



[KIKAGATI POWER COMPANY LIMITED]

[Asset Valuation as at 30 June 2021]

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# Table of Contents

SECTION I: INTRODUCTORY NOTES .....	1
1.1 PREAMBLE .....	1
1.2 INSTRUCTION AND PURPOSE.....	5
1.3 SCOPE.....	5
1.4 REPORT ARRANGEMENT .....	5
1.5 APPROACH TO VALUATION .....	6
1.6 METHOD OF VALUATION ADOPTED .....	6
1.7 BASIS OF DEPRECIATION.....	8
1.7.1 Depreciation for Accounting Balance Sheet Purpose; .....	8
1.7.2 Valuers Approach to Depreciation; .....	9
1.8 COMPLIANCE TO VALUATION FOR FINANCIAL REPORTING .....	11
1.8.1 Compliance to IPSAS 17. Important Guidelines.....	11
1.8.2 Compliance to IVS 2011 .....	16
1.9 VALUATION CAVEATS .....	19
1.10 CONFIDENTIALITY .....	20
1.11 PROFESSIONAL INCORPORATION .....	20
SECTION II: MAIN VALUATION /MANAGEMENT SUMMARY .....	21
2.1 VALUATION SUMMARY .....	21
2.1.1 Grand Summary .....	21
2.2 OPINION OF VALUE .....	22
2.3 CERTIFICATION .....	22
SECTION III: DETAILED VALUATION REPORT .....	23
3.1 General Introduction.....	23
3.2 Location and Locality: .....	23
3.3 Service .....	23
3.4 Ownership and Tenure: .....	23
3.5 Plot and Site works:.....	23
3.6 Construction Details .....	24
3.6.1 Main building.....	24
3.6.2 Out building I.....	25
3.6.3 Outbuilding II.....	25
3.6.4 Dam.....	26
4.0 SECTION IV: VALUATION REPORT ATTACHMENTS/APPENDICES.....	27
4.1 COPY OF VALUATION INSTRUCTION LETTER.....	27
4.2 COPY OF COMMERCIAL INVOICES.....	27
4.3 COPY OF CERTIFICATE OF RIGHT OF OCCUPANCY .....	27
4.4 COPY OF BILLS OF QUANTITY FOR DAM CONSTRUCTION (BOQ).....	27

## Glossary of Terms and Definitions

KPCL	Kikagati Power Company Limited
IPSAS	International Public Sector Accounting Standards
IVS	International Valuation Standard
kV	Kilovolt
kVA	Kilovolt - ampere
ACDB	Alternating Current Distribution Board
ACDB	Direct Current Distribution Board
OPGW	Optical Ground Wire
AMF	Auto Main Failure
ACSR	Aluminum Conductor Steel Reinforcement
MDF	Middle Density Fiber
DG	Diesel Generator
kVA	Kilovolt - ampere kWh Kilowatt Hour
LV	Low Voltage
MV	Medium Voltage
MW	Mega Watts
AB	Aerial Bundled
MS	Mild steel
DP	Double Pole
VCB	Vacuum Circuit Breaker
CT	Current Transformer
PT	Potential Transformer
DCTL	Direct Coupled Transistor Logic
DB	Distribution Board
CVC	Conventional Vibrated Concrete
HSS	High Strength Steel

## SECTION I: INTRODUCTORY NOTES

### 1.1 PREAMBLE

Asset valuation is a process aiming at determination of the value of capital assets or fixed assets, for inclusion in owner's financial position statement . It is a common practice that in the asset valuation the Replacement Cost or Reinstatement Value of the asset together with the Depreciated Replacement Cost /Market Value are provided. The two values are purposely reported for Insurance, Market and other decisions.

