

MABOTO MICROFINANCE LIMITED

**THE ANNUAL DIRECTOR'S REPORT AND
AUDITED FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED
31ST DECEMBER 2021**



MABOTO MICROFINANCE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2021

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ABBREVIATIONS

AGM	Annual General Meeting
FAR	Fixed Asset Register
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
PAYE	Pay as You Earn
SDL	Skills and Development Levy
TRA	Tanzania Revenue Authority
TZS	Tanzania Shillings

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DIRECTORS ANNUAL REPORT.

1. INTRODUCTION

The Directors are pleased to submit herewith their Annual Report together with the Audited Financial Statements for the year ended 31st December 2021, which disclose the state of affairs of Maboto Microfinance Limited as at that date.

This Director's report has been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No. 1, *Director's Report* issued by National Board of Accountants and Auditors (NBAA).

2. ESTABLISHMENT

The Company was incorporated on 04th July, 2003 under the Tanzanian Companies Act 2002- Certificate of Incorporation No 46394.

On 14th April, 2020 however, having, with the sanction of a special Board Resolution, changed its name, is now called MABOTO MICROFINANCE LIMITED. Certificate of Change of Name No: 46394.

Its registered office however remained unchanged.

3. PRINCIPAL ACTIVITIES

The company's principle activities during the period under review remained micro lending to individuals, micro and small enterprises, including micro finance guarantees.

4. DIVIDENDS

The Directors do not recommend payment of dividends in respect of the year ended 31 December 2021. The gains and profits during the year have been added to Retained Earnings.

5. FINANCIAL PERFORMANCE

The company's financial performance for the year is set out here in the Financial Statement which is summarized as follows:

Details	Current year 31 st Dec2021	Previous year 31 st Dec2020
	TZS	TZS
Profit/ (loss) before taxation	452,387,158	362,970,412
Equity	27,357,440,738	27,174,699,328

6. SOLVENCY

The Company's state of affairs as at 31 December 2021 is set out here in the financial statements.

The Directors believe that the Going Concern status of the Company for the foreseeable future is strong and stable.

Accordingly, the Board of Directors confirms that applicable International Financial Reporting Standards have been followed in the preparation of financial statements and that the financial statements have been prepared on a Going Concern basis.

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7. CORPORATE GOVERNANCE

Code of Corporate Practice and Conduct

MABOTO MICROFINANCE LIMITED is committed to the principles of effective corporate governance and the Board is of the opinion that the Company currently complies with principles of good corporate governance.

The Board of Directors

The Board of Directors of Maboto Microfinance Limited consists of Two Directors as follows:

i.	Robert Chacha Maboto	Tanzanian
ii.	Scholastica Robert Maboto.	Tanzanian
iii.	Alex Mugisha Rwebogora.	Tanzanian
iv.	Hadija Hassan Mshamu	Tanzanian
v.	Elisante Joseph Makala	Tanzanian

The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of Management against budgets and business plans.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative for compliance with sound corporate governance principles.

The Board is confident that its members have the knowledge, talent and experience to lead the Company.

Ethical Behavior

Compliance with the Code of Conduct is the ultimate responsibility of the Managing Director with day-to-day monitoring delegated to line Management with the support of personnel officers. All staff is expected to maintain the highest level of integrity and honesty in dealing with customers, suppliers, service providers and colleagues.

The Company's Code of Conduct commits it to the highest standards of integrity, conduct and ethics in its dealings with all parties concerned, including its Directors, managers, employees, customers, suppliers, competitors, investors, shareholders and the public in general.

Financial Reporting and Auditing

The Directors accept final responsibility for the preparation of the annual financial statements which fairly present:

- The financial position of the Company as at the end of the year under review;
- The financial results of operations and;
- The cash flows for that period.

The responsibility for compiling the annual financial statements is vested in the Board of Directors and the financial audit was carried out independently by an external auditor and the Company complied with the Company and other laws of Tanzania.

The Directors are satisfied that during the year under review:

- Adequate accounting records were maintained;
- An effective system of internal control and risk Management, monitored by Management, was maintained;
- appropriate accounting policies, supported by reasonable and prudent judgments and estimates, were used consistently; and
- The financial statements were compiled in accordance with International Financial Reporting Standards and in the manner required by the Tanzanian Companies Act, 2002.

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The Directors are also satisfied that no material event has occurred between the financial year-end and the date of this report which affects the business or has not been reported.

