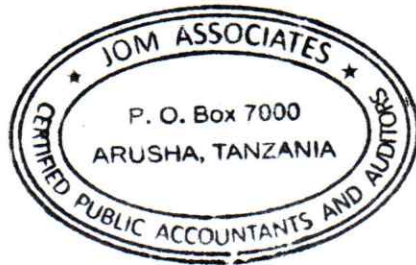
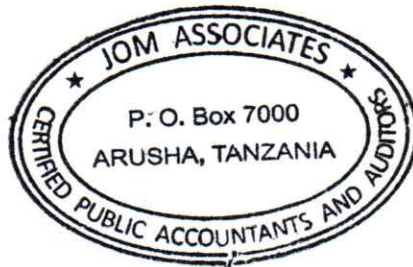


# GOD MWANGA GEMS LIMITED



AUDITED FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> DECEMBER, 2019



**M/s JOM ASSOCIATES**  
**CERTIFIED ACCOUNTANTS & AUTHORIZED AUDITORS**  
**P. O. BOX 7000**  
**ARUSHA**  
**TANZANIA**



# TANZANIA REVENUE AUTHORITY

## RETURN OF INCOME MADE ON BEHALF OF AN ENTITY

YEAR OF INCOME: 2 0 1 9

To: GOD MWANGA GEMS LIMITED

TIN: 1 3 2   7 3 9   0 5 6

**NOTE**

This return is submitted under the provisions of Section 91 of the Income Tax Act, 2004. You are hereby required to furnish the return of income not later than six (6) months after the end of the year of income, showing your total worldwide income if you were resident in the United Republic or income the source of which is United Republic if you were not resident during the year ...2019..... You are required to make payment of the income tax still to be paid for the year of income based on the declared income.

Before filling the form, please read the attached notes at the end of the form carefully.

**There are penalties for not filing a tax return or for filing false return!**

Date of issue: ..... Issuing office: .....  
P.O. Box : .....  
Tel: ..... Fax: .....  
E-mail address: .....

**PART I GENERAL INFORMATION/ENTITY'S PARTICULARS**

1 TIN: 1 3 2   7 3 9   0 5 6

2 Name of entity:

GOD MWANGA GEMS LIMITED

3 Residential status (Please tick the appropriate box):

Resident  Non-Resident

Postal Address:

P.O. Box 8004 Postal Town ARUSHA

5 Business physical Address:

Street/Location MIRERANI Plot No. 28 Block B

6 Contact Numbers:

Phone number   Second Phone number  

Third Phone number   Fax number  

7 E-mail address:  

8 Accounting Date: 3 1 12  
Day Month

**PART II: COMPUTATION OF INCOME AND TAX**

	SOURCE OF INCOME	CHARGEABLE INCOME (TZS)	UNRELIEVED LOSS C/F (TZS)	TAX PAYABLE (TZS)
A	<b>BUSINESS INCOME</b> (include Trade, Profession, etc)			
9.	Income (Other than income in rows 10 to 13)			
10.	Mining	1,789,864,335.38		
11.	General Insurance			

14.	<b>Sub Total</b> (sum rows 9 to 13)	<b>1,789,864,335.38</b>	
15.	Unrelieved loss (in rows 9 to 13)		
15A	Unrelieved loss b/f from previous year		
	<i>If row no. 14 is greater than row 15 then fill row 16 otherwise fill row 17</i>		
16.	Chargeable Business Income excluding Agricultural income (row 14 minus 15)	<b>1,789,864,335.38</b>	
17.	Unrelieved loss from business other than agriculture (row 15 minus 14)		
18.	Agricultural income		
19.	Unrelieved loss from agriculture c/f		
20.	<b>Total chargeable business income</b> (row 16 plus 18)	<b>1,789,864,335.38</b>	
20A	Unrelieved loss from business c/d		
<b>B.</b>	<b>INVESTMENT INCOME</b>		
21	Income (Other than Final Withholding)		
22.	Dividends (from Corporation listed on Dar es Salaam Stock Exchange)		
23.	Dividends (from Corporation not listed on the Dar es Salaam Stock Exchange)		
24.	Interest		
25.	Rent		
26.	Royalties		
27.	Natural resource payment		
28.	Net gains from realization of investment assets		
29.	Other investment (specify in separate schedule)		
30.	Sub Total Income from Investment (sum rows 21 to 29)		
31.	Unrelieved loss from investment		
	<i>If row 30 is greater than row 31 then fill row 32 otherwise fill row 33</i>		
32.	<b>Total investment income</b> (row 30 minus 31)		
33.	<b>Unrelieved investment loss c/f</b> (row 31 minus 30)		
33A	<b>Unrelieved business loss c/f</b> (row 20A minus 32)		
34.	<b>Total income from business and investment</b> (row 32 plus row 20 minus row 17) <b>and Tax</b>	<b>1,789,864,335.38</b>	<b>536,959,300.62</b>
35.	Repatriated Income of a Domestic Permanent Establishment and Tax		
36.	Final withholding payments and tax		
<i>If the entity is liable to Alternative Minimum Tax then fill row 37(b) otherwise fill row 37(a).</i>			
37.	<b>(a) Total Tax</b> (row 34 plus 35 plus 36) <b>or</b>		<b>536,959,300.62</b>
	<b>(b) Alternative Minimum Tax</b> (0.3% of current year's turnover)		
38.	Tax deducted at source		<b>348,675,610.00</b>
39.	Installment Tax payments		<b>3,000,000.00</b>
	<i>If (row 37 minus 38 minus 39) is positive then fill row 40 otherwise fill row 41</i>		
40.	<b>Net Tax Payable</b> (row 37 minus 38 minus 39)		<b>185,283,690.61</b>
41.	<b>Net Tax Repayable</b> (row 37 minus 38 minus 39)		
42.	Due Date of Submission of Return	<b>30/6/2020</b>	