**In this assignment, the main items that the valuer has assessed are as follows;**

- **Landed assets;** - these are those investments which are directly affixed to the land. In this category landed assets such as buildings, modified structures such as containers, silos, plants and other affixtures to land are the mostly considered. Generally, for the purpose of financial reporting these are valued basing on the cost of replacement for insurance and less depreciation /obsolescence for market value determination.
- **Land;** - is another component of landed asset which is valued on the basis of market prices. In this approach the prices of the land are sought from the neighbourhood market. This is done through the Market Comparison or the Residual Method of valuation. Sometimes both land and buildings are valued and reported as a combined category. However as per IPSAS 17 (Land and building are valued and reported separately.
- **Furniture** – these are all those movable assets which operate and assist the business of an organisation on only mechanical operations. They do not need powered forces such as electricity or motorised forces to make them function. They include assets such as tables, chairs, file cabinets, etc. Generally, their mechanical makes up provide them with full working capacity.

- **Equipment** – these are all movable assets which operate upon exertion of forces from fuel or electricity. Within these assets such as Printers, Air Conditioners, etc are categorized as equipment. Sometimes equipment may further be categorised according to the policy of the organisation. However, it should be noted that equipments are those which are capable of being accommodated within the working spaces such as offices. ie indoor accommodation.
- **Plant and Machinery** – these are assets which support the business of an organisation but their mode of operation make them not conducive to be accommodated within the working space such as within the offices and may be mostly affixed in nature. The assets have characteristics of equipment but their magnitude and output provide them a different category. These include generators, heavy duty machines and other related machines.
- **Motor Vehicles** – these are all those assets which are movable on surface on their own wheels or chains. They include cars, trucks, etc. Depending on the policy and categorisation of the organisation, some assets which could fall under plant and machinery such as Combine Harvesters may be considered in the category of motor vehicles.
- **Patent, Trade Rights and Goodwill**- these are common assets especially in business valuation. The assets are mostly intangible but form a core to the performance of the organisations business.
- **Other** – these include all other assets which an organisation may wish to avail for valuation and inclusion in the portfolio. In this category, assets such as live animals, stocks, farm produce and others are included.

Asset Valuation is a market-based valuation which according to the IVSC Guidelines 2017 relies on market information and analysis of market data to arrive

at the desired outcome. With this phenomenon therefore the valuer must provide assumptions which are used to establish the Replacement Cost and finally market value for each asset. Some assets may lack cost of replacement e.g. land. These therefore are valued by directly referring to the prices which are offered by the market. IVSC 2017 and all other guidelines which lead valuation profession both at international and national level equip the valuer with discretion to fix a value basing on reasonable assumptions to those assets which seem unique in the market.

In asset valuation, and especially the analysis part the following entries are provided.

- **Asset Description** – this entry is the first in the schedule. It provides for the type of asset together with all necessary information about that asset. Information such as name of assets, type, model, material used, capacity, age, and all other details must clearly be stated. A challenge in this is that some assets may be poorly managed such that the tags containing details may be lost or damaged.
- **Code Number** – this is a special number provided to every asset for easy management and identification. It may be in physical scripts or electronic coding done with barcode system. Electronic coding is aided by barcode readers which assist in accessing the details within the barcode cards.
- **Quantity** - this column provides the amount in number of the assets in that specific type.
- **Replacement Cost** – this column is for the estimate cost of Replacing that particular asset. According to the international valuation standards guidelines the Replacement Cost is in local currency. However, the policy of the entity may request the cost to be reported in other currency which is convenient to the purpose.

- **Depreciation** – this defines the level of obsolescence for the asset. The valuer has to consider not only the physical wear and tear but also technology, economic, social factors.
- **Depreciated Replacement Cost** – this is the adjusted cost of replacing an asset after addressing the level of obsolescence. It is sometimes equated to the market value.
- **Condition**: the condition of the asset is ascertained in order to determine the depreciation rate.

## 1.2 INSTRUCTION AND PURPOSE

The Karagwe District Council (Valuation Section) of P.O. Box 20, Karagwe was requested by the Director for Kikagati Power Company Limited of P.O. Box 78934, Dar Es Salaam to carry out physical verification and Valuation of Assets located at Murongo substation, Kyerwa District in Kagera region.

**Date of Inspection:** The physical inspection was carried on February, 2022; therefore, the values expressed herein are those of February, 2022.

