangible asset		(56,527,380)	(42,844,230)
<b>Net Cash Utilised in Investing Activities</b>		<b>(2,168,643,488)</b>	<b>(525,490,441)</b>
<b><u>Financing Activities</u></b>			
Grants Received		(85,158,718)	-
Interest paid		(451,436,989)	(888,431,883)
<b>Net Cash Generated from Financing Activities</b>		<b>(536,595,707)</b>	<b>(888,431,883)</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalent</b>		<b>4,140,490,252</b>	<b>1,842,348,511</b>
<b>Cash and Cash Equivalent at the Beginning of the Year</b>		<b>(946,727,957)</b>	<b>(2,789,076,468)</b>
<b>Cash and Cash Equivalent at the End of the Year</b>	14	<b>3,193,762,295</b>	<b>(946,727,957)</b>



## SELCOM PAYTECH LIMITED

### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

#### 1 Principle Accounting Policies

##### a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), and have been prepared under the historical cost convention.

##### b) Revenue Recognition

Sales are recognised upon delivery of products and customer acceptance. Revenue from provision of services are recognised upon performance of the services. Sales are shown net of Value Added Tax (VAT) and discounts.

##### c) Premises and Equipment

Equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated on the reducing balance method to write off the cost of each asset over its expected useful life, as follows:

Office Computers	33.30%
Motor Vehicles	25.00%
Office Furniture & Equipment	12.50%
Equipment	12.50%

For equipment purchased or disposed of during the year, depreciation is provided fully for the year.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Increase in carrying amount arising on revaluation are carried to revaluation reserve.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

##### d) Intangible Assets

Intangible assets include computer software, which is capitalised on the basis of the costs incurred to acquire and bring to use the specific computer software. These costs are amortised over their estimated useful lives, which is estimated at five years.

##### e) Inventories

Inventories are stated at the lower of cost and net realisable value. In general, cost is determined on the weighted average basis. The Cost of finished goods comprises of raw materials and other direct cost incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation. Provision is made, where necessary, for obsolescent, slow moving and defective stocks.



## **SELCOM PAYTECH LIMITED**

### **NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

**f) Translation of foreign currencies**

Transactions during the period which are denominated in foreign currencies are converted into Tanzania shillings at rates ruling at the transaction dates. Monetary assets and liabilities at the Statement of Financial Position date which are expressed in foreign currencies are translated into Tanzania Shillings at rates ruling at that date. The differences resulting from the translation are dealt with in the income statement in the year in which they arise.

**g) Trade receivables**

Trade receivables are carried at original invoice amount less specific provision for doubtful debts based on a review of all outstanding amounts at the period end. Bad debts are written off when identified.

**h) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position are stated at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, short term bank loans and overdrafts and investments of three months or less in money market instruments.

**i) Taxation**

Current tax is provided on the results for the year, adjusted in accordance with tax legislation. Calculations are as per note no. 20

**j) Employee Entitlements**

Employee entitlements to gratuity and long term service dues are recognised when they accrue to employees. As no gratuity is payable to employees upon termination of services for whatever reason, provision for gratuity is not necessary.

The estimated monetary liability for employees' annual leave entitlement at the Statement of Financial Position date is recognised as accrual.

**k) Comparatives**

Where necessary comparative figures have been adjusted to conform with changes in the presentation in the current year