The Directors are of the opinion that the Company has sufficient resources and commitments at its disposal to operate the business in the foreseeable future.

9. MANAGEMENT

Management of the Maboto Microfinance Limited is under the leadership of the Managing Director Mr. Robert Chacha Maboto.

The Company is organized in the following departments:

- Accounts and Administration Department
- Sales and Marketing Department
- Lending and Recoveries Department

10. ADMINISTRATIVE MATTERS

The Company is capable of handling all administrative matters.

11. RESOURCES

Employees with appropriate skills and experience in running the business are a key resource available to the Organization and they assist in pursuing the Organization's objectives.

12. COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the Company at the date of this report and who have served during the period under review, unless otherwise are indicated in the listed below:

Name	Position	Nationality
Robert Chacha Maboto	Managing Director	Tanzanian
Scholastica Robert Maboto	Chair person	Tanzanian
Alex Mugisha Rwebogora	Director	Tanzanian
Hadija Hassan Mshamu	Director	Tanzanian
Elisante Joseph Makala	Director	Tanzanian

13. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk Management and internal control system of the Company. It is the task of Management to ensure 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
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is depended 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 board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the year and is of the opinion that they met the accepted criteria.

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14. EMPLOYEES' WELFARE

Management and employees' relationship

A healthy relationship continues to exist between Management and employees. There were no unresolved complaints received by Management from the employees during the year. There was good team work between Management and staff.

15. ACCOUNTING POLICIES

Results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the financial statements. When preparing the financial statements, it is the Directors' responsibility under the Tanzania Companies Act 2002 to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent. The accounting policies that are deemed critical to our results and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of judgment involved, including the use of assumptions and estimation, are described in Notes 3 to the financial statements.

16. 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.

17. AUDITORS

The Auditors, CMK Associates, were appointed during the year as External Auditors of the Company for the year ended 31 December 2021; they have expressed their willingness to continue in the next financial year 2022 and are eligible for reappointment.

A resolution proposing the re-appointment of the Auditors for the year 2022 will be tabled at the Annual General Meeting.

Approved by Board of Directors for issue at its 1st Extra Ordinary Meeting held on 21th January 2022 and signed on its behalf by:

ROBERT CHACHA MABOTO



MANAGING DIRECTOR



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DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA), according to the powers 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 / Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of professional Accountant to assist the Board of Directors / Governing Body / Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's position and performance in accordance with applicable International Accounting standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the board of Directors.

Responsibility statement

I Ntuli G. Noah being the Financial Accountant of Maboto Microfinance Limited hereby, acknowledge my responsibility of ensuring that Financial Statement for the year ended 31 December 2021 have been prepared in compliance with applicable Accounting Standards and Statutory Requirements.

I thus confirm that the Financial Statements give a true and fair view position of the Company as on that date and that they have been prepared based on properly maintained financial records.

Signed by:

Name: Ntuli G. Noah

Signature: *Ntuli G. Noah*

NBAA Registration No. GA 9453.

Date: *21/01/2022*



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STATEMENT OF DIRECTORS' RESPONSIBILITY

The Company's Directors are responsible for the preparation and fair presentation of the annual financial statements, comprising the Statement of Financial Position at 31 December 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year 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 Tanzanian Companies Act.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk Management.

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

The auditors are responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.



Managing Director



21/01/2022
Date

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CMK ASSOCIATES

*Certified Public Accountants,
Auditors & Tax Consultants In Public Practice*

Head Office:

Plot No. 31, Maktaba / Mpetui Street Kisutu Area
P.O. Box 13077 - Dar es Salaam
Contact: +255 754 465 647 / +255 715 465 647
Email: cmkassociatestanzania@gmail.com

Branch Office:

Plot No. 75, Ibadhi Mosque Building, Block 'S', Liberty Street
P.O. Box 289 - Mwanza
Contact: +255 713 259 895 / +255 786 269 895
Email: mugoosha@yahoo.com

TO THE MEMBERS OF MABOTO MICROFINANCE LIMITED
NYASAKA ROAD, ILEMELA
P.O. BOX 10316
MWANZA
TANZANIA

REPORT OF THE AUDITORS ON THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED
31ST DECEMBER, 2021.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Maboto Microfinance Limited as at 31ST December 2021, its financial performance and its cash flows for the financial year under review in accordance with International Financial Reporting Standards (IFRS) and comply with Companies Act 2002.