**DECLARATION**

I hereby declare that the information given on this return and any accompanying documents is complete and accurate to the best of my knowledge and belief.

Title: Mr.  Mrs.  Ms.

GODLIZEN

MATHAYO

MWANGA

First Name

Middle Name

Surname

Position

MANAGING DIRECTOR

Signature



Day

Month

Year

**CERTIFICATE**

**(To be completed by a Certified Public Accountant in public practice)**

A) Pursuant to the provision of Section 135(1) of the Income Tax Act, 2004 I hereby certify that I have examined the documents maintained by

...  
GOD MWANGA GEMS  
LIMITED..... (Name of the  
Entity)

and used in the preparation of this return and to the best of my knowledge, the return and attachments thereof present a true and fair view of the operations of the Entity for the year of income ...2019.....

OR

B) Pursuant to the provision of Section 135(2) of the Income Tax Act, 2004 I refuse to sign the return of .....NA.....(name of entity) for the year of income ....., as required by section 135(1), because of the following reason(s)

.....NA.....

Title: Mr  Mrs.  Ms

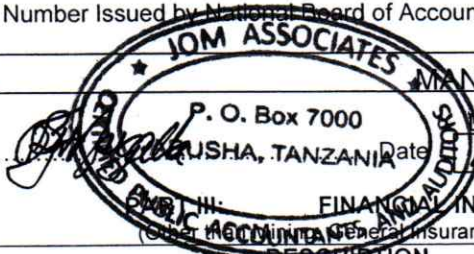
CPA OSWALD JOHN MSIGALLA

First Name Middle Name Surname

Registration Number Issued by National Board of Accountants and Auditors: ACPA 811

Position MANAGING PARTNER

Signature ..... P. O. Box 7000 ..... Day Month Year 18 11 20 20



FINANCIAL INFORMATION ON THE ENTITY'S BUSINESS (General Insurance, Life Insurance, Agricultural Business and CFC)

	DESCRIPTION	AMOUNT (TZS)
43.	Gross Sales or turnover	11,134,242,384.83
44.	Opening value of Trading stock	59,305,500.00
45.	Expenditure incurred included in the cost of Trading stock	7,811,700,135.90
46.	Closing value of Trading stock	763,656,176.50
47.	Trading stock allowance (row 44 plus 45 minus 46)	7,048,043,959.40
48.	Gross profit (row 43 minus 47)	4,086,198,425.40
<b>OTHER INCOME:</b>		
49.	Service fees	
50.	Gains/Loss from realization of business assets or liabilities	
51.	Amount derived as consideration for accepting a restriction/FOREX	92,474,062.07
52.	Gains/Loss from realization of depreciable assets of the business	
53.	Gifts and ex-gratia payments	
54.	Other amounts required to be included (specify in a separate schedule)	
55.	Gross income (sum rows 48 to 54)	4,178,672,487.50
<b>EXPENSES:</b>		
56.	Professional fees – Legal	
57.	Professional fees – Others	20,000,000.00
58.	Management fees	
59.	Technical fees	
60.	Salaries and wages	145,509,761.34
61.	Repairs and maintenance	
62.	Advertising and promotion	111,427,073.32
63.	Interests on borrowings	
64.	Finance lease interests	
65.	Transport and handling charges	
66.	Depreciation allowance	1,165,165,564.43
67.	Operating lease rentals	
68.	Other expenses (specify in a separate schedule)	946,705,753.02
69.	TOTAL EXPENSES (sum rows 56 to 68)	2,388,808,152.11
<i>If (row 55 minus 69) is positive then fill row 70 otherwise fill row 71</i>		
70.	Profit Before Tax (row 55 minus 69)	1,789,864,335.38
71.	Loss Before Tax (row 69 minus 55)	
<b>ADJUSTMENTS:</b>		
72.	Non-allowable expenses (specify in a separate schedule)	
73.	Specific deductions (specify in a separate schedule)	
74.	<i>If row 70 is filled then take row 70 plus 72 minus 73 and fill 75. If row 71 is filled then take row 71 plus 73 minus 72 and fill row 76.</i>	
75.	Taxable Income (row 70 plus 72 minus 73)	
76.	Loss (row 71 plus 73 minus 72)	