## 1.3 SCOPE

The main activities covered in this assignment are as follows;

- Verifying the physical existence of the assets in their locations and space Assessing the condition of each asset verified
- Carrying Valuation of Assets
- Compilation and submission of Valuation reports for assets valued

## 1.4 REPORT ARRANGEMENT

This valuation report is compiled in the following parts which were already covered:

- Preamble – general issues on Asset Valuation
- Instructions and Purpose
- Summary and Opinion of Value
- Detailed Report of all Movable Assets
- Appendices: -
  - Assessment of Furniture
  - Assessment of Equipment, Plants and Machineries
  - Assessment of Motor Vehicles.

- Assessment of Buildings

## 1.5 APPROACH TO VALUATION

This assignment is carried out for a major purpose to ascertain the Replacement Cost and Market Value of the assets for both Accounting and Financial Reporting purpose.

The International Valuation Standards 2017 ascribes that where the valuation is for a purpose like the one above, it is a market-based valuation aiming at ascertaining the market value and also consideration of non-market variables be taken to arrive at the Insurance value or Replaceable value.

International Public Sector Accounting Standards (IPSAS) are also weighted highly in this assignment as per IVS 300 all valuation for financial reporting have to comply to both IPSAS and also IAS especially IPSA 17 on property, plant and equipment.

We shall therefore comply with all of the following:

- International Valuation Standards 2017 (IVS 300)
- International Public Sector Accounting Standards (IPSAS) and International Accounting Standards (IAS).

## 1.6 METHOD OF VALUATION ADOPTED

In this appraisal, one method of valuation has been used, namely;

- ***Replacement Cost Approach***

### (i) **The Replacement Cost Method of Valuation**

The Replacement Cost Method also referred to as the Cost Approach is the valuation method by which the Valuer uses the principle of substitution which relates the value of an asset to the Total Cost of substituting with an identical or similar product. The Valuer therefore arrives at the Market

Value of an asset by relying on the Cost which can be incurred to produce the same or similar asset with the same utility and economy as the subject property.

The justification of this method is that; a prudent vendor would not sell his/her asset at a price lower than what it cost to produce. On the other side a prospective purchaser/ buyer will not purchase an asset at a price higher than it would cost to produce or develop a similar asset.

In accordance with the International Valuation Standards, we have used Replacement Cost Method in the valuation of:

- All movable assets, including motor vehicles, furniture, equipment and plant and machineries for purposes of determining their **Replacement Costs and Depreciated Replacement Costs.**

## 1.7 BASIS OF DEPRECIATION

### 1.7.1 Depreciation for Accounting Balance Sheet Purpose;

Depreciation refers to the loss in value of an asset, caused by different factors leading to a situation generally referred to as obsolescence. Accumulated depreciation or obsolescence is determined by taking into account several factors that are detrimental to the continued useful economic existence of the subject asset.

At the moment Accountant uses International Public Sector Accounting Standard (IPSAS). According to IPSAS, rates used are as follows;

➤ Buildings	25%
➤ Plant and machinery	10%
➤ Furniture, fixture and equipment	10%
➤ Motor vehicles	8%
➤ Heavy duty (5 tons and above)	5%
➤ Light duty (below 5 tons)	10%
➤ Motor cycle	7%
➤ Computers and other electronics	5%

These rates are applied on the straight-line method. It should be noted that all these methods which are very clear to accounts share the following limitations;

They assume a systematic, uniform and orderly diminution in value of an asset from year to year often in total disregard to the realities of the market including the effect of usage and maintenance on an asset life span and value.

They consider gradual wear and tear alone, as if the value of an asset was a function of age alone. (As a result, catastrophe like accidents is difficult to incorporate in these models)

## **1.7.2 Valuers Approach to Depreciation;**

### **(a) The Observed Condition Method**

The way around the above limitations would be to apply what valuers call the observed condition method. The objective of this method is to establish the value of assets in its present state in the obtaining economic climate. The valuer's task in this case is to strike a potential buyers indifference point i.e that valuer which, when applied to an asset is used as compared to the cost of a new item, will make the buyer indifferent, i.e unable to decided which one of the two is the better offer.

