LAINA FINANCE LIMITED

P. O BOX 77499, DAR ES SALAAM
TANZANIA

FINANCIAL STATEMENTS FOR THE 10 MONTHS ENDED 31 DECEMBER 2018

AUGUST 2019

TABLE OF CONTENTS

REGIONAL MANAGER ★ D'SALAAM-KINONDONI TAX REGION ★ P.O. Box 9774,
16 DEC 2019
RECEIVED

DIRECTORS' REPORT

1. INTRODUCTION
The Directors hereby submit their report and financial statements for the 10 months period ended 31 December 2018. The report discloses the state of affairs of the company for the period then ended.

2. ABOUT LAINA FINANCE LIMITED
Laina Finance Limited is a private company limited by shares under the Tanzanian Companies Act 2002. The company was incorporated on 14th March 2018 with certificate of registration no. 136095803 issued by the Business Registration and Licensing Agency (BRELA).

Principal activities of the Company

LAINA Finance is a financial service provider for consumers and businesses. Laina provides and develops a financing platform including risk management, credit decision engine and IT integrations to operational systems. Laina's platform enables microloan or purchase finance to be integrated to any transaction.

Laina aims to boost its business partner's sales by enabling flexible payment options and boosting sales. Laina's services are totally device and service independent and risk free for partner unless otherwise agreed.

Vision and mission

To make better business environment

To increase a fast-financial business environment in conjunction with device stores and different companies in order to increase flexibility, transparency and trust in the market.

To help people in their everyday life

To make it possible for more people to get access to modern technology through increasing the uptake in devices and automated bundles thus promoting financial inclusion.

Goals of the Company

- To provide flexibility to our customers' purchase decisions by enabling access to financial services
- To enable new pricing models for resellers and boost for their sales through unique financing services
- To make cashflow management easier by having fixed monthly payments instead of a single down payment
- To enable controllable and transparent risk structure.

3. ACCOUNTING PERIOD
The financial statements cover a period of 10 months from March 2018 to December 2018 which is regarded as the company's first accounting period. As per Section 152 of the Companies Act, 2002, "a company's first accounting period shall be the period of more than six months, but not more than eighteen months, beginning with the date of its incorporation."

4. RESULTS FOR THE YEAR
This was the first period of operation and thus the Company was still settling and establishing its operations. The Company has therefore reported a loss of TZS 29,216,880. The Directors do not recommend declaration of dividend for the period.

DIRECTORS' REPORT (Continued)

5. CORPORATE GOVERNANCE

The Board of Directors is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards, that its business and operations and conducted with integrity and in compliance with laws, principles of good governance and business ethics. The Board delegates the day to day management of the company's business to the Country Manager.

6. DIRECTORS

Directors who served during the period ended 31 December 2018 are:

S/n	Name	Position	Nationality
1	Judith Julius Missokia	Chairman	Tanzanian
2	Max Arne Arthur Gylling	Director	Finn
3	Tero Tapani Ylonen	Director	Finn

7. CAPITAL STRUCTURE AND SHAREHOLDING

The capital structure is made up of 1,000 ordinary shares of TZS 100,000 each. Below is the analysis of authorised and fully paid share capital as at 31 December 2018.

	TZS
Authorised	
1,000 ordinary shares of TZS 100,000 each	100,000,000
Issued and fully paid	
757 ordinary shares of TZS 100,000 each	75,388,909

As at 31 December 2018, the shareholding structure was as follows:

S/n	Name	No. of shares issued	Percentage shareholding	Value of shares TZS
1	Julius Antony Missokia	410	41%	41,000,000
2	Max Arne Arthur Gylling	220	22%	22,000,000
3	Tero Tapani Ylonen	220	22%	22,000,000
4	Judith Julius Missokia	150	15%	15,000,000
		1,000	**100%**	**100,000,000**

RECEIVED 16 DEC 2019 REGIONAL MANAGER TAX P. O. Box 9774 DAR ES SALAAM

8. DIRECTORS' INTERESTS

All Directors had an interest in the issued and paid up share capital of the company as at 31 December 2018.