What we have audited

We have audited the Annual Financial Statements of Maboto Microfinance Limited for the year ended 31ST December 2021 set out here in this report.

We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA).

Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free from material misstatements.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by the management, and
- Evaluating the overall financial statements presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

We have determined that there are no key audit matters to communicate in this report

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Independence

We are independent of the Institution in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania.

We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA

Information Other than the Financial Statements and the Auditor's Report Thereon

Management is responsible for the other information. The other information comprises of the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and the Auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 entity'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 entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditors' Responsibility for the Audit of the Company's Financial Statements

Our objectives are to obtain reasonable assurance about whether the company 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 the company financial statements.

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

- Identify and assess the risks of material misstatement of the company 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 the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material

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uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the company financial statements, including the disclosures, and whether the company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the Company financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors 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 the Directors 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 the Directors, we determine those matters that were of most significance in the audit of the company's 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 accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the company is not disclosed.

In respect of the foregoing requirements, we have no matter to report.

CMK ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
AUDITORS & TAX CONSULTANTS
P. O. Box 13077, DAR ES SALAAM

 **PARTNER**

CPA Christopher M. Kazalla - ACPA - PP No. 945

MANAGING PARTNER

CMK ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS, AUDITORS
& TAX CONSULTANTS IN PUBLIC PRACTICE
P.O. BOX 13077
DAR ES SALAAM.

06-02-2022.

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MABOTO MICROFINANCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31ST DECEMBER 2021

PARTICULARS OF INCOME STATEMENT	Note	2021 TZS	2020 TZS
Revenue			
Interest Income	2	5,089,994,711	3,585,094,952
Less: <i>Direct Cost</i>		1,904,816,765	1,898,092,710
Gross Profit		<u>3,185,177,945</u>	<u>1,687,002,242</u>
Other Income		226,341,039	382,785,122
TOTAL INCOME		<u>3,411,518,984</u>	<u>2,069,787,364</u>
Expenses:			
Administrative expenses	5	2,714,948,024	1,501,829,426
Selling & Distribution		171,383,025	134,719,150
Depreciation		31,584,908	36,345,261
Finance Costs	7	41,215,868	33,923,115
		<u>2,959,131,826</u>	<u>1,706,816,952</u>
Profit / (Loss) Before Tax		<u>452,387,158</u>	<u>362,970,412</u>
Corporate Tax	12	(135,716,148)	(108,891,124)
Profit / (Loss) After Tax		<u>316,671,011</u>	<u>254,079,288</u>


 Director



21/01/2022
 Date

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MABOTO MICROFINANCE LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021

PARTICULARS OF THE FINANCIAL POSITION STATEMENT	Note	2021 TZS	2020 TZS
ASSETS			
Non-Current Assets			
Property, plant and equipment (PPE)	13	129,176,380	136,161,289
Total Non-Current Assets		129,176,380	136,161,289
Current Assets			
Trade & Other Receivables	8	36,712,290,188	32,200,146,311
Cash & Cash Equivalents	9	1,138,362,553	2,354,498,155
Deferred Tax asset	12.1	111,249,364	
Tax Receivable	12	-	51,108,876
Total Current Assets		37,961,902,105	34,605,753,343
TOTAL ASSETS		38,091,078,485	34,741,914,631
LIABILITIES			
Non- Current Liabilities			
Loans from related Parties	11	9,615,495,981	5,993,042,108
Self MF-Term Loan	11	788,664,000	1,448,294,275
Total Non-Current Liabilities		10,404,159,981	7,441,336,383
Current Liabilities			
Trade & Other Payables	10	159,691,530	125,878,920
Tax Payable	12	176,786,236	-
Total Current Liabilities		336,477,766	125,878,920
TOTAL LIABILITIES		10,740,637,747	7,567,215,303
SHAREHOLDERS EQUITY			
Paid up Share Capital		5,000,000,000	5,000,000,000
Retained Earnings		22,239,529,993	22,063,788,583
Capital Reserves		110,910,745	110,910,745
TOTAL EQUITY		27,350,440,738	27,174,699,328
TOTAL EQUITY & LIABILITES		38,091,078,485	34,741,914,631