To arrive at this indifference point, the valuer should take the asset's deprival value or as is commonly referred to its Current Replacement / Reinstatement Cost and deduct accumulated obsolescence. This is the aggregate of the physical, functions and economic obsolescence asset may have suffered. Physical obsolescence refers to wear and tear and is the deterioration or loss in value mainly from changes in user utility due to technological advances and economic obsolescence is the loss in value resulting from the diminution of demand for the asset because it can no longer compete with other modern asset on the market.

### **(b) Quantification of Accumulate Obsolescence in Building;**

Obsolescence in building most likely to be equal to such that money that if expended on the building will make it as good as new (through a major repair and maintenance program). But this seemingly easy way of quantification could easily trap the unwary. Take example of a single storey building whose current replacement cost is TShs. 10 million and it is currently having several louvers are missing, damaged toilet and plumbing facilities leaking roofs, a stained ceiling and it is need of paint. It would appear that if the estimated cost of making good all these defects and of installing a new plumbing facility to modernise the building so that it is then as good as new is deducted from the current Replacement Cost, and the amount arrived at is its Depreciated Replacement Cost.

In reality this would not be adequate because this method seems to concentrate on defects which are obvious and it as loss when it becomes to quantification of loss in value due to material fatigue. A building is essential an aggregate of components namely, the super structure (i.e beam, columns, foundation, plumbing, and service installation windows, doors, roof structure, etc. and the life spans of each of these are not coterminous.

Knowing that the surveying of buildings will be valued using this method is a structure survey. In order to get reasonable assessments as to the possible remaining life of various building components. Finally, in office the valuer would work out the average life span of each component and the accumulated depreciation would then be calculated in the manner tabulated here below.

(i) **BUILDINGS:**

OBSERVED CONDITION	ESTIMATED % OF ACCUMULATED DEPRECIATION OBSOLESCENCE	COMMENTS
New	0	New Building
Very Good	1 – 20	Structurally sound with regular and planned maintenance and repairs of various components.
Good	21 – 40	Structurally sound with satisfactory state of maintenance and repairs.
Fair	41 – 60	Structurally sound but lacking planned maintenance and repairs needed to various components.
Poor	61-80	Major defects of the structure and components.
Very poor	81-98	Not habitable structurally hazardous and in need of major rehabilitation or rebuilding/condemned building.
Residual	99	Completely pulled down [only a plot left]

(ii) **FURNITURE/FITTINGS/ EQUIPMENT**

<b>Observed Condition</b>	<b>Estimated % of accumulated depreciation/ obsolescence</b>
New	0-5
Very Good	6 – 10
Good	11 – 20
Fair/Average/satisfactory	21 – 60
Poor	61 – 80
Very Poor	81– 95
Scrap	96- 100

**1.8 COMPLIANCE TO VALUATION FOR FINANCIAL REPORTING**

In this valuation we have complied with standards and guidelines for valuation of assets for financial reporting as provided both at National and international level. These are as provided hereunder;

**1.8.1 Compliance to IPSAS 17. Important Guidelines**

<b>IPSAS</b>	<b>Details of compliance</b>	<b>Statement of compliance</b>
IPSAS 17:	An item of property, plant and equipment should be recognized as an asset when:	We have complied
	(a) It is probable that future economic benefits or service potential associated with the asset will flow to the entity; and	
	(b) The cost or fair value of the asset to the entity can be measured reliably.	
IPSAS 17:	To satisfy recognition criteria there must be certainty that future economic benefits will flow to the entity. Existence of sufficient certainty that the future economic benefits or service potential will flow to the entity necessitates an assurance that the entity will receive the rewards attaching to the asset and will undertake the associated	We have complied

IPSAS	Details of compliance	Statement of compliance
	risks.	
IPSAS 17:	Transaction evidencing the purchase of the asset identifies its cost.	We have complied
	In the case of a self-constructed asset, a relevant and reliable measurement of the cost can be made from the transactions with parties external to the entity for the acquisition of the materials, labour and other inputs used construction process.	
	In addition, under certain circumstances cost is determined by reference to fair value.	
IPSAS 17:	In certain circumstances, it is appropriate to allocate the total expenditure on an asset to its component parts and account for each component separately. This is the case when the component assets have different useful lives or provide economic benefits or service potential to the entity in a different pattern, thus necessitating use of different depreciation rates and methods. For example, the pavements, formation, curbs and channels, footpaths, bridges and lighting may need to be treated as separate items within a road system to the extent that they have different useful lives. Similarly, an aircraft body and its engines need to be treated as separate depreciable assets if they have different useful lives.	We have complied
IPSAS 17	An item of property, plant and equipment which qualifies for recognition as an asset should initially be measured at its cost.	We have complied
IPSAS 17	Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.	We have complied