## OTHER EXPENSES

Bank Service Charges	7,837,704.17
Corporate social responsibility	258,382,027.68
Employee Terminal notice	52,160,322.67
General Expenses	4,783,103.93
Office UTILITIES	4,856,257.09
Travel and mission	9,247,542.11
Security expenses	481,000.00
Staff Welfare	8,312,500.00
Staff Meals and utilities	40,162,182.20
Staff uniform	7,771,010.04
Stationery	2,352,083.04
Work permit	23,085,210.00
Licence and Fees	158,543,349.00
Block Rental	48,557,729.34
Vehicle Opertions	21,967,311.92
Export Inspection Fees	298,206,419.83
TOTAL	946,705,753.02

**GOD MWANGA GEMS LIMITED  
DIRECTORS REPORT TO THE FINANCIAL STATEMENT FOR THE  
PERIOD ENDED 31ST DECEMBER, 2019**

**1. Introduction:**

The Directors submit their report together with the audited financial statements for the period ended 31ST December, 2019 which disclose the state of affairs of God Mwanga Gems Limited ("The Company").

**2. Incorporation:**

God Mwanga Gems Limited was established in Tanzania with Certificate of Incorporation number 91664 dated 04<sup>th</sup> June.2012, The company has its head in Arusha.

**3. Principal Activities of the Company:**

The Company principal activity is to engage in and carry on the business of processing graphite.

**4. Operation and Financial Review:**

The Directors submit their report together with the audited financial statements for the period ended 31<sup>ST</sup> December, 2019 which disclose the state of affairs of God Mwanga Gems Limited ("The Company"), During the period company carried forward accumulated profit of Tshs 2,032,656,309.38. The detailed financial performance of the company, during the year is set out on page 10 of these financial statements.

**5. Solvency:**

The directors consider the Company's solvency position as shown on page 10 of the financial statements.

**6. Directors:**

The Directors of the company who held office during the year and to the date of this report except where otherwise stated are:

Name	Position	Nationality
Mr. Godlisten M. Mwanga	Managing Director	Tanzanian
Mrs. Sia M. Mwanga	Director	Tanzanian

**7. Risk Management and Internal Controls:**

The company accepts final responsibility for risk management and internal control system of the Company. The management ensures that adequate

financial and operational controls systems are maintained on an ongoing basis.

The objective is to provide reasonable assurance on the following:

- 1.Safeguarding of Company funds;
- 2.Effectiveness and efficiency of operations;
- 3.Compliance with applicable laws and regulations;
- 4.Reliability of accounting records and financial information;
- 5.Sustainability of the Company's operations under normal and adverse conditions: and,
- 6.Responsive behavior towards stakeholders.

7. The efficiency of any internal control system is dependent on strict observance of prescribed measures. There is always a risk of non-compliance

of such measures by staff.

8. Related Party Transactions:

There are no related party transactions during the year 2019

9. Political Donations:

The company did not make any political donations during the year.

10. Corporate social responsibility:

The company did not participate actively in community activities and development programmers. However, the company has already planned involvement in community activities in future.

- 11,Persons with Disabilities:

The company ensures that the 'working environment is clean at all times. Fire extinguishers have also been installed in office building to ensure that unexpected fire incidences are contained.

- 12,Healthy and Safety:

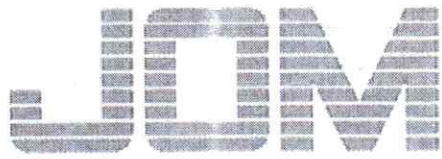
The company ensures that the working environment is clean at all times. Fire extinguishers have also been installed in office building to ensure that unexpected fire incidences are contained.

- 13.Auditors:

Auditors, JOM Associates Authorized Auditors and Accountants who were appointed during the year, have expressed their willingness to continue in office and are eligible for reappointment. A resolution proposing the reappointment of JOM Associates as auditors of the Company for the year 2019 will be put to the Annual General Meeting (AGM).

By order of the Board

Director



# ASSOCIATES

## CERTIFIED PUBLIC ACCOUNTANTS AND AUDITORS

Box 7000 Arusha:Email:jom.audit@gmail.com

### REPORT OF THE AUDITORS

We have audited the financial statements of GOD MWANGA GEMS LIMITED for the year ended 31st December, 2019 Statement of Comprehensive Income, Statement of changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes set out from page 8 to 14 of the report.

#### SPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

The directors are responsible for the preparation of the financial statements. Our responsibility as auditors is to express an opinion on these financial statements based on our audit.

#### BASIS OF OPINION

We conducted our audit in accordance with approved auditing standards. We planned and performed our audit so as obtain a reasonable assurance that the financial statements are free from material misstatement. An audit includes examination on test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes assessment of significant estimates and judgments made by the directors in the preparation of the financial statements and whether the accounting policies are appropriate and have been consistently applied and adequately disclosed in the accounts.

#### OPINION

Proper books of account were maintained by the company for the whole of this period and the financial statements prepared therefrom are in agreement with such books.

In our opinion, the financial statements give a true and fair view of the financial position of GOD MWANGA GEMS LIMITED as at 31st December 2019, the Statement of Comprehensive Income, Statement of Cash Flows and a Statement of Changes in Equity for the year then ended, in accordance with International Financial Reporting Standards.

