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1.0. EXECUTIVE SUMMARY

Industrial, mining spare parts, Marine spare parts Water and Sewage treatment and Lubricants selling is viable and profitable business in Lake Zone. The rising business is due to increasing industrialization as promoted by the ruling party manifesto, growth of mines due to changing technologies and developing marine transport and fishing activities along the area which require high technological tools and equipment to prosper. Water and Sewage treatment and Lubricants are also a great deal due to increasing urbanization.

The company has been trying to catch the ever increase in demand of industrial, mining & marine spare parts. It has been receiving several orders from different parts within the lake zone. High quality of his products commensurate with reasonable price is another factor for increase in demand. Lack of sufficient working capital has been a hindering factor for expansion of company's business. The company is intending to expand this business through securing additional working capital. He is applying for the financial assistance of which he will utilize successfully for the purpose of expanding his business turnover. With this loan he will be able to purchase commodities in bulk and meet his customers' requirements in the right time. The major customers of the proprietor are within Lake Zone.

There are customers from other regions such as Kahama, Geita and Kagera. Their customers have been impressed by qualities of items as well as competitive price affordable by even low-income earners and farmers.

The company's keeps records of their transactions and normally places orders according to customers' requirements in order to avoiding keeping slow moving and absolute items.

HISTORICAL BACKGROUND, LEGAL STATUS AND OBJECTIVE

2.1 HISTORICAL BACKGROUND

Magare Company Limited is one of the Tanzanian suppliers of wide range of Industrial, Mining spare parts Marine Spare parts and Sewage treatment and Lubricants. We also deal with Electrical and Mechanical Engineering.

The company has since grown and expanded its capabilities to cover Lake Zone area and now Magare Company Limited serves Tulawaka Gold Mine Ltd, Williamson Diamond Ltd, and Kahama – Shinyanga Water Supply & Sewerage Authority (KASHWASA) AND Kagera Sugar Ltd among others.

Magare Company Limited has an international reputation for independent, innovation and high quality products. Our clients appreciate our flexible and responsive service, delivering added value in the form of safe, reliable and most importantly, our cost-effective solutions.

Magare Company Limited has an impressive track record serving mines, major industries and factories, civil and building contractors and suppliers of wide range on equipment spares. Our support from reputable original manufactures and major dealers in Africa, USA and UAE has brought our competitors far behind in product excellence and attitude of our team.

2.2 LEGAL STATUS

This business is legally registered with a business license no. B 2892968 issued by Ilemela district council in Mwanza region, Taxpayer Identification Number (TIN no.120-930-028 issued by Tanzania Revenue Authority Mwanza, Certificate of Incorporation issued by Brella 98799 as well as Certificate of registration for Value Added Tax (VAT) issued by Tanzania Revenue Authority.

2.3 OBJECTIVES

The main objectives of the company are:

To carry on the business of merchant traders, in the industrial and mining spare parts, and lubricants and water supplying water pipes and fittings

To import and selling all kind of industrial, mining and marine equipments.

Commission, distribution, marketing, commercial, industrial, manufacturing and mercantile

This is possible because, demand for industrial, mining spare parts, marine spare parts, water and sewage treatment and lubricants is always rising due to increasing industrialization as promoted by the ruling party manifesto, growth of mines due to changing technologies and developing marine transport and fishing activities along the area which require high technological tools and equipment to prosper.

If the loan in application is granted in the time, the company will be in a position to enjoy this opportunity of demand for industrial, mining spare parts, marine spare parts, water and sewage treatment and lubricants always rising due to in large quantities and meet their customers' requirement in the right time.

THE PROJECT

3.1 DESCRIPTION

The company is dealing with different type of mining spare parts, marine spare parts, sewage treatment equipment and lubricants including pumps & motors, couplings, plumber blocks, valves, filters, belts etc.

There has been high demand of mining spare parts in the lake zone due to presence of a number of mines along the area and improvement of marine transport and fishing activities through Lake Victoria had also lead to increased demand of marine spare parts.

3.2 SWOT ANALYSIS

Any business has its own strengths, weaknesses, opportunities and threats. Magare

company is not an exception as result directors faces these factors in their business. These factors are both internal and external which affects the business negatively or positively as follows;

The strengths of the company's business depend on its long experience, goodwill and proper financial management. Location of the company is another factor for better performance because many people can view it easily and get their requirements. The company is supplying the items of quality at the competitive prices. Proper business records are another factor of strength of the business because it is

one of the means of control to ensure survival. Due to good quality of company commodities, the company has a reliable market of its items.

In the case of weaknesses, the company has been facing problems in meeting his customers' requirements due to insufficient working capital. The company cannot buy commodities in large quantities and therefore miss the economies of scale advantages. This may result into some customers to go to other dealers.