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 TZS	2019 TZS
<b>2 Revenue</b>		
Float Access Charges (Float Cost)	531,224,509	287,656,825
Professional, Maintenance & Access Fees	1,464,544,837	1,185,404,280
SMS and USSD Charges	1,891,553,729	1,278,112,274
Spares, Accessories & Consumables	9,130,000	13,974,795
Transactions Processing Fees	11,668,338,041	8,949,604,159
	<u>15,564,791,116</u>	<u>11,714,752,333</u>
<b>3 Cost of Sales</b>		
Opening Stock	21,186,441	0
Purchases	-	21,186,441
Interchange Charges	5,482,041,636	3,745,021,358
Resource Maintenance Charges	36,123,559	82,685,593
Royalties and Levies	349,588,796	269,439,303
SMS	1,441,952,438	558,567,398
Closing Stock	(13,728,814)	(21,186,441)
	<u>7,317,164,056</u>	<u>4,655,713,653</u>
<b>4 Other Income</b>		
Discount Received	-	374,143,220
Interest Refund	293,000,000	-
Foreign exchange gain	-	24,725,964
	<u>293,000,000</u>	<u>398,869,184</u>
<b>5 Employment Cost</b>		
Salaries and Wages	2,329,292,756	2,165,236,066
Directors Fees	110,000,000	-
NSSF	227,668,497	210,523,608
SDL	101,467,660	97,435,623
Workers Compensation Fund	23,866,850	21,656,461
Other Staff Costs	61,568,263	6,455,546
Staff Welfare	1,807,746	-
	<u>2,855,671,772</u>	<u>2,501,307,304</u>
<b>6 Administrative Costs</b>		
Membership Fees	9,081,680	5,853,100
Clearing Charges	66,276,841	6,762,132
ARA Website Development	2,790,092	-
Transport, Conveyance & Courier	6,023,763	13,840,741
Work Permit Expense	-	23,813,450
Marketing & Advertisement	153,455,194	10,601,271
Compilation Fees	3,000,000	3,000,000
Bad Debts	201,107,721	-
Fines & Penalties	14,225,641	-
Software License Subscription Charges	46,288,577	26,711,077
Connectivity & Connection Charges	251,339,893	539,642,612
Stadium Security and Admin	3,474,577	48,142,793
Sanitary and Cleaning Expense	545,000	-
Office Expense	102,584,677	62,020,268
Insurance Charges	13,722,000	12,521,939
Sponsorship	2,000,000	59,255,000
Depreciation/Amortization	794,105,013	385,092,686
Rent & Maintenance	262,398,216	218,553,830
Legal, Professional & Compliance	495,973,231	488,266,234
Withholding tax on deemed Interest	-	466,243
Travelling & Accommodation	39,454,954	87,343,343
	<u>2,467,847,070</u>	<u>1,991,886,717</u>

**SELCOM PAYTECH LIMITED**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

		<b>2020</b>	<b>2019</b>
		<b>TZS</b>	<b>TZS</b>
<b>7 Finance Cost</b>			
Bank Charges		34,605,110	71,738,968
Bank Interest		451,436,989	888,431,883
		<u>486,042,099</u>	<u>960,170,851</u>
<b>8 Corporation Tax</b>			
Current Tax	20	771,473,274	610,832,133
Deferred Tax (Credit)/Charge	18	42,285,599	5,586,775
Charge for the Year		<u>813,758,872</u>	<u>616,418,909</u>
<b>9 Income Tax Reconciliation</b>			
Profit before Tax		2,731,066,120	2,008,693,291
Tax @ 30%		819,319,836	602,607,987
Non Allowable Expenses		(47,846,562)	8,224,146
Deferred Tax		42,285,599	5,586,775.46
Charge for the Year		<u>813,758,872</u>	<u>616,418,909</u>
<b>10 Trade and Other Receivables</b>			
Stock In Trade		<u>13,728,814</u>	<u>21,186,441</u>
<b>11 Trade and Other Receivables</b>			
Trade Receivables		838,115,651	2,320,096,810
Prepayments		17,372,147	15,110,000
		<u>855,487,799</u>	<u>2,335,206,810</u>

SELCOM PAYTECH LIMITED

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020

12 Property, Plant and Equipment

	Office Computers	POS Devices	Motor Vehicle	Office Furniture & Equipment	Capital Work In Progress	Total
	TZS	TZS	TZS	TZS	TZS	TZS
<b>Cost</b>						
As at 01 January 2020						
Cost	160,931,785	3,471,032,675	-	168,667,652	260,850,066	4,061,482,178
Additions	139,547,447	573,366,942	18,879,237	771,937,419	608,385,063	2,112,116,108
Disposals	-	-	-	-	-	-
As at 31 December 2020	<u>300,479,232</u>	<u>4,044,399,617</u>	<u>18,879,237</u>	<u>940,605,071</u>	<u>869,235,129</u>	<u>6,173,598,286</u>
<b>Depreciation</b>						
As at 01 January 2020	88,402,599	893,701,337	-	102,449,238	-	1,084,553,174
Charge for the Year	51,610,130	684,507,953	2,650,852	19,257,008	-	758,025,943
Disposals	-	-	-	-	-	-
As at 31 December 2020	<u>140,012,729</u>	<u>1,578,209,290</u>	<u>2,650,852</u>	<u>121,706,246</u>	<u>-</u>	<u>1,842,579,117</u>
<b>Net Book Values</b>						
As at 31 December 2020	<u>160,466,503</u>	<u>2,466,190,327</u>	<u>16,228,385</u>	<u>818,898,825</u>	<u>869,235,129</u>	<u>4,331,019,169</u>
As at 31 December 2019	<u>72,529,186</u>	<u>2,577,331,338</u>	<u>-</u>	<u>66,218,414</u>	<u>260,850,066</u>	<u>2,976,929,004</u>