9. MANAGEMENT

The management of the company is under the Country Manager:

10. GOING CONCERN ASSUMPTION

Directors confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Directors are satisfied that the company is a solvent going concern within the meaning ascribed by the Companies Act, 2002 and International Financial Reporting Standards (IFRSs). Directors have reasonable assurance that the company has adequate resources to continue with operations in a foreseeable future.

The Company's state of affairs is set out on page 10 of the financial statements.

DIRECTORS' REPORT (Continued)

11. RISK MANAGEMENT AND INTERNAL CONTROL

The Directors accepts final responsibility for the risk management and internal control system of the company. The management ensures that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Operation sustainability under normal as well as adverse conditions; and
- Responsible behavior's towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company's system is designed to provide the Directors with reasonable assurance that the procedures in place are operating effectively. The Directors assessed the internal control systems throughout the 10 months period ended 31 December 2018 and are satisfied that they met accepted criteria.

12. GENDER PARITY

Laina Finance Limited is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to other factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

13. EMPLOYEES' WELFARE

Management and employee's relationship

The relationship between management and employees was good throughout the year. There were no unresolved complaints received by management from employees during the year.

Medical assistance

Currently, the company is not involved in any medical insurance scheme.

Health and safety

The Company takes all reasonable and practicable steps to safeguard health, safety and welfare of its employees. A safe working environment is ensured for all employees by providing adequate and proper personal protective gears, training and supervision as necessary.

14. ACCOUNTING POLICIES

Key accounting policies are disclosed in Note 2 of the financial statements, the policies were consistently applied during the period under review.

15. POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political or charitable donations during the year.

DIRECTORS' REPORT (Continued)

16. ENVIRONMENTAL CONTROL PROGRAMME
The Company monitors the impact of its operations on the environment, which is mainly through the use of power, water and generation of waste. The company minimized its impact through the better use of its premises and inbuilt facilities to ensure proper

17. COMPLIANCE WITH LAWS AND REGULATIONS
Laina Finance Limited is in compliance with statutory laws and regulations. There are no known incidences of breach of law that resulted to significant fines or penalties in the year under review.

18. EVENTS AFTER REPORTING PERIOD
There are no material events, adjusting or non-adjusting, which have occurred between the reporting date and the date when financial statements are authorized for issue.

Approved by the Board for issue and signed on its behalf by:

.... 03/09/2019 ....
Judith Julius Missokia **Date**
Director

LAINA FINANCE LIMITED
03 SEP 2019
P.O. Box 77499
DAR ES SALAAM, TANZANIA

REGIONAL MANAGER
16 DEC 2019
RECEIVED
D'SALAAM-KINONDONI TAX REGION
P.O. Box 9774

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required under the Tanzanian Companies Act, 2002, to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the statement of income and expenditure and other comprehensive income of the company for the period.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Tanzanian Companies Act, 2002. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

....	03/09/2019
Judith Julius Missokia	**Date**
Director	

LAINA FINANCE LIMITED ★ DAR ES SALAAM, TANZANIA ★ P.O. Box 77499
0 3 SEP 2019

REGIONAL MANAGER ★ D'SALAAM-KINONDONI TAX REGION ★ P.O. Box 9774
16 DEC 2019
RECEIVED

DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditor (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of the financial statements rests with the Board of Directors under the Statement of Director's responsibility on an earlier page.

I thus confirm that the financial statements give a true and fair view position of Laina Finance Limited as on that date and they have been prepared based on properly maintained financial records.