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MABOTO MICROFINANCE LIMITED
STATEMENT OF CHANGES IN OWNER'S EQUITY FOR THE YEAR ENDED
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PARTICULARS	Share Capital	Retained Earnings	Capital Reserve	Total
	TZS	TZS	TZS	TZS
1st January 2020	5,000,000,000	21,809,709,295	110,910,745	26,920,620,040
Additions during the year	-	254,079,288	-	254,079,288
31st December 2020	5,000,000,000	22,063,788,583	110,910,745	27,174,699,328
1st January 2021	5,000,000,000	22,063,788,583	110,910,745	27,174,699,328
Additions during the year	-	316,671,011	-	316,671,011
Prior year taxes		(140,929,601)		(140,929,601)
At 31st December 2021	5,000,000,000	22,239,529,993	110,910,745	27,350,440,738

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CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2021

	2021	2020
Note	TZS	TZS
Cash Flows from Operating Activities:		
Profit / (Loss) Before Tax	452,387,158	362,970,412
Non Cash transactions		
Add: Tax claim	-	204,816,125
Add: Depreciation	31,584,908	36,345,261
Net Cash flow Before Working Capital Adjustment	483,972,067	604,131,798
Changes in Current Accounts:		
Trade and other receivables	(4,512,143,877)	(3,940,708,450)
Trade and other payables	33,812,610	(342,916,771)
Cash Provided / Used from / in Operating activities	(3,994,359,200)	(3,679,493,423)
Tax	(160,000,000)	(160,000,000)
Net Cash Flows From Operating Activities	(4,154,359,200)	(3,839,493,423)
Cash flows from Investing Activities		
Purchase of property and equipment	(24,600,000)	(13,877,000)
Disposal	-	4,882,813
Net Cash provided /used/ from/ in Investing Activities	(24,600,000)	(8,994,187)
Cash Flows from Financing Activities		
Adjustments for Trade Receivable	(659,630,275)	(551,705,725)
Loan addition (Repayment)	3,622,453,873	3,301,674,370
Related Party Loan Additions /(Repayments)	-	-
Net Cash used / provided in / from Financing Activities	2,962,823,598	2,749,968,645
Net Increase /(Decrease) in Cash & Cash Equivalents	(1,216,135,602)	(1,098,518,965)
Cash at beginning of the Year	2,354,498,155	3,453,017,122
Cash & Cash Equivalents at end of the Year	1,138,362,553	2,354,498,155

NOTES TO FINANCIAL STATEMENT
1. REPORTING ENTITY

MABOTO MICROFINANCE LIMITED
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The Company was incorporated on 23rd August 2018 under the Tanzanian Companies Act 2002 and commenced its operation in the same year.

The registered address of the company is as follows:

MABOTO MICROFINANCE LIMITED
NYASAKA ROAD, ILEMELA
P.O. BOX 10316
MWANZA, TANZANIA

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied during preparations of these financial statements.

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by International Accounting Standards Board (IASB).

b) Basis of preparation

The financial statements have been prepared under the historical cost convention as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The financial statements are presented in Tanzania Shillings which is a both functional and reporting currency of the Company, except when otherwise indicated. The financial statements comprise a statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and explanatory notes.

The preparation of financial statements in conformity with IFRSs requires Management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

c) 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 used or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be used 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 held primarily for the purpose of trading
- 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.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Revenue Recognition

Revenue is recognized when revenue and associated costs can be measured reliably and future economic benefits are probable. Revenue is measured at the fair value of the consideration received

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or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other related taxes.

e) Property and Equipment

Recognition and Measurement

Items of Property and Equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation

Depreciation is calculated on a reducing balance method over the estimated useful lives of each part of an item of property and equipment.

Rates of Depreciation charge are as follows:

Asset category	Rate
Motor vehicles	37.5%
Motorcycle	37.5%
Furniture and fittings	12.5%
Office Equipment	12.5%
Computer	37.5%

h) Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined on a first-in-first-out basis.

i) Trade Receivables

Trade Receivables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method, less provision for impairment. A provision for impairment of the Trade Receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the profit and loss account.

j) Cash and Cash Equivalents

Cash and Cash Equivalents in the Statement Of Financial Position comprises of cash at bank and in hand and other short-term highly liquid investments that are readily convertible to known amount of cash which are subject to an insignificant risk of change in their values and are used by the Company in the Management of its short term commitments with original maturities of three months or less. For the purposes of The Statement of Cash Flows, cash and cash equivalents consists of cash and cash equivalents, net of outstanding bank overdrafts

l) Income Tax

Income tax expense comprises current and deferred tax. It is recognized in the profit or loss account except to the extent that it relates to items recognized directly to equity or other comprehensive income.