13 INTANGIBLE ASSETS

	2020	2019
<b>COST</b>		
Balance at 1 January 2020	155,517,707	112,673,477
Additions	<u>56,527,380</u>	<u>42,844,230</u>
Balance at 31 December 2020	<u>212,045,087</u>	<u>155,517,707</u>
<b>AMORTIZATION</b>		
Balance at 1 January 2020	43,068,083	18,085,760
Charge for the year	<u>36,079,070</u>	<u>24,982,323</u>
Balance at 31 December 2020	<u>79,147,153</u>	<u>43,068,083</u>
<b>NET BOOK VALUE</b>	<u>132,897,934</u>	<u>112,449,624</u>



## SELCOM PAYTECH LIMITED

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 TZS	2019 TZS
<b>14 Cash and Bank Balances</b>		
Cash in Hand	853,767	1,845,439
Cash at Bank	<u>7,205,234,217</u>	<u>6,877,785,799</u>
	<u>7,206,087,984</u>	<u>6,879,631,238</u>
Bank OD A/c	<u>(4,012,325,689)</u>	<u>(7,826,359,195)</u>
	<u>(4,012,325,689)</u>	<u>(7,826,359,195)</u>
<b>Cash &amp; Cash Equivalent as 31st December</b>	<u>3,193,762,295</u>	<u>(946,727,958)</u>

<b>15 Trade and Other Payables</b>		
Trade Payables	3,088,503,744	1,750,611,814
Other Payables	274,409,622	705,864,606
Accrued Expenses	3,000,000	3,000,000
Statutory Payables	(16,680,758)	119,262,204
POS Deposit	<u>1,308,108,000</u>	<u>1,031,001,000</u>
	<u>4,657,340,608</u>	<u>3,609,739,624</u>

<b>16 Bank Overdraft Facility</b>		
ABSA	2,649,640,957	7,826,359,195
NBC	<u>1,362,684,732</u>	<u>-</u>
	<u>4,012,325,689</u>	<u>7,826,359,195</u>

**17 RELATED PARTY TRANSACTIONS AND BALANCES**

Related party relationships exist between shareholders, fellow group companies, companies under common ownership, and directors and key group management personnel.

The ultimate holding Company is Selcom Wireless Limited, a company incorporated in Tanzania

The Company has certain operating and capital expenses that are paid on its behalf by the parent company

The Company incurred the following expenses with related parties:

	2020	2019
Rental expenses	-	156,477,966
License Fees	-	-
Purchase of assets	<u>-</u>	<u>-</u>

As at the year end, the following were the balances due to related parties

Professional Fees		
	2020	2019
Selcom Wireless Limited	- 368,280,279	717,750,944
Selcom Limited	- 201,535,572	5,943,631
	<u>- 569,815,851</u>	<u>723,694,575</u>

<b>18 DEFERRED GRANTS</b>	2020	2019
Deferred Grants - Mastercard Asia Pacific	-	85,158,718
	<u>-</u>	<u>85,158,718</u>

**19 Share Capital**

<b>Authorised Share Capital</b>		
1,000 ordinary shares of TZS 200,000 each	<u>200,000,000</u>	<u>200,000,000</u>
<b>Issued and Fully Paid</b>		
1,000 ordinary shares of TZS 200,000 each	<u>200,000,000</u>	<u>200,000,000</u>