Signed by: GEORGE MAHUWABA

Position: FINANCE OFFICER

NBAA Membership No.: GA 7176

Date: 3/9/19

REGIONAL MANAGER ★ KINONDONI TAX REGION
16 DEC 2019
RECEIVED
P.O. Box 9774, D'SALAAM-KINONDONI

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF LAINA FINANCE LIMITED

Directors
Laina Finance Limited
Plot No. 21, Regent Estate
New Bagamoyo Road
PO Box 77499
Dar es Salaam

Opinion

We have audited the financial statements of Laina Finance Limited, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income and statement of cash flows for the 10 months then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material aspects the financial position of the company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Republic of Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes. As required by the Companies Act No. 12 of 2002, we are also required to report to you if, in our opinion, the Director's Report is not consistent with the financial statements, if the company has not kept proper records, if we have not received all the information and explanation we require for our audit, or if information specified by law regarding Directors' remuneration and transaction with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

AMJ ASSOCIATES & PARTNERS
P.O. Box 16357
Dar Es Salaam
Certified Public Accountants
Dar es Salaam

Date 4/9/2019

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2018 TZS
INCOME		
Income from business	4	-
EXPENDITURE		
Staff costs	5	(11,452,425)
Administrative expenses	6	(10,405,973)
Depreciation and amortization	7	(7,358,482)
Total expenses		**(29,216,880)**
Loss/profit before tax		**(29,216,880)**
Tax expense	14	
Profit after tax		**(29,216,880)**

The notes on pages 13 to 18 form an integral part of these financial statements. The Financial Statements on pages 9 to 12 were approved by the Board and authorised for issue on 3rd September 2019 and were signed on its behalf by:

Judith Julius Missokia
Director

LAINA FINANCE LIMITED
03 SEP 2019
P. O. Box 77499
DAR ES SALAAM, TANZANIA

Report of the independent auditors - page 7 to 8.

REGIONAL MANAGER
16 DEC 2019
RECEIVED
D'SALAAM-KINONDONI TAX REGION
P. O. Box 9774

STATEMENT OF FINANCIAL POSITION

		2018
ASSETS	**Note**	**TZS**
Non-current assets		
Property, plant and equipment	8	5,711,568
Pre-operating expenses	9	25,586,400
		31,297,968
Current assets		
Trade and other receivables	10	23,328,786
Cash and cash equivalents	11	533,864
Current tax receivable	13	150,000
		24,012,650
TOTAL ASSETS		**55,310,618**
EQUITY AND LIABILITIES		
Equity		
Share capital		75,688,909
Retained earnings		(29,216,880)
		46,472,028
Liabilities		
Current liabilities		
Trade and other payables	12	8,838,589
		8,838,589
TOTAL EQUITY AND LIABILITIES		**55,310,618**

The notes on pages 13 to 18 form an integral part of these financial statements.

Report of the independent auditors - page 7 to 8.

REGIONAL MANAGER
16 DEC 2019
RECEIVED
P.O. Box 9774, D'SALAAM-KINONDONI TAX

STATEMENT OF CHANGES IN EQUITY

	Share capital TZS	Retained earnings TZS	Total TZS
Period ended 31 December 2018			
At the start of the period	-	-	-
Paid up capital	75,688,909	-	75,688,909
Loss for the period	-	(29,216,880)	(29,216,880)
As at 31 December 2018	**75,688,909**	**(29,216,880)**	**46,472,028**

The notes on pages 13 to 18 form an integral part of these financial statements.

Report of the independent auditors - page 7 to 8.

REGIONAL MANAGER ★ D'SALAAM-KINONDONI TAX REGION ★ P.O. Box 9774,
16 DEC 2019
RECEIVED

STATEMENT OF CASH FLOWS

	Note	2018 TZS
Operating activities		
Loss before tax		(29,216,880)
Adjust for:		
Depreciation and amortization		7,358,482
Working capital changes:		
Increase in trade and other receivables		(23,328,786)
Increase in trade and other payables		8,838,589
Tax paid		(150,000)
Cash flows from operating activities		**(36,498,595)**
Investing activities		
Purchase of non current assets		(6,673,450)
Pre-operating expenses		(31,983,000)
Cash flows from investing activities		**(38,656,450)**
Financing activities		
Paid up share capital		75,688,909
Cash flows from financing activities		**75,688,909**
Net increase/(decrease) in cash and cash equivalents		**533,864**
Cash and cash equivalent at the start of the year		-
Cash and cash equivalent at the end of the year (Note 11)		**533,863**

The notes on pages 12 to 18 form an integral part of these financial statements.