JOM ASSOCIATES

Authorized Auditors and Accountants

P. O. Box 7000

ARUSHA, TANZANIA

CPA Oswald J. Msigala (ACPA 811)

MANAGING PARTNER

Date 19 Nov. 2020

**GOD MWANGA GEMS TANZANIA LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31/12/2019**

<b>ASSETS</b>	<b>Notes</b>	<b>2019</b>	<b>2018</b>
<b>Fixed Assets</b>	12	8,436,358,972.27	7,399,769,438.00
<b>Current Assets</b>			
Trade Debtors	6	218,309,898.20	1,582,741,680.00
Cash and Bank	5	1,281,726,655.00	218,798,883.00
Other Pre Payments	6	12,013,640.60	3,000,000.00
VAT Receivable	6	152,921,915.24	
Finished Goods	6	763,656,176.50	
Current Account	6	8,313,000.00	
Inter Company	6	8,042,068,109.27	
<b>Total Current Assets</b>		<b>10,479,009,394.81</b>	<b>1,604,540,563.00</b>
<b>TOTAL ASSETS</b>		<b>18,915,368,367.08</b>	<b>9,204,310,001.00</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Non Current Liabilities</b>			
Trade Creditors	7	4,132,479,197.25	2,585,804,581.00
Customer Deposit	7	2,171,303,301.19	
Accruals	7	130,047,812.95	
Inter Company	7	84,031,985.00	
Corporate Tax	2	288,384,965.52	
Current Account	7	500,000.00	
<b>Total Liabilities</b>		<b>6,806,747,261.91</b>	<b>2,585,804,581.00</b>
<b>Equity</b>			
Ordinary Share Capital	8	300,000,000.00	300,000,000.00
Advance Towards Share Capital	9	6,203,362,705.47	6,075,713,446.00
Retained Earnings	10	2,032,656,309.38	242,791,974.00
Directors Account	11	3,572,602,090.32	
<b>Total Equity</b>		<b>12,108,621,105.17</b>	<b>6,618,505,420.00</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,915,368,367.08</b>	<b>9,204,310,001.00</b>
		0.00	
SIGNED BY.....			
DIRECTOR.....			

**GOD MWANGA GEMS TANZANIA LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31/12/2019**

NOTE	1	2019	2018
		TSHS	TSHS
<b>REVENUE</b>		11,134,242,384.83	3,721,538,465.00
Other Income		92,474,062.07	15,895,216.00
<b>TOTAL REVENUE</b>		11,226,716,446.90	3,737,433,681.00
<b>Cost of Sales</b>		7,048,043,959.40	1,650,194,205.00
<b>Gross Profit</b>		4,178,672,487.50	2,087,239,476.00
<b>OPERATING EXPENSES</b>			
Administrative Expenses	3	1,203,642,587.68	1,151,098,877.00
Professional Fees	4	20,000,000.00	5,400,000.00
Depreciation Expenses	12	1,165,165,564.43	396,665,745.00
Total Operating Expenses		2,388,808,152.11	1,553,164,622.00
<b>Net Profit Before Tax</b>		<b>1,789,864,335.38</b>	<b>534,074,854.00</b>

SIGNED BY .....

DIRECTOR.....

**GOD MWANGA GEMS TANZANIA LIMITED**  
**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31/12/ 2019**

	<b>Tshs</b>	<b>Tshs</b>
	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
Profit/(Loss) before Tax	1,789,864,335.38	534,074,854.00
Non Cash Adjustment		
Depreciation	1,165,165,564.43	396,665,745.00
<b>Net cash flow before change of working Capital</b>	<b>2,955,029,899.82</b>	<b>930,740,599.00</b>
<b>Working Capital Adjustment:</b>		
Increase/Decrease in Trade and Other Receivables	- 7,855,219,191.65 -	1,121,096,142.00
Increase/Decrease in prepaid Tax	-	108,255,450.00
Increase/Decrease in Trade and other Payables	- 1,022,558,745.80	840,376,318.00
<b>Net changes in Working Capital</b>	<b>- 8,877,777,937.45 -</b>	<b>388,975,274.00</b>
<b>Taxation</b>	288,384,965.52 -	51,967,006.00
<b>Net Cash Flow Generated by operations</b>	<b>A - 5,634,363,072.12</b>	<b>489,798,319.00</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of Non-Current Assets	- 2,157,551,494.56 -	310,131,043.00
<b>Net Cash Flow in Investing Activities</b>	<b>B - 2,157,551,494.56 -</b>	<b>310,131,043.00</b>
<b>FINANCING ACTIVITIES</b>		
Capital	8,727,193,079.68	
Contribution Toward Share Capital	127,649,259.00	
Loan		
<b>Net Cash Flow from Financing Activities</b>	<b>C 8,854,842,338.68</b>	
<b>Net Increase/Decrease in Cash and Cash Equivalents</b>	<b>A + B + C 1,062,927,772.00</b>	<b>179,667,276.00</b>
Cash and Cash Equivalent at the beginning	218,798,883.00	39,131,607.00
<b>Cash and Cash Equivalent at the End</b>	<b>1,281,726,655.00</b>	<b>218,798,883.00</b>

Director.....

Date .....