Current tax

Current income tax is the expected amount of income tax payable or receivable on the taxable profit income or loss for the year determined in accordance with the Tanzanian Income Tax Act and any adjustment to the tax payable or receivable in respect of the previous years. It is measured using tax rates enacted or substantially enacted at the reporting date.

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	<u>TZS</u>	<u>TZS</u>
2 Revenue		
Interest Income -treasury	5,089,994,711	3,364,205,758
Interest Income -Loan take overs	-	220,889,195
	<u>5,089,994,711</u>	<u>3,585,094,952</u>
3 Other Income		
Gain from insurance	226,341,039	382,785,122
	<u>226,341,039</u>	<u>382,785,122</u>
4 DIRECT COST		
Salaries & Wages	1,249,316,600	1,178,482,800
Loan Interest	208,028,103	315,951,768
Agency Fees	447,472,062	403,658,142
COST OF SREVICES PROVIDED	<u>1,904,816,765</u>	<u>1,898,092,710</u>
5 Administrative Expenses		
Salaries & wages	535,421,400	505,171,200
Skills & Development Levy	71,389,520	71,510,270
NSSF Employer's Contributions	134,804,000	111,412,300
WCF	14,232,136	16,783,740
Security guard	34,700,000	22,083,158
Stationery & Printing	60,850,330	40,443,530
Telephone & Postage	48,630,000	28,228,500
Electricity & Water	30,663,750	22,593,750
Marketing & Promotions	423,000,000	251,397,590
Office rent	159,710,000	56,280,650
Bad-debts Written off	373,476,963	-
Subsistence Allowance	132,000,000	150,622,950
Workmen compensation	20,605,220	33,124,721
Office Cleaning	11,591,400	1,839,400
Fire Fee	11,685,000	2,920,000
Rent for employees	22,890,000	16,124,600
Service Levy	46,624,491	25,071,135
Withholding tax & Stamp duty	9,954,600	14,413,812
Staff refreshments	16,140,000	9,055,000
Trading License	49,400,000	47,032,000
Repair & Maintenance(Building &Equipment)	24,753,000	6,294,150
Donation & Contribution to the Public	10,000,000	32,340,000
Data collection expenses	46,740,000	7,380,000
Office Expenses	48,855,000	23,706,970
Auditors' remuneration	6,000,000	6,000,000
Provision for bad & doubtful debts	370,831,214	-
TOTAL ADMINISTRATION EXPENSES	<u>2,714,948,024</u>	<u>1,501,829,426</u>
6 SELLING & DISTRIBUTION EXPENSE		

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Travelling	141,903,000	111,897,050
Motor vehicle running	-	3,025,000
<i>Repair & maintenance</i>	15,570,025	13,025,000
<i>Fuel & Lubricants</i>	13,320,000	6,300,100
<i>Insurance</i>	590,000	472,000
TOTAL SELLING & DISTRIBUTION EPENSES	171,383,025	134,719,150
7 Finance Expenses		
Bank Charges	41,215,868	33,923,115
Loan processing fee	-	-
TOTAL FINANCE COSTS	41,215,868	33,923,115
8 Trade & Other Receivables		
Loans & Advances	37,083,121,402	32,200,146,311
Less: <i>Doubtful debt</i>	370,831,214	-
Net-Loans & Advances	36,712,290,188	
Rent Prepaid	-	-
TOTAL	36,712,290,188	32,200,146,311
9 Cash & Cash Equivalent s		
Cash at Bank	1,138,362,553	2,354,498,155
TOTAL CASH & BANK BALANCES	1,138,362,553	2,354,498,155
10 Trade Creditors & Other Payables		
TRA Tax assessment	-	56,980,655
Accrued Expense		
Audit fees	6,000,000	6,000,000
Pension Contribution	12,661,000	18,708,000
Over deducted Loans	127,733,250	30,983,365
PAYE	7,239,640	7,557,020
SDL	6,057,640	5,649,880
TOTAL	159,691,530	125,878,920
11 Loans		
Loans from related Parties	9,615,495,981	5,993,042,108
Self MF-Term Loan	788,664,000	1,448,294,275
Total Loans from Related Parties	10,404,159,981	7,441,336,383

i. Loans from Related Parties

MML enjoys loans from Robert Chacha Maboto (RCM) who is a related Party to the Reporting entity in terms of IAS 24.