IPSAS	Details of compliance	Statement of compliance
IPSAS 17	An item of property, plant and equipment may be gifted or contributed to the entity. For example, land may be contributed to a local government by a developer at nil or nominal consideration, to enable the local government to develop parks, roads and paths in the development. An asset may also be acquired at nil or nominal consideration through the exercise of powers of sequestration. Under these circumstances the cost of the item is its fair value as at the date it is acquired.	We have complied
IPSAS 17:	The initial recognition of an item of property, plant and equipment, acquired at no or nominal cost, at its fair value consistent with the requirements of 17:23, does not constitute a revaluation. Accordingly, the revaluation requirements, revaluation only apply where an entity elects to revalue an item of property, plant and equipment in subsequent reporting periods.	We have complied
IPSAS 17:	The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing the asset to working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Examples of directly attributable costs are:	We have complied
IPSAS 17:	Administration and other general overhead costs are not a component of the cost of property, plant and equipment unless they can be directly attributed to the acquisition of the asset or bringing the asset to its working condition. Similarly, start-up and similar costs do not form part of the cost of an asset unless they are necessary to bring the asset to its working condition. Initial operating losses incurred prior to an asset achieving planned performance are	We have complied

IPSAS	Details of compliance	Statement of compliance
	recognized as an expense.	
IPSAS 17:	Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized should be added to the carrying amount of the asset when it is probable that future economic benefits or service potential over the total life of the asset, in excess of the most recently assessed standard of performance of the existing asset, will flow to the entity. All other subsequent expenditures should be recognized as expenses in the period in which they are incurred.	We have complied
IPSAS 17:	Subsequent expenditure on property, plant and equipment is only recognized as an asset when the expenditure improves the condition of the asset, measured over its total life, beyond its most recently assessed standard of performance. Examples of improvements which result in increased future economic benefits or service potential include:	We have complied
	(a) Modification of an item of plant to extend its useful life, including an increase in its capacity;	
	(b) Upgrading machine parts to achieve a substantial improvement in the quality of output; and	
	(c) Adoption of new production processes enabling a substantial reduction in recently assessed operating costs.	
IPSAS 17:	Subsequent to initial recognition as an asset, an item of property, plant and equipment should be carried at its cost less any accumulated depreciation and any accumulated impairment losses.	We have complied

IPSAS	Details of compliance	Statement of compliance
IPSAS 17:	Alternatively, Subsequent to initial recognition as an asset, an item of property, plant and equipment should be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.	We have complied
	Revaluations should be made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.	
IPSAS 17:	The fair value of items of property, plant and equipment is usually their market value, determined by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession, who holds a recognized and relevant professional qualification. For many assets, the fair value will be readily ascertainable by reference to quoted prices in an active and liquid market. For example, current market prices can usually be obtained for land, non-specialized buildings, motor vehicles and many types of plant and equipment.	We have complied
IPSAS 17:	When an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs should be revalued.	We have complied
IPSAS 17:	The depreciable amount of an item of property, plant and equipment should be allocated on a systematic basis over its useful life. The depreciation method used should reflect the pattern in which the asset's economic benefits or service potential is consumed by the entity.	We have complied
	The depreciation charge for each period should be recognized as an expense unless it is included in the carrying amount of another asset.	