NOTE 10

**GOD MWANGA GEMS TANZANIA LIMITED**  
**STATEMENT OF EQUITY AS AT 31/12/2019**

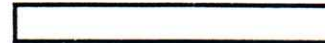
PARTICULARS	Advance Towards		RETAINED Earnings	Total as at 31st	
	Capital Contribution	Share Capital		December 2019	December 2018
Balance as at 1st January 2019	300,000,000.00	6,075,713,446.00	242,791,974.00	6,618,505,420.00	6,618,505,420.00
Contribution Towards Share Capital		127,649,259.47			
ADDITIONAL Assessment					
Profit for the year			1,789,864,335.38		
Balance as at 31st December 2019	300,000,000.00	6,203,362,705.47	2,032,656,309.38	8,536,019,014.85	6,618,505,420.00

**ADVANCE TOWARDS SHARE CAPITAL**

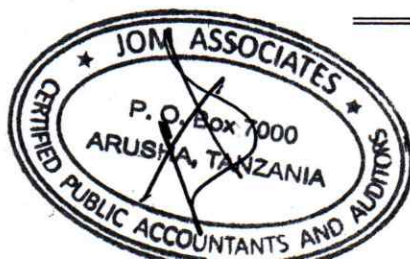
GAO DEGUO	3,950,000,000.00	3,950,000,000.00
LAI ZHOU SHUN	246,998,422.00	246,998,422.00
QUINGDAO TLEAD INTERNATIONAL	494,155,970.00	494,155,970.00
INTERCOLOR INC	149,784,091.00	149,784,091.00
HOUSE OF SELECTED GEMS	226,172,515.00	226,172,515.00
QUINGDAD ALFEN INTERNATIONAL	92,600,429.00	92,600,429.00
QUINGDAD XINYUAN MINERAL	578,953,519.00	578,953,519.00
AVIC SHANTUI TANZANIA LTD	337,048,500.00	337,048,500.00
<b>TOTAL</b>	<b>6,075,713,446.00</b>	<b>6,075,713,446.00</b>

**GOD MWANGA AND GEMS TANZANIA LIMITED**  
**INCOME TAX COMPUTATION**  
**FOR THE YEAR OF INCOME ENDING ON 31 DECEMBER 2019**

Note 2



	Amount Tshs. 2019	Amount Tshs. 2018
Profit (Loss) as per accounts:	1,789,864,335.38	534,074,854.00
Add:		
Disallowable items		
Depreciation 12	1,165,165,564.43	396,665,745.00
Loss on disposal of fixed assets		
Trading receipts		
Unrealised exchange loss		
Sub Total	2,955,029,899.82	930,740,599.00
Less:		
<b>Capital deductions:</b>		
Industrial buildings		
Wear & Tear 13	1,165,165,564.43	396,665,745.00
Sub Total	1,789,864,335.38	534,074,854.00
Loss b/f		
Taxable profit for the year	1,789,864,335.38	534,074,854.00
Income tax charges 30%	536,959,300.62	160,222,456.20
Balance Brought Forward	103,101,274.90	
Additional Tax 2018		51,134,268.70
Penalties - Section 75-Tshs 15,759,216.10		
Penalties - Section 76-Tshs 35,375,052.60		
Sub Total	640,060,575.52	211,356,724.90
Less Provision Tax paid	3,000,000.00	3,000,000.00
Less Amount Paid		
Deducted at source-Withholding Tax	348,675,610.00	105,255,450.00
<b>Net tax payable</b>	<b>288,384,965.52</b>	<b>103,101,274.90</b>



### 3.1.

#### GOD MWANGA GEMS LIMITED

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>st</sup> DECEMBER, 2019

##### 1. Company Information:

The financial statements of God Mwanga Gems Limited for the year ended 31<sup>st</sup> December, 2019 were authorized for issue in accordance with a resolution of Directors. The company is registered in Tanzania as a Company with Certificate of Incorporation number 91664

The registered office of the company is in Arusha  
P.O.Box 8004  
Arusha - Tanzania

##### 2. Summary of Significant Accounting Policies:

The principal accounting policies, adopted in the preparation of these Financial Statements, are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

##### 3. Basis of preparation:

The financial statements of company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (FRS ICJ applicable to companies reporting under IFRS).

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements have been prepared under the historical cost basis except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzania Shillings (TZS).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statement are disclosed in these financial statements.

## Revenue recognition:

Revenue comprises the fair value of the consideration received and receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of rebates and discounts. Sales of goods are recognized in the period in which the company delivers products to the customer, the customer has accepted the products to the customer,

### 3.2.

the customer has accepted the products and collectability of the related receivables is reasonably assured.

## Foreign currency translation:

### 3.2.1. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (The Functional currency'). The financial statements are presented in Tanzania (Tshs) which is the Company's functional and presentation currency.

### 3.2.2. Transactions and balances:

Transactions in foreign currencies during the year are converted into Tanzania shillings at rates prevailing at the transaction dates. Monetary items denominated in foreign currency are translated using the closing exchange rate as at the reporting date. Nonmonetary items measured at historical cost denominated in foreign exchange gains and losses resulting from the settlement of such translations and from the translation at year end exchange rates at monetary assets and liabilities denominated in foreign currencies are recognized in the statement of changes in net assets available for benefits.