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	<u>TZS</u>	
12 Computation of Corporate Tax		
Profit / (Loss) Before Tax per accounts		452,387,158
Add: Disallowable Deductions		
<i>Provision for Doubtful debt</i>	370,831,214	
<i>Accounting Depreciation</i>	31,584,908	402,416,122
		<u>854,803,281</u>
Total		
Less: Allowable Deductions		
Depreciation Allowance as per 3rd Schedule ITA	31,584,908	31,584,908
		<u>823,218,372</u>
Adjusted Profit Before Tax		246,965,512
Corporate Tax - 30%		(51,108,876)
Balance brought forward		140,929,601
12.2 Additional Assesment-2020		<u>336,786,236</u>
Tax Payable / (Refundable)		(160,000,000)
Advance Tax Paid 2021		<u>176,786,236</u>
Tax Payable / (Refundable)		<u>176,786,236</u>

Note 12.1	2021
PARTICULARS	<u>TZS</u>
Current Tax Expense	135,716,148
Current tax liability	<u>246,965,512</u>
Deferred tax asset	111,249,364

Note 12.2	<u>2020</u>
Additional Taxes Corporate Taxes-2020	119,406,667
Penalties & Interest-2020	7,480,931
SDL-2020	8,890,450
WHT(Service)-2020	1,906,491
Stamp Duty-2020	696,384
WHT(Rental)-2020	2,548,677
Total Additional Taxes	<u>140,929,601</u>

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NOTE: 13 PROPERTY, PLANT AND EQUIPMENT

CLASS OF ASSET	CARRYING AMOUNT			RATE	CHARGE FOR THE YEAR	NET BOOK VALUE	
	01/ 01/ 2021	ADDITIONS	31/12/2021			31/12/2021	31/12/2020
BUILDINGS							
House at Bunda	29,190,499	-	29,190,499	5.0%	1,459,525	27,730,974	29,190,499
MOTOR VEHICLES	-		-			-	-
Vehicles	4,394,464	-	4,394,464	37.5%	1,647,924	2,746,540	4,394,464
T 339 DHU	2,288,818	-	2,288,818	37.5%	858,307	1,430,511	2,288,818
T 178 DHP V/W	3,814,698	-	3,814,698	37.5%	1,430,512	2,384,186	3,814,698
T 339 CXQ KLUGER	1,300,851	-	1,300,851	37.5%	487,819	813,032	1,300,851
T 642 DPC Carina	3,051,758	-	3,051,758	37.5%	1,144,409	1,907,349	3,051,758
Motor Cycles	5,410,156	-	5,410,156	37.5%	2,028,809	3,381,348	5,410,156
ICT & OTHER EQUIPMENTS							-
CCTV Camera	4,882,813	-	4,882,813	37.5%	1,831,055	3,051,758	4,882,813
System server	6,640,625	-	6,640,625	37.5%	2,490,234	4,150,391	6,640,625
Computers & Printers	10,931,957	12,000,000	22,931,957	37.5%	8,599,484	14,332,473	10,931,957
FURNITURE & FITTINGS							-
Furniture & fittings	64,254,650	12,600,000	76,854,650	12.5%	9,606,831	67,247,819	64,254,650
Grand total	136,161,289	24,600,000	160,761,289		31,584,908	129,176,380	136,161,289

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NOTE 14: DEPRECIATION ALLOWANCE AS PER 3RD SCHEDULE
MABOTO MICROFINANCE LIMITED

Details	CLASS I	CLASS II	CLASS III	TOTAL
Depreciation rate	37.5%	25%	12.50%	
Tax Written Down Value b/f	42,716,139	-	64,254,650	106,970,790
Additions	12,000,000	-	12,600,000	24,600,000
Disposal		-	-	-
Depreciation Base	54,716,139	-	76,854,650	131,570,790
Wear & Tear Deduction	20,518,552	-	9,606,831	30,125,384
Tax Written Down Value c/f	34,197,587	-	67,247,819	101,445,406
	CLASS V			
	5.0%			
Cost				
1. 1. 2021	30,726,841.00			
Additions	-			
31. 12. 2021	30,726,841.00			
Accumulated Depreciation				
01.01.2021	1,536,342.05			
Depreciation Allowance	1,459,524.95			
31.12.2021	2,995,867.00			

TOTAL DEPRECIATION ALLOWANCE	31,584,908.49
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