

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

**M/S CMG PYRAMID INDUSTRIES LIMITED
P.O. BOX 235,
MWANZA, TANZANIA.**

M/S CMG PYRAMID INDUSTRIES LIMITED
Annual report and financial statements
for the year ended 31st December 2021.

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M/S CMG PYRAMID INDUSTRIES LIMITED
Annual report and financial statements
for the year ended 31st December 2021.

COMPANY INFORMATION

Directors	Joyce Gachuma	- Tanzanian	- Director
	Hardik Dave	- Indian	- Director
	Rishit Radia	- Tanzanian	- Director

Company Secretary Satish Venkappa Poojary
Plot 70/71/72/73, Nyakato Industrial Area,
Mwanza- Musoma Highway, Mwanza
Tanzania.

Registered office Plot 70/71/72/73, Nyakato Industrial Area,
Mwanza- Musoma Highway,
Mwanza, Tanzania

Accountants Mhasibu Consultants
Certified Public Accountants, Auditors, Tax & Business Consultants
Dar Es Salaam, Tanzania

Principal Bankers Diamond Trust Bank,
Mwanza Branch,
Mwanza, Tanzania

CRDB Bank PLC
Mwanza Branch,
Mwanza, Tanzania

Tax Identification 139-260-651

M/S CMG PYRAMID INDUSTRIES LIMITED
Directors' Report
for the year ended 31st December 2021.

1 The Directors present their report and the financial statements for the period ended 31st December 2021.

2 Incorporation

The company is incorporated in Tanzania under the Companies Act 2002, on under the Certificate of Incorporation No. 139260651 dated 3rd June 2019. The company began operations in August 2019.

3 Principal activities

The principal activities of the company are manufacture of Non woven Bags.

4 Directors' interests

The directors' interest in the share capital of the company is as follows:

Ordinary shares of TZS 1,000 each

	2021		16 Month Period from	
	TZS		15.8.2019 to 31.12.2020	
	No. of shares	Nominal value TZS	No. of shares	Nominal value TZS
CMG Investments Limited	132,600	132,600,000	132,600	132,600,000
Hardik Hemendrakumar Dave	127,400	127,400,000	127,400	127,400,000
	260,000	260,000,000	260,000	260,000,000

5 Results for the period

The Directors carry forward the loss of TZS 714,595,210 for the period ended 31st December 2021.

There is no dividend declared for the period.

6 Auditors

The auditors, Mhasibu Consultants, have indicated their willingness to continue in office and are eligible for re-appointment.

By Order of the Board



Director

Date: **22/06/2022**
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M/S CMG PYRAMID INDUSTRIES LIMITED
Statements of directors' responsibilities
for the year ended 31st December 2021.

The Companies Act 2002 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results for that year. It also requires the directors to ensure that the company maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31st December 2021 and of its operating results for the period then ended. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

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

Approved by the board of directors on and signed on its behalf by:



Director

Date: **22/06/2022**

M/S CMG PYRAMID INDUSTRIES LIMITED
Declaration by the Head of Finance
for the period ended 31st December 2021.

Declaration by the Head of Finance/ Accounting of
M/S CMG PYRAMID INDUSTRIES LIMITED

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

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the position and performance in accordance with applicable International Accountanting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Director Responsibility statement on an earlier page.

I (Name) Jamal Jengo Being the Head of Finance/Accounting of **M/s CMG PYRAMID INDUSTRIES LIMITED** hereby acknowledge my responsibility of ensuring that financial statements for the period ended **31st December 2021** have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statement give a true and fair view position of **M/s CMG PYRAMID INDUSTRIES** as on that date and that they have been prepared based on properly maintained financial records.

Signed: 

Signed by:

Position: Financial Controller

NBAA Membership No: GA 8010.

Date: 22/06/2022.



MHASIBU CONSULTANTS

Certified Public Accountants, Auditors & Tax Consultants

P. O. Box 13768, Sokoine Drive, N.I.C Life House,

3rd Floor, Dar es Salaam, Tanzania.

Tel: +255-22-2120238, 0735 991 002

E-mail: mhasibuconsultants@mhasibu.co.tz: Website: www.mhasibu.com

REPORT OF ACCOUNTANTS

TO THE MEMBERS OF CMG PYRAMID INDUSTRIES LIMITED

We have compiled attached financial statements based on the information and explanations provided to us by the management and from the accounting records provided to us by the management.