IPSAS	Details of compliance	Statement of compliance
IPSAS 17:	The useful life of an asset is defined in terms of the asset's expected utility to the entity. The asset management policy of an entity may involve the disposal of assets after a specified time or after consumption of a certain proportion of the economic benefits or service potential embodied in the asset. Therefore, the useful life of an asset may be shorter than its economic life. The estimation of the useful life of an item of property, plant and equipment is a matter of judgment based on the experience of the entity with similar assets.	We have complied

### 1.8.2 Compliance to IVS 2011

Compliance IVS	Details for Compliance	Statement of compliance
IVS 220 (C2)	A valuation of plant and equipment will normally require consideration of a range of factors relating to the asset itself, its environment and its economic potential.	We have Complied
IVS 102 (Asset Standards, Commentary C2)	Valuations of financial instruments are required for many different purposes including, but not limited to acquisitions, mergers and sales of businesses or parts of businesses, financial reporting, regulatory requirements, in particular banking solvency requirements, internal risk and compliance procedures, establishing the net asset value of insurance company funds, pricing and	We have Complied

Compliance IVS	Details for Compliance	Statement of compliance
	performance measurement of investment funds.	
IVS 300 (G8) (G10)	According to IAS 16 includes a requirement for an entity to account for the depreciation of property, plant and equipment. In order to assess the depreciation charge to be made, the "depreciable amount" has to be determined.	We have complied
IVS 300 (G15)	The useful life of an item of plant or equipment is more likely to coincide with the economic life of the item as rates of obsolescence are generally higher than for buildings, with the result that economic lives are shorter. However, the distinction between the useful life to the entity and remaining economic life should still be considered.	We have complied
IVS 300 (28)	For a Market Based Valuation, to indicate the most probable price that would be achieved in a hypothetical exchange in a free and open market. Market value as defined in these standards falls into this category. The second is to indicate the benefits that a person or an entity enjoys from ownership of an asset. The value is specific to that person or entity, and may have no relevance to market participants in general. Investment	We have complied

Compliance IVS	Details for Compliance	Statement of compliance
	<p>value and special value as defined in these standards fall into this category. The third is to indicate the price that would be reasonably agreed between two specific parties for the exchange of an asset. the parties may be unconnected and although negotiating at arm's length, the asset is not necessarily exposed in the market and the price agreed may be one that reflects the specific advantages or disadvantages of ownership to the parties involved rather than the market at large. Fair value as defined in these standards falls into this category.</p>	
IVS 34	<p>The highest and best use of an asset valued on a stand-alone basis may be different from its highest and best use as part of a group, when its contribution to the overall value of the group must be considered.</p>	We have complied
IVS 36	<p>Market value is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.</p>	We have complied

All standards and guidelines have been observed and complied in the whole process of Valuation of the Kikagati Power Company Limited assets at Murongo substation.

## 1.9 VALUATION CAVEATS

We have obtained information through search of record and by inquiry from appropriate authorities and market sources for prices of Assets. The identification of the **Kikagati Power Company Limited** assets was done by a team of valuer from **Karagwe District Council (Valuation Section), P.o Box 20 Karagwe** in cooperation with the Kikagati Power Company Limited office staff member through a room to room visit, in Murongo. We substantiate that we have included in this report all the assets inspected and verified. We believe that all the information that was given to us by the client's staff to be true and reliable and we free ourselves of responsibility should it prove to be otherwise.

While reasonable care has been taken to note structural and other defects on the buildings in the course of inspection, this valuation report is neither structural nor mechanic survey, thus no guarantee is given or implied concerning infection, rot, decay, rust, etc. similarly no testing has been made on the service installations as it was outside the scope of instruction.

We have not been informed of the existence of any statutory notices, we have thus, assumed that the property is not affected by such notices and that neither the property nor its use gives rise to contravention of any requirements.

We have not been supplied with the necessary documents for the plots under appraisal such as ownership documents, survey plan to show the actual coverage area of the plots which is the necessary requirement in arriving at the land value. For this case we have not been able to provide the value of lands in this report.

### 1.10 CONFIDENTIALITY

This report is confidential to the **Kikagati Power Company Limited and Karagwe District Council (Valuation Section)** for the specific purposes to which it refers i.e., valuation for Financial Reporting Purposes. We shall not accept any responsibility whatsoever should the report be used either in whole or in parts for any other reasons without our written approval on the content and form.