### 3.2.3. Cash and cash equivalents:

Cash and cash equivalents include cash in hand, deposits held at call with banks.

### 3.2.4. Inventory:

Inventory includes stocks and stores which are stated at the lower of cost and

net realizable value. Cost is determined on a "First in First out" basis (FIFO). Any obsolete items are provided for in full in the year they are detected.

### 3.2.5. Current and deferred income tax:

Current and tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania income Tax Act. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted to the balance sheet dates

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when related deferred income tax liability is settled. Deferred income tax assets recognized only to the extent that it is probable that future taxable profits will be available against which

### 3.2.6. Property and equipment:

Property and equipment are initially recorded at cost, which are those costs directly attributable to bring them to the location and condition necessary for them to be capable of operating in the manner intended by management. Subsequently, property and equipment are reported at cost or fair value less accumulated depreciation. Costs are included in the assets carrying amounts only when it is probable that the future economic benefit associated with the item can be measured reliably. Repairs and maintenance costs for property equipment are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

The carrying amount of an item of property and equipment shall be derecognized on disposal or when no future economic benefits are derecognizing of an item of property, plant and equipment are included in the statement of profit or loss and other comprehensive income when the item is derecognized unless IFRS requires otherwise on a sale and leaseback. Gains shall not be classified as revenue.

Depreciation is calculated using the reducing balance method to write down their cost to their residual values over their estimated useful lives, as follow:

<b>Asset description</b>	<b>Depreciation rate %</b>
Land	NIL
Building (C.W.LP)	NIL
Bore holes	20.0
Factory machinery	25.0
Tools and equipment	25.0
Motor vehicles	25.5

Property and equipment are periodically reviewed for impairments. When the carrying amount of the asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other (losses) gains- net" in the statement of profit or loss and other comprehensive income.

### **3.2.7. Leases:**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the period of the lease. The company leases property under operating lease.

### **Employee benefits**

#### **3.2.8. Retirement benefit obligations:**

The company contributes to the publicly administered pension plans on a mandatory basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefits expenses when they are due. The company's contributions to the defined contribution schemes are charged to the statement of profit or loss and other comprehensive income in the year in which they fall due. The company has no legal or constructive obligation to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

### **3.2.9. Other entitlements:**

The estimated monetary liability for employees accrued leave entitlement as at the statement of net assets available for benefits' date is recognized as an expense accrual. Provision is made for the estimated liability in respect of annual leave accrued on reporting date.

### **3.4.1. Financial assets:**

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Hire purchase receivable, all other receivable and deposits with financial institutions and cash equivalents in the balance sheet fall in this category.

Purchase and sales of financial assets are recognized on trade date the date on which the company commits to purchase or sell the asset. Trade and other receivables are recognized when an invoice is raised.

Trade and other receivables are initially recognized at fair value which is the cash consideration and subsequently measured at amortized cost using the effective interest method. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the company

has subsequently transferred all risks and rewards of ownership. Gains and losses arising from changes in fair value in respect of available for sale investments are included in the statement of changes in net assets available for benefits for the year.

### **3.4.2. Trade payables:**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business it longer). If not, they are presented as non current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### **3.4.3. Financial Risk Management:**

The company's activities expose it to a variety of financial risks, including credit risk, liquidity risk, interest rates, and market price of equities. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance, but the company does not hedge any risks.

Risk management is carried out by management under the supervision of the Board of Directors.

The General Manager is responsible for monitoring compliance with the company's risk management policies and procedures, and review of the adequacy of risk management framework in relation to the risks faced by company.

The notes below provide detailed information on each of the above risk and the company's objectives, policies and processes for measuring and managing risk.

#### **3.4.4 Credit Risk:**

Credit Risk is the risk that the counterparty to any financial transaction may not be able to fulfill its obligation on due date. The company's principal financial assets are trade debtors and bank balances. Outstanding invoices against customers do not pose a material credit risk because the company only commits payments towards services for the customers once their moneys are received. The company does not have any significant concentration of credit risk.

#### **3.4.5. Liquidity Risk:**

Liquidity Risk is the risk of failing to meet obligations when they fall due, The consequences may be the failure to meet obligation to pay benefit expenses to the members. The company is exposed to daily administrative expenses. The company manages liquidity risk by maintaining a sum of cash at hand and sufficient balance in its bank account.

In addition, the company may call upon one of its directors when additional funds are needed.

#### **3.4.6 Market risk:**

Market risk is the risk of changes in value of net assets of the company as a result of adverse price movement for investments held by the company. The company is not materially exposed to market risk because it does not hold significant investments and, most of all it derives its from its on - going services.

#### **3.4.7 Interest Risk:**

The company does not invest in long terms financial instruments.

#### **3.4.8 Foreign Exchange Risk:**

The foreign exchange risk (or currency risk) is the risk arising from changes in the value of foreign currencies. However the company has no significant foreign currency transactions other than purchase of goods and services.