Responsibilities of the Management:

The management of the CMG PYRAMID INDUSTRIES LIMITED responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant.
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any.
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities.
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

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

Report: -

We report that: -

- Confirmation in respect of amount due to and due from third parties, closing balances of debtors, creditors, group companies, stock, cash & bank has been confirmed by the management.
- The physical existence and continued usage of the fixed assets have been confirmed by the management.

The financial statements which are in agreement with the books of account, reflect the financial position of CMG PYRAMID INDUSTRIES LIMITED at 31 December 2021 and of the results and cash flows for the year then ended as per the books of account of the Company.

MHASIBU CONSULTANTS


JOHN M. LYANGA – FCPA-PP
MANAGING PARTNER
CERTIFIED PUBLIC ACCOUNTANTS



Date: **23/06/2022**

Partners: John Lyanga and Winston Minja

M/S CMG PYRAMID INDUSTRIES LIMITED
Statement of Comprehensive Income
for the year ended 31st December 2021.

	Year ended 31st December 2021 TZS	Year ended 31st December 202 TZS
Revenue	571,811,063	644,409,398
Cost of sales	(476,365,883)	(745,249,768)
Direct Costs	(19,992,000)	(72,392,692)
Gross Profit	75,453,180	(173,233,063)
Other Income: Exchange Gain / (Loss)	1,486,043	239,719
	76,939,223	(172,993,343)
 Operating expenses		
Administrative Expenses	425,541,507	131,886,933
Other Operating expenses	7,982,000	7,918,386
Finance cost	358,010,926	29,098,316
	791,534,433	168,903,635
 Net Profit / (Loss) for the Period before Tax	(714,595,210)	(341,896,978)

M/S CMG PYRAMID INDUSTRIES LIMITED
Statement of Financial Position
as at 31st December 2021

	Notes	Year ended 31st December 2021 TZS	Year ended 31st December 2020 TZS
ASSETS			
Non current assets			
Plant, Property and Equipment	2	1,786,724,284	419,933,223
		1,786,724,284	419,933,223
Current assets			
Inventories		176,429,447	8,902,811
Trade and other receivables	3	65,472,207	1,000,000
Cash and cash equivalents	4	4,875,297	17,312,952
Advance Tax		38,400,000	20,400,000
		285,176,952	47,615,764
TOTAL ASSETS		2,071,901,235	467,548,986
EQUITY AND LIABILITIES			
Equity			
Share capital	5	260,000,000	260,000,000
Retained earnings		(1,056,492,188)	(341,896,978)
Total equity		(796,492,188)	(81,896,978)
Non Current Liabilities			
Borrowings	7	1,113,100,113	139,710,350
		1,113,100,113	139,710,350
Current liabilities			
Trade and other payables	6	270,776,003	409,735,615
Bank overdraft		1,484,517,308	-
		1,755,293,310	409,735,615
TOTAL EQUITY AND LIABILITIES		2,071,901,235	467,548,986

To the best of our knowledge and belief we confirm that the financial statements on pages 5 to 13 present true and fair view of the business affairs of the Company as at 31st December 2021.

 Director

Date: 22/06/2022

M/S CMG PYRAMID INDUSTRIES LIMITED
Statement of Changes in Equity
for the year ended 31st December 2021.

	Share Capital TZS	Retained Earnings TZS	Total TZS
Opening Balance	-	-	-
Changes in the period	260,000,000	(341,896,978)	(81,896,978)
Balance as at 31st December 2020	260,000,000	(341,896,978)	(81,896,978)
Balance as at 1st January 2021	260,000,000	(341,896,978)	(81,896,978)
Changes in the period	-	(714,595,210)	(714,595,210)
Balance as at 31st December 2021	260,000,000	(1,056,492,188)	(796,492,188)

M/S CMG PYRAMID INDUSTRIES LIMITED**Statement of Cash Flows****for the year ended 31st December 2021.**