SELCOM PAYTECH LIMITED

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020

			2020 TZS
<b>20 Corporation Tax Computation</b>			
<b>Profit/ (Loss) as per Accounts</b>			<b>2,731,066,120</b>
Add:			
Depreciation	758,025,943	100%	758,025,943
Amortization	36,079,070	100%	36,079,070
Add: <u>Disallowed Expenses</u>			
Connectivity & Connection Charges			12,566,995
			806,672,008
			3,537,738,128
Less: Wear and Tear Allowance (Class I, II & III)	Note 21		(923,751,531)
Less: Wear and Tear Allowance (Class VII)	Note 22		(42,409,017)
<b>Adjusted Taxable Profit/ (Loss)</b>			<b>2,571,577,579</b>
ADD: Losses b/f			-
Taxable Profit/(Loss) Chargeable			2,571,577,579
<b>Tax at 30%</b>			<b>771,473,274</b>
<u><b>Taxation Account</b></u>			
<b>Balance at 01 January 2020</b>			<b>268,327,181</b>
<b>Charge for the year</b>			
Current Tax			771,473,274
			771,473,274
<b>Tax Paid</b>			
Provisional Tax Paid			(490,367,068)
Withholding Paid			(87,454,831)
Final Tax			(268,327,181)
Prior Year Tax			(113,017,641)
			(959,166,721)
<b>Tax Payable/ (Recoverable)</b>			<b>80,633,734</b>

SELCOM PAYTECH LIMITED

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020

**21 Wear and Tear Allowance**

	Class I 37.5% TZS	Class II 25.0% TZS	Class III 12.5% TZS	Total TZS
Tax WDV at 01 January 2020	57,006,744	2,396,976,717	49,966,464	2,503,949,925
Additions	139,547,447	592,246,179	771,937,419	1,503,731,045
	<u>196,554,191</u>	<u>2,989,222,896</u>	<u>821,903,883</u>	<u>4,007,680,970</u>
Allowance Rate	37.5%	25.0%	12.5%	
Wear and Tear Allowance for the Year	(73,707,822)	(747,305,724)	(102,737,985)	(923,751,531)
Tax WDV at 31 December 2020	<u>122,846,369</u>	<u>2,241,917,172</u>	<u>719,165,898</u>	<u>3,083,929,439</u>

**22 Wear & Tear - Intangible Asset**

Useful Life = 5 Years

Details	Cost b/f Addition	Residual b/f, Addition	Residual b/f, Addition	Wear & Tear Allowance	Disposal adj to residue	Disposal adj to cost	Tax WDV c/f 31/12/2020
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
				20%			
WDV as at 01/01/2020	155,517,707	-	155,517,707	(31,103,541)	-	-	124,414,166
2020	56,527,380	-	56,527,380	(11,305,476)			45,221,904
Total	212,045,087	-	212,045,087	(42,409,017)	-	-	169,636,070

SELCOM PAYTECH LIMITED

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020

23 Deferred Tax Calculation

	Class I	Class III	Class II	Class VII	Total
	TZS	TZS	TZS	TZS	TZS
Net Book Values (Cost)	160,466,503	3,285,089,152	16,228,385	132,897,934	3,594,681,974
Tax Written Down Values	122,846,369	719,165,898	2,241,917,172	169,636,070	3,253,565,509
Excess of Tax Allowances over Depreciation	37,620,134	2,565,923,254	(2,225,688,787)	(36,738,136)	341,116,465
Tax at 30% - (Asset)/ Liability	11,286,040	769,776,976	(667,706,636)	(11,021,441)	102,334,940
Balance at 01 January 2020					60,049,341
Charge/ (Credit) for the Year - Fixed Assets					42,285,599
<b>Deferred Tax on Timing Differences</b>					
Unrealised foreign exchange differences					-
<b>Total</b>					-
Deferred tax (asset) / liability timing differences					-
Balance at 01 January 2020					-
Charge / (Credit) on timing differences					-
<b>TAXABLE LOSS</b>					
Accumulated Taxable Loss for the Year					-
30% Tax - (Asset)/Liability					-
Opening Balance					-
Closing Balance					-
Charge/ (Credit) for the Year - Losses c/f					-
<b>Total Deferred Tax Account</b>					
Fixed Assets - Liability					102,334,940
Timing Difference - (Asset)/Liability					-
Taxable Loss - Asset					-
<b>Deferred Tax Recoverable</b>					102,334,940
<b>Deferred Tax Charge for the Year</b>					
Fixed Assets - Charge/(Credit)					42,285,599
Timing Difference - Charge/(Credit)					-
Taxable Loss - Charge					-
<b>Charged to Income Statement</b>					42,285,599