NOTE 12

2019	LAND		BUILDING		PLANTS AND MACHINERY		MOTOR VEHICLES		FURNITURE AND FITTINGS		IT EQUIPMENTS		OPERATING EQUIPMENT		TOTAL 2019	TOTAL 2018
	0%	TSHS	5%	TSHS	37.50%	TSHS	25%	TSHS	12.50%	TSHS	37.50%	TSHS	12.50%	TSHS	TSHS	TSHS
Balance AS AT 1/1/2019	4,717,000,000		1,316,818,618		954,191,736		839,250,000		10,500,000		1,135,593		-		7,838,895,947	7,528,764,904
Addition During the year	253,840,000		7,681,779		1,318,022,326		555,864,000		4,830,678		1,688,983		15,623,729		2,157,551,495	310,131,043
<b>As at 31.12.2019</b>	<b>4,970,840,000</b>		<b>1,324,500,397</b>		<b>2,272,214,062</b>		<b>1,395,114,000</b>		<b>15,330,678</b>		<b>2,824,576</b>		<b>15,623,729</b>		<b>9,996,447,442</b>	<b>7,838,895,947</b>
<b>ACCUMULATED DEPRECIATION</b>																
Balance as at 1/1/2019			71,819,264		137,345,911		227,296,875		2,187,500		476,960		44,203,605		483,330,115	42,460,764
Charge for the Year			62,634,057		800,575,557		291,954,281		1,642,897		880,356		7,478,417		1,165,165,564	396,665,745
As at 31.12.2019			134,453,321		937,921,468		519,251,156		3,830,397		1,357,316		51,682,022		1,648,495,680	439,126,509
<b>NET BOOK VALUE AS AT 31.12.2019</b>	<b>4,970,840,000</b>		<b>1,190,047,076</b>		<b>1,334,292,594</b>		<b>875,862,844</b>		<b>11,500,281</b>		<b>1,467,260</b>		<b>-36,058,293</b>		<b>8,347,951,762</b>	<b>7,399,769,437</b>
<b>NET BOOK VALUE AS AT 31.12.2018</b>	<b>4,717,000,000</b>		<b>1,244,999,354</b>		<b>816,845,825</b>		<b>611,953,125</b>		<b>8,312,500</b>		<b>658,633</b>		<b>-</b>		<b>7,399,769,437</b>	
<b>WEAR AND TEAR</b>																
<b>PARTICULARS</b>	<b>CLASS 0</b>	<b>CLASS 1</b>	<b>CLASS 11</b>	<b>CLASS 1</b>	<b>CLASS 1</b>	<b>CLASS VI</b>	<b>CLASS 111</b>	<b>CLASS III</b>	<b>TOTAL</b>							
		37.50%	25.00%	37.50%	37.50%	5%	12.50%	12.50%	-							
WDV balance b/f	4,717,000,000	658,633	611,953,125	816,845,825	1,244,999,354	8,312,500	44,203,605	7,443,973,042								
Additions/Deletion	253,840,000	1,688,983	555,864,000	1,318,022,326	7,681,779	4,830,678	15,623,729	2,157,551,495								
Chargeable Value	4,970,840,000	2,347,616	1,167,817,125	2,134,868,151	1,252,681,133	13,143,178	59,827,334	9,601,524,537								
Charge for the year	-	880,356	291,954,281	800,575,557	62,634,057	1,642,897	7,478,417	1,165,165,564								
WDV balance c/f	4,970,840,000	1,467,260	875,862,844	1,334,292,594	1,190,047,076	11,500,281	52,348,917	8,436,358,972								

NOTE 2  
 GODMWANGA GEMS  
 MANUFACTURING, TRADING, PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED 31/12/2019

**COST OF MATERIAL USED**

EXCAVATED MATERIAL 10000TONS	2,323,377,609.71
ADD PURCHASES OF RAW MATERIALS-MRN 164	
ADD FACTORY PRODUCTION FUEL	120,938,334.30
ADD FACTORY CONSUMABLES(Explosives& OTHERS)	399,783,605.55
ADD PURCHASES OF RAW MATERIALS-MRV	928,680,260.50
Production fuel 93%	
Excavator fuel	
Truck fuel	
<b>TOTAL COST OF RAW MATERIAL EXCAVATED</b>	<b>3,772,779,810.06</b>
= MATERIAL AVAILABLE FOR USE	3,772,779,810.06
LESS RETURN OUTWARD	
LESS CLOSING STOCK RAW MATERIAL 10000 TONS	89,512,928.26
	89,512,928.26
= <b>COST OF DIRECT MATERIAL USED Tons 149,424.39</b>	<b>3,683,266,881.80</b>

ADD DIRECT LABOUR	116,830,560.00
ADD ROYALITY	420,849,675.20
ADD FACTORY LIGHTING-ELECTRICITY	617,220,441.26
ADD Borehole electricity	181,578,741.00
= <b>PRIME COST</b>	<b>1,219,635,968.75</b>