	Year ended 31st December 2021 TZS	Year ended 31st December 2020 TZS
Operating activities		
Profit before Taxation	(714,595,210)	(341,896,978)
Depreciation	256,057,464	59,990,460
Adjusted Profit Before Tax	(458,537,746)	(281,906,518)
Decrease/(Increase) in Inventories	(167,526,635)	(8,902,811)
Decrease/(Increase) in trade and other receivables	(64,472,207)	(1,000,000)
Increase/(Decrease) in Trade Payables	(138,959,612)	409,735,615
Cash generated / (deficit) from operation	(829,496,200)	117,926,285
Taxation Paid	(18,000,000)	(20,400,000)
	(847,496,200)	97,526,285
Cash Flows From Investing activities		
Purchase of Property plant and equipment	(1,622,848,525)	(479,923,683)
Net Cash used in Investing Activities	(1,622,848,525)	(479,923,683)
Cash Flows from Financing activities		
Increase in Share Capital	-	260,000,000
Increase in Borrowings	973,389,763	139,710,350
Net Cash used in Financing Activities	973,389,763	399,710,350
Net increase in cash and Cash equivalents	(1,496,954,963)	17,312,952
Cash and cash equivalents at the beginning of the year	17,312,952	-
Cash and cash equivalents at the end of the year	(1,479,642,011)	17,312,952

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and at bank, net of bank overdrafts.

Cash in Hand	334,950	1,743,849
Cash at Bank	4,540,347	15,569,103
Bank O/d	(1,484,517,308)	-
	(1,479,642,011)	17,312,952

M/S CMG PYRAMID INDUSTRIES LIMITED

Significant Accounting Policies

for the year ended 31st December 2021.

1 Principal accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for Small and Medium Enterprises (SMEs).

(b) Property, Plant and equipment

- (i) All categories of property, plant and equipment are initially recorded at cost. Cost comprises of expenditure that is directly attributable to the acquisition of items. Subsequently costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is possible that future economic benefit associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are included.
- (ii) Depreciation is calculated on the written down method to write off the cost of each asset to its residual values over its estimated useful life using the following annual rates set by the company:

Plant and Machinery	12.5%
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(c) Trade receivables

Trade receivables are initially recognised at original invoice amount. A provision of receivable is established when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of receivables

(d) Income taxes

Tax Computation for the period has been prepared and attached herewith.

(e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and/or performance of services, in the ordinary course of business and is stated net of Value Added Tax (VAT), rebates and discounts. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

(f) Share Capital

Ordinary shares are classified as equity.

M/S CMG PYRAMID INDUSTRIES LIMITED
Significant Accounting Policies
for the year ended 31st December 2021.

(g) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and at bank, net of bank overdrafts. In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

(h) Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Tanzanian Shillings (TZS).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(i) Stock

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first in first out (FIFO) method and comprises of all costs attributable to bring the inventory to its present location and condition. The Cost of finished goods comprise raw materials, direct labor, other direct costs and related production overheads, but excludes borrowing costs. Net realizable value is the estimate of the selling price in the ordinary course of business less the costs of completion and selling expenses.

(j) Trade Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(k) Employee Entitlements

Employee entitlements to leave are recognized when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the statement of financial position. The estimated monetary liability for employee's accrued annual leave entitlement at the statement of financial position date is recognized as an expense

M/S CMG PYRAMID INDUSTRIES LIMITED
Notes to the financial statements
for the year ended 31st December 2021.

2. PROPERTY, PLANT & EQUIPMENT

	Plant and Machinery	Motor Vehicles	Furniture & Fittings	Total
	TZS	TZS	TZS	TZS
Year ended 31st December 2021				
Cost or valuation				
At the start of the year	479,923,683	-	-	479,923,683
Additions	1,615,643,100	5,677,967	1,527,459	1,622,848,525
At the end of the year	2,095,566,783	5,677,967	1,527,459	2,102,772,208
Depreciation				
At start of the year	59,990,460	-	-	59,990,460
Charge for the year	254,447,040	1,419,492	190,932	256,057,464
At end of the year	314,437,501	1,419,492	190,932	316,047,925
Net book value as at 31st December 2021	1,781,129,282	4,258,475	1,336,526	1,786,724,284
Net book value as at 31st December 2020	419,933,223	-	-	419,933,223

M/S CMG PYRAMID INDUSTRIES LIMITED

Notes to the financial statements

for the year ended 31st December 2021.