Report of the independent auditors - page 7 to 8.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Laina Finance Limited is a private company limited by shares under the Tanzanian Companies Act 2002. The Company was incorporated on 14th March 2018 with certificate of registration no. 136095803 issued by the Business Registration and Licensing Agency (BRELA).

The address of its registered office is:

Laina Finance Limited
Plot No. 21, Regent Estate
New Bagamoyo Road
PO Box 77499
Dar es Salaam

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The financial statements have been prepared on historical cost basis, except where applicable for financial asset they have been measured at fair value. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates.

2.2 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, cash deposits held at banks and investments with maturity periods of three months or less in money market instruments.

2.3 Property and equipment

2.3.1 Recognition and measurement

Property and equipment are recorded at cost and are depreciated over the estimated useful lives of the related assets using the straight-line method. Expenditures for maintenance and repairs are expensed when incurred.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to the working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets is recognized in profit or loss as incurred.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within the income statement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2.3.2 Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of day to day servicing of property and equipment are recognized in the income statement as incurred.

2.3.3 Depreciation

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The annual rates for the estimated useful lives for the current and comparative periods are as follows:

Description	Rate per Annum
Furniture and fittings	12.5%
Computer and related equipment	37.5%
Pre-operating expenses	20%

2.4 Translation of foreign currencies

Functional and presentation currency

The financial statements are presented in Tanzanian Shillings which is the company's functional and presentation currency.

Transaction and balances

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the company operates), which is Tanzania Shillings.
Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the financial position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at the reporting date.

Foreign exchange gains and losses resulting from the settlement of foreign transactions and from the transaction at year end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the statement of profit or loss and other comprehensive income.

2.5 Trade receivables

Trade receivables are stated at an original invoice amount less a provision for any uncollectable amounts. An estimate for impairment losses is made when collection of the full amount is no longer probable.

2.6 Trade payables

Liabilities are recognized for amounts to be paid in the future for goods and services received whether billed by supplier or not.

2.7 Employee benefits

Employment benefits such as salaries and social security contributions are recognized in the statement of comprehensive income when they fall due. The company and the employees contribute 10% of the employees' salary to the national defined contribution schemes.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2.8 Income tax

The income tax expense represents the sum of the tax currently payable. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004 revised in 2008. However, the company's tax affairs are subject to assessment and agreement with the Tanzania Revenue Authority.

2.9 Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities as well as the disclosures of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of the asset or liability affect in future period. In the process of applying the accounting policies adopted by the company, the directors make certain judgements and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.
In the opinion of the directors, they have made no significant assumptions and there are no sources of estimation uncertainty that are likely to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4. INCOME

The Company did not generate any income in these 10 first months as it was still settling, setting up and doing market search.

	2018
	TZS
5. STAFF COSTS	
Salaries	9,915,639
Pension	991,476
Skills and development levy	446,163
Workman compensation	99,147
	11,452,425

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2018 TZS
6. ADMNINISTRATIVE EXPENSES	
Stationeries	47,000
Communication	35,000
Cleaning expenses	30,000
Server fees	2,994,022
Accounting fees	2,360,000
Office Refreshments	75,000
Electricity	450,000
Transportation	300,000
Office rent expense	3,616,751
Bank charges	498,200
	10,405,973
7. DEPRECIATION AND AMORTIZATION	
Depreciation of property, plant and equipment (Note 8)	961,882
Amortization of pre-operating expenses (Note 9)	6,396,600
	7,358,482