**MANUFACTURING COST** 4,902,902,850.55

PRIME COST	
<b>INDIRECT EXPENSES MANUFACTURING EXPENSES</b>	
ADD FACTORY INDIRECT LABOUR	
ADD FACTORY HEATING	
ADD BOREHOLE HEATING	
ADD FACTORY REPAIR	462,538,153.46
ADD FACTORY MAINTANANCE	
ADD FACTORY SUPERVISOR'S WAGES	
ADD DEPRECIATION ON PLANT & MACHINERY	320,829,055.06
ADD DEPRECIATION ON FIELD EQUIPMENT	7,478,416.74
ADD DEPRECIATION ON FACTORY BUILDING	62,634,056.65
ADD DEPRECIATION ON FACTORY BOREHOLE	699,201,306.97
ADD DEPRECIATION ON FACTORY WORKING TOOLS	
ADD DEPRECIATION ON FACTORY FURNITURE	
ADD DEPRECIATION ON FACTORY MOTOR VAN	291,954,281.25
ADD DEPRECIATION ON FACTORY EXCAVATOR	
ADD DEPRECIATION ON FACTORY FIXED ASSETS	
ADD FACTORY EQUIPMENT REPAIR	456,770,728.82
ADD EXCAVATOR SERVICING	2,262,216.96
ADD EXCAVATOR REPAIR	59,759,704.56

	MACHINE SERVICES	32,932,023.00	
ADD	MACHINE REPAIR	18,977,160.77	
ADD	TRUCK TYRES REPAIR	10,563,453.43	
ADD	TRUCK REPAIR	17,024,015.62	
ADD	WORKING TOOLS REPAIR& REPLACEMENT	945,000.00	
ADD	TRUCK INSURANCE	14,723,216.11	
ADD	TRUCK SERVICING	1,132,016.00	
	<b>Borehole expenses</b>		
ADD	Borehoe repair	1,711,864.41	2,461,436,669.81
ADD	Borehole expenses - Other		
	<b>TOTAL MANUFACTURING EXPENSES</b>		<b>2,461,436,669.81</b>
=	<b>MANUFACTURING COST</b>		<b>7,364,339,520.36</b>
	<b>WORK IN PROGRESS</b>		
	<b>PRODUCTION COST</b>		<b>7,364,339,520.36</b>
ADD	WIP B/F		****
			<b>7,364,339,520.36</b>
LESS	WIP C/F		(****)
=	<b>TOTAL COST OF PRODUCTION TO TRADING ACCOUNT</b>		<b>7,364,339,520.36</b>
	<b>OPENING STOCK FINISHED STOCK</b>		<b>59,305,500.00</b>
	<b>OPENING STOCK FINISHED GRAPHITE 1028.9 TONS RATE 2250</b>		
ADD	<b>TOTAL PRODUCTION COST</b>		<b>7,364,339,520.36</b>
	Explosives-Songea	22,530,000.00	
	Production Fuel- songea	190,835,196.00	
	Production Fuel- Kabuku	8,216,267.00	
	Production consuptions- songea	36,930,000.00	
	Production Labour-Songea	95,581,000.00	
	Mineral collection cost	170,000.00	
	Other production cost	13,305,000.00	
	Production equipm repair-Songea	22,000.00	
	Production Truck repair	10,222,500.00	
	Production truck service	2,726,500.00	
	Equipment repair-Songea	2,607,000.00	
	Excavator service-Songea	1,721,000.00	
	Produc Truck tyre repair-Songea	184,000.00	
	Tyres puncher repair-Songea	150,000.00	
	Motor vehicle services	568,500.00	
	Motor veicle repair	2,284,152.54	
	Tools repair-Songea	2,000.00	
=	<b>GOODS AVAILABLE FOR SALE</b>		<b>7,811,700,135.90</b>
LESS	<b>CLOSING STOCK FINISHED GOODS 2506.693*304646.87</b>		<b>763,656,176.50</b>
=	<b>COST OF GOODS SOLD</b>		<b>7,048,043,959.40</b>

**GOD MWANGA GEMS TANZANIA LIMITED**

<b>NOTE 3</b>	<b>2019</b>	<b>2018</b>
	<b>TSHS</b>	<b>TSHS</b>
<b>ADMINISTRATION AND GENERAL EXPENSES</b>		
Administrative Labour cost	54,141,333.00	106,930,000.00
SDL	29,954,436.72	4,811,850.00
NSSF Employer contribution	54,781,221.32	10,693,000.00
Work man compensantion	5,254,080.30	-
WCF Contrib	1,378,690.00	1,069,300.00
Bank Service Charges	7,837,704.17	4,063,482.00
Corporate social responsibility	258,382,027.68	823,531,380.00
Employee Terminal notice	52,160,322.67	
General Expenses	4,783,103.93	12,005,517.00
Office UTILITIES	4,856,257.09	3,355,341.00
Travel and mission	9,247,542.11	6,739,738.00
Security expenses	481,000.00	
Staff Welfare	8,312,500.00	163,000.00
Staff Meals and utilities	40,162,182.20	
Staff uniform	7,771,010.04	
Stationery	2,352,083.04	
Work permit	23,085,210.00	15,750,000.00
Licence and Fees	158,543,349.00	31,399,984.00
Block Rental	48,557,729.34	
Vehicle Opertions	21,967,311.92	130,586,285.00
Selling & Distribution Expenses	111,427,073.32	
Export Inspection Fees	298,206,419.83	
<b>TOTAL</b>	<b>1,203,642,587.68</b>	<b>1,151,098,877.00</b>