### 1.11 PROFESSIONAL INCORPORATION

The physical verification, inspection and valuation of **Kikagati Power Company Limited** fixed assets were done by the following undersigned Valuer:

  
.....  
Alex J. Mpunji



BSc. LMV (UCLAS-UDSM), ATIVEA  
Provisionally Registered Valuer.  
Reg.No.VRB/PRV/302/2019  
KARAGWE DISTRICT COUNCIL

## SECTION II: MAIN VALUATION /MANAGEMENT SUMMARY

### 2.1 VALUATION SUMMARY

The values for Kikagati Power Company Limited assets as were verified, inspected and valued on the February, 2022 are summarized hereunder;

#### 2.1.1 Grand Summary

KPCL ASSETS VALUATION – GENERAL SUMMARY				
S/N	TYPE OF PROPERTY	NUMBER OF MOVABLE ASSETS	REPLACEMENT COST	MARKET VALUE
1	Buildings	4	5,053,000,000	4,800,000,000
2	Land	1	638,000,000	638,000,000
2	Furniture	7	2,925,000	2,412,500
3	Equipment	30	143,677,900	129,310,110
4	Plant & Machineries	2	558,193,000	556,373,700
5	Motor Cycles	-	-	-
	<b>Grand Total</b>	<b>42</b>	<b>6,395,795,900</b>	<b>6,126,096,310</b>
	<b>Say</b>		<b>6,396,000,000</b>	<b>6,126,000,000</b>


## 2.2 OPINION OF VALUE

Having due regard to our terms of reference and specifically to our introductory notes on the basis of Valuation adopted and the detailed Valuation report, schedules and inventories in respect of each category of assets included in this volume. We are of the opinion that the Depreciated Replacement Cost/ Market Value for **Financial Reporting Purposes** of the **Kikagati Power Company Limited** fixed assets as on the valuation date of February, 2022 is as follow: -

- Total Depreciated Replacement Cost/ Market Value is **Tshs 6,126,000,000/=** (Six billion One hundred Twenty Six Million).

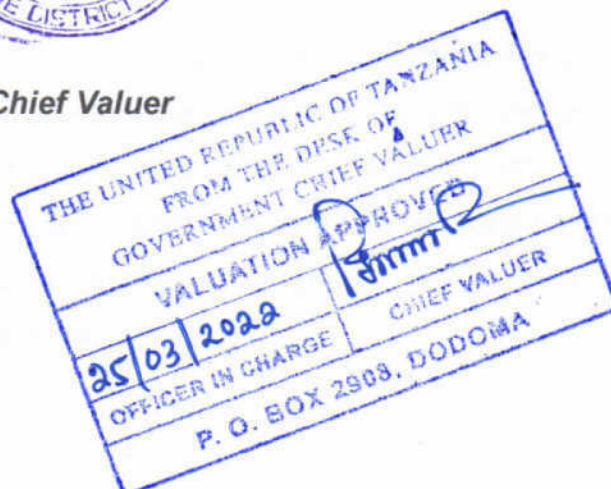
## 2.3 CERTIFICATION

This report has been prepared for and on behalf of **Kyerwa District Council (Valuation Section)** by:

  
.....  
Alex J. Mpurji  
**Senior Valuer**



**Approved By:**  
**For: Government Chief Valuer**



## SECTION III: DETAILED VALUATION REPORT

### 3.1 General Introduction

This is a 14MW Hydropower Project substation located at Murongo in Kyerwa District, comprising of Office buildings, two servant quarters and other auxiliary structures all built to the very good standards of design, specifications, materials and workmanship.

### 3.2 Location and Locality:

The Kikagati Hydropower Project is located in Kyerwa District, South Western part of Tanzania on the Kagera River that marks the border between the United Republic of Tanzania and the Republic of Uganda. It specifically located in the hamlets of Omukagando, Murongo, Mkinga and Mabale.

### 3.3 Service

Electricity services are connected to all subject property from their respective mains with the exception of outbuilding II which has 10 watts solar panel together with two SIMTANKS offering 1000L and 10,000L water capacity respectively. Drainage system is through septic tank and soak away pit.