8. PROPERTY AND EQUIPMENT

31 December 2018	**Computer and related equipment TZS**	**Furniture and fittings TZS**	**Total TZS**
Cost			
At the beginning of the period	-		-
Additions during the year	3,275,000	3,398,450	6,673,450
As at 31 December 2018	**3,275,000**	**3,398,450**	**6,673,450**
Depreciation			
Charge for the period	757,813	204,070	961,882
As at 31 December 2018	**757,813**	**204,070**	**961,882**
Net book value			
As at 31 December 2018	**2,517,188**	**3,194,380**	**5,711,568**

REGIONAL MANAGER ★ KINONDONI TAX REGION
RECEIVED
10 DEC 2019
D'SALAAM
P.O. BOX

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2018
	TZS
9. PRE-OPERATING EXPENSES	
Cost	
At the start of the period	-
Additions during the period	31,983,000
As at 31 December	**31,983,000**
Amortization	
At the start of the period	-
Charge for the period	6,396,600
As at 31 December	**6,396,600**
	25,586,400

10. TRADE AND OTHER RECEIVABLES

Prepayment	**23,328,786**

11. CASH AND CASH EQUIVALENTS

Cash in hand	29,500
Cash at bank	504,364
	533,864

12. TRADE AND OTHER PAYABLES

Trade payables	6,478,589
Other payables	2,360,000
	8,838,589

13. CURRENT TAX PAYABLE/(RECEIVABLE)

Provisional tax expense for the year	-
Less: Tax paid during the year	(150,000)
	(150,000)

REGIONAL MANAGER ★ REGION TAX KINONDONI D'SALAAM-KINONDONI 16 DEC 2019 RECEIVED ★ P.O. BOX 9774, D'SALAAM

14. INCOME TAX EXPENSE

Corporate tax is not charged in lieu of the loss made by the company during the reporting period. However, the Company's tax affairs are subject to assessment and agreement with the Tanzania Revenue Authority.

15. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including credit and liquidity risks. The Company's overall risk management policies are set out by the Board and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimize the potential adverse effects of such risks on the company's performance by setting acceptable levels of risk. The company does not hedge against any risks.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a. Credit risk

Credit risk is the risk of financial loss to the Company in an event where counterparty to a financial instrument fails to meet its contractual obligations. Credit risk mainly arises from financial assets and is managed on a company wide basis. The Company's financial assets comprise of cash and cash equivalents as well as trade and other receivables i.e. prepayments for the period under review.

For the 10 months period under review, the risk on trade and other receivables is limited as the Company did not actively engage in business as it was settling up. There were no credit customers during the period then ended. The credit risk on cash and cash equivalents is also limited because the Company banks with reputable banks that have high credit-ratings.

b. Liquidity risk

This is the risk that the Company will be unable to meet its obligations from maturing commitments due to insufficient funds.

The Company manages liquidity risk by continuously reviewing forecasts and actual cash flows and maintaining banking facilities to cover any shortfalls. The company manages liquidity risk by continuously reviewing forecasts and actual cash flows.

The table below summarizes the maturity analysis for financial instruments to their remaining contractual maturities. The maximum exposure of the company to liquidity as at the financial position date is as follows:

	Contractual maturity			
	0-3 months TZS	**3-6 months TZS**	**6-12 months TZS**	**Carrying amounts TZS**
As at 31 December 2018				
Financial assets				
Trade and other receivables	23,328,786	-	-	23,328,786
Cash and cash equivalents	533,864	-	-	533,864
	23,862,650			**23,862,650**
Financial liabilities				
Trade and other payables	8,838,589			8,838,589
Liquidity risk gap	**15,024,061**	-	-	**15,024,061**

RECEIVED 16 DEC 2019 REGIONAL MANAGER ★ REGION D'SALAAM-KINONDONI TAX P.O. Box 9774

16. CONTINGENT LIABILITIES

There were no contingent liabilities as at the reporting date.

17. CAPITAL COMMITMENT

There were no capital commitments as at the reporting date.

18. EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date which requires any adjustment in the financial statements.

19. COMPERATIVES

This is the first period of reporting, there are no comparative balances.