	Year ended 31st December 2021 TZS	Year ended 31st December 2020 TZS
3. TRADE & OTHER RECEIVABLES		
Trade & other receivables	30,874,500	-
Prepaid Expenses	34,597,707	1,000,000
	<u>65,472,207</u>	<u>1,000,000</u>
4. CASH & CASH EQUIVALENTS		
Cash in hand	334,950	1,743,849
Cash at bank	4,540,347	15,569,103
	<u>4,875,297</u>	<u>17,312,952</u>
5. SHARE CAPITAL		
Authorised:		
1,000,000 ordinary shares of TZS 1,000/- each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued & fully paid up:		
260,000 ordinary shares of TZS 1,000/- each	<u>260,000,000</u>	<u>260,000,000</u>
6. TRADE & OTHER PAYABLES		
Trade Creditors	396,962,290	476,643,994
VAT Control Account	(127,990,328)	(68,908,379)
Accruals	1,804,040	2,000,000
	<u>270,776,003</u>	<u>409,735,615</u>
7. BORROWINGS		
Advances from Shareholders (Interest free and Unsecured)	33,272,650	139,710,350
Term Loans	1,079,827,463	-
	<u>1,113,100,113</u>	<u>139,710,350</u>
8. EMPLOYMENT COSTS		
Casual Wages	14,991,000	13,134,500
SDL Expenses	-	570,808
Staff Welfare	5,032,755	2,932,191
Work Permit Expenses	12,886,600	10,692,795
	<u>32,910,355</u>	<u>27,330,294</u>

M/S CMG PYRAMID INDUSTRIES LIMITED
Schedules to the financial statements
for the year ended 31st December 2021.

	Year ended 31st December 2021 TZS	Year ended 31st December 2020 TZS
Opening Stock	8,902,811	-
Purchases	643,892,519	754,152,580
	<u>652,795,330</u>	<u>754,152,580</u>
Closing Stock	176,429,447	8,902,811
COST OF SALES	<u>476,365,883</u>	<u>745,249,768</u>
DIRECT COSTS		
Loading and Offloading Charges	-	161,000
Transportation Charges	19,992,000	72,231,692
	<u>19,992,000</u>	<u>72,392,692</u>
ADMINISTRATION EXPENSES		
Audit Fee	2,000,000	2,000,000
Business Licences and Fees	18,005,850	15,116,500
Depreciation	256,057,464	59,990,460
EFD Machine expenses	-	590,000
Power & Fuel	53,523,601	8,944,731
Employment costs	32,910,355	27,330,294
Insurance costs	18,398,298	3,087,500
Medical Expenses	794,000	120,000
NEMC Inspection Fees	-	1,770,000
Office Expenses	3,510,447	-
Pre-Incorporation Expenses	-	1,112,200
Printing and Stationery Expenses	1,874,364	865,000
Professional & Consultancy Charges	1,403,400	-
Postage, Telephone and Internet Expenses	770,876	96,000
Repairs & Maintenance - Machinery	18,830,730	10,821,875
Repairs & Maintenance - Building	9,037,728	42,373
Repairs & Maintenance -Vehicles	1,087,508	-
Travelling Expenses	7,336,885	-
	<u>425,541,507</u>	<u>131,886,933</u>
OTHER OPERATING EXPENSES		
Packing Materials	4,402,000	511,494
Service Levy	-	1,731,350
Uniform Expenses	-	452,119
Marketing expenses	3,580,000	5,223,424
	<u>7,982,000</u>	<u>7,918,386</u>
FINANCE COSTS		
Bank charges	48,809,472	3,920,207
LC Charges	23,927,375	25,178,109
Interest cost	285,274,079	-
	<u>358,010,926</u>	<u>29,098,316</u>
	<u>791,534,433</u>	<u>168,903,635</u>

M/S CMG PYRAMID INDUSTRIES LIMITED
Income Tax Computation for the year for the period ended 31st December 2021

	TZS	TZS
Profit / Loss as per accounts		(714,595,210)
Add: <u>Non-allowable expenses</u>		
Depreciation	256,057,464	
Work Permits	12,886,600	
Postage & Telephone (10%)	77,088	269,021,152
		(445,574,058)
Less: Depreciation allowance		256,057,464
Adjusted Profit / (Loss)		(701,631,522)
Corporate Tax @ 30%		-
Less: Provisional Tax Paid during the period 2021		(18,000,000)
Tax Due / (Credit c/f)		(18,000,000)
Losses B/forward from 2021		(331,194,584)
Losses Carried forward to 2022		(1,032,826,106)

SCHEDULE OF DEPRECIATION ALLOWANCE

	Class 1 TZS	Class 2 TZS	Class 3 TZS	Total TZS
W.D.V. as at 31.12.2020	-	-	419,933,223	419,933,223
Additions during the year	-	5,677,967	1,617,170,558	1,622,848,525
	-	5,677,967	2,037,103,781	2,042,781,748
Less: Depreciation allowance	-	1,419,492	254,637,973	256,057,464
W.D.V. as at 31.12.2021	-	4,258,475	1,782,465,809	1,786,724,284