### 3.4 Ownership and Tenure:

The property is registered in the name of KIKAGATI POWER COMPANY LIMITED of P.o. Box 78934, Registered under Tanzania Investment Act No.26 of 1997. It is held under a 98 years term of Right of Occupancy effective from 1<sup>st</sup> July, 2018. It bears a Certificate of Title No. 70468/1-LR MWANZA and LO. No. 569877.

### 3.5 Plot and Site works:

The property stands on an irregular shaped Low-Density plot measuring some 21.02 Ha according to the registered Survey Plan No. 91388. It is fenced with steel wire supported with concrete poles and fitted with metal grills gate on the entrance. The switchyard area is fenced with burnt clay bricks with reinforced concrete columns plastered and painted both sides and topped secured by barbed wire fence. The courtyard is built of concrete. Generally, the site works is good.

### 3.6 Construction Details

#### 3.6.1 Main building

The property bears a flat structure type of finished with concrete. The ceiling is made concrete plastered, smooth putty applied and painted with waterproof cement paint. Walls are built of cement sand blocks, bonded with sand cement mortar, both internally and externally are plastered and painted. Windows are made of aluminum casements enclosed by ornamental steel bars. Doors are made by the combination folding metal gate and aluminum cased. The floor is finished with ceramic tiles



*Front view of the switch yard building*

#### Accommodation

The property accommodates the following both in upper and basement floor:

- 1 Office rooms
- 1 Medium voltage room
- 1 Low voltage room
- 1 Battery bank room
- 1 Male toilet fitted with Western type water closet, mirror and hand wash sink
- 1 Female toilet fitted with Western type water closet, mirror and hand wash sink

#### Schedule of area (GEA)

Main building: 236.44 m<sup>2</sup>

#### Condition.

The building is in very good condition.

### 3.6.2 Out building I

The property bears a flat structure type of finished with concrete. The ceiling is made concrete plastered, smooth putty applied and painted with waterproof cement paint. Walls are built of cement sand blocks, bonded with sand cement mortar, both internally and externally are plastered and painted. Windows are made of aluminum casements enclosed by ornamental steel bars. Doors are made by the combination folding metal gate and aluminum cased. The floor is finished with ceramic tiles



*Front view of the outbuilding I*

#### Accommodation

The property accommodates the following;

- 1 Office rooms
- 1 Male toilet fitted with Western type water closet, mirror and hand wash sink
- 1 Female toilet fitted with Western type water closet, mirror and hand wash sink

#### Schedule of area (GEA)

Main building:       19.85 m<sup>2</sup>

#### Condition.

The building is in very good condition.

### 3.6.3 Outbuilding II

The property bears a double pitched type of roof covered with corrugated aluminum sheets laid on timber rafters and purlins with plastic gutter for rain water collection. The ceiling is made of hardboard gypsum boards with a white wash painted. Walls are built of sand

cement blocks bonded with sand cement mortar, both internally and externally are plastered and painted. Windows are made of steel casement fitted with iron metal grills. Doors are made of metal gate. The floor is finished with cement sand screed.



*Front view of the outbuilding II*

#### **Accommodation**

The property accommodates the following;

- 1 Office room

#### **Schedule of area (GEA)**

Main building: 13.48 m<sup>2</sup>  
Verandah : 4.85 m<sup>2</sup>

#### **Condition.**

The building is in very good condition.

#### **3.6.4 Dam**

The property is 8.5m high dam of 300 m in length, plus three turbines of 5.5 MW each designed to flow 210 m<sup>3</sup>/s. The weir is built of conventional vibrated concrete which has a height of 11.5m



*Aerial view of the dam structure*

**Condition.**

The dam structure is in very good condition.

**4.0 SECTION IV: VALUATION REPORT ATTACHMENTS/APPENDICES**

4.1 COPY OF VALUATION INSTRUCTION LETTER

4.2 COPY OF COMMERCIAL INVOICES

4.3 COPY OF CERTIFICATE OF RIGHT OF OCCUPANCY

4.4 COPY OF BILLS OF QUANTITY FOR DAM CONSTRUCTION (BOQ)