There are sufficient opportunities in Mwanza town due to rapid rise of population following flocking of people from different areas within and outside Tanzania. With additional working capital the company will be in a position to improve its business by placing order in large quantities and meet customers' requirements in the right time. With increase in turnover and profit, capital will grow rapidly and therefore business will expand and create more employments.

Although the company is operating efficiently, there are some threats to this business including changes in price due to exchange rates fluctuation and general inflation situation in the country. During the rainy season, there are transport problems due to bad roads some of them being impassable. Transportation of commodities may take longer than necessary and cause unnecessary inconveniences to both sellers and customers.

The company directors normally solves its business problems especially stock shortage, by placing orders in the right time before running out of stocks and informs their regular customers over new arrivals. With additional working capital the company will be in a position to keep enough stock at any time so that will not lose his customers.

4.0 MANAGEMENT AND STAFF

The managing director Mr Mabula Magangila is an overall manager of the business. He is being assisted by executive director Miss Regina Gresmo. Day to day operations is headed by operational manager Mr George Magangila who ensures smooth and efficiently day to day routines of the company such receiving orders from the customers, processing those orders and delivery of those goods to their customers. The company operational manager monitors other operational departments such as Marketing, procurement, accounts and IT, human resources. The Magare company also uses the services of professional such Accountants, legal officers to ensure the statutory compliance adhered by the company to avoid unnecessary fine from relevant governmental authorities.

2.0 MARKETS AND MARKETING

5.1 PRODUCTS

The main activities of the company is buying and selling mining spare parts, marine spare parts, sewage treatment equipment and lubricants including pumps & motors, couplings, plumber blocks, valves, filters, v belts etc. Magare's customers are at Mwanza town and its suburbs' residents as well as customers from outside Mwanza town such as Kahama, Geita and Kagera.

5.2 MARKET ARRANGEMENTS

The company displays its products through the company's social media accounts such as whatsapp and instagram and receives orders from their customers via emails. It can also display and collect orders by physically visiting their customers. Supply of goods is also done by online ordering of products or physical purchase done by the company's team members directly from suppliers.

5.3 PRICING AND COLLECTION

Prices are determined by the market forces. It fixes the price in such a way that it covers its costs as well as imposes a slight profit margin. Its prices are competitive and attract more customers.

5.4 COMPETITION

There are some other mining & marine spare parts, water and sewage treatment and lubricant sellers in this area. The competition is not very stiff; however, the company has advantages over other dealers because of long experience and good business relationship within their customers.

6.0 FINANCIAL ANALYSIS

6.1 ASSUMPTION

- ✓ The prices are likely to change over the period of time due to several factors including fluctuation of the exchange rates.
- ✓ The major customers shall be Mwanza town and Kahama, Geita and Kagera regions.
- ✓ The population in the Lake zone will still rise due to availability of various economic activities such as agriculture and employments. The standards of living also will improve.
- ✓ The political and economical situation in the country will be stable hence, no wars, floods or droughts expected.

6.2 FINANCING PLAN

The company's business is financed internally through owner's equity. The loan in application will gear up the existing working capital and boost the business. See the attached financial plan.

6.3 AMOUNT IN APPLICATION

The company is applying for a working capital amounting of Tshs 260,000,000/=

6.4 PURPOSE OF THE FACILITY

This facility in application will be solely used as an additional working capital for purchasing items in large quantities to enable the company run the business efficiently.

6.5 PERIOD OF THE FACILITY

The facility is for a period of five year as it is indicated by the Project Cash Flow statement attached herewith

6.6 MORTGAGE FACILITY

For the purpose of this loan, the company has nothing to offer other than goodwill and self sufficient financial statements.

7.0 CONCLUSION AND RECOMMENDATION

The project in question is viable and profitable hence the facilities will be liquidated without any difficulties as the attached Cash Flow Statement indicates it.

We recommended that, the applicant to be granted an amount of Tshs. 260 million as additional working capital which will boost up his business and perform efficiently.



VICTORY AUDITORS & BUSINESS CONSULTANTS
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8.0. FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2020

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of **Magare Company Limited** which comprise the statement of financial position as at **31st December 2020** and the 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 information.

In our opinion, the accompanying financial statements does give a true and fair view of the financial position of **Magare Company Limited** as at **31st December 2020** and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards(IFRS) and the requirements of the Companies Act 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 3 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Conclude on appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained no any material uncertainty exists related to the events or conclusions that may cast significant doubt about the entity's ability to continue as going concern

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



G.P ALBERT (ACPA-PP NO.2582)
VICTORY AUDITORS (PF. 303)
CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE



MAGARE COMPANY LIMITED
P.O. BOX 6043
MWANZA - TANZANIA

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2020

	NOTE	2020 TSHS	2019 TSHS
Contribution revenue	2	8,795,986,108.52	2,395,140,658.93
Cost of contract revenue	3	<u>(6,931,940,704.54)</u>	<u>(1,444,890,827.02)</u>
Gross profit/loss		1,864,045,403.99	950,249,831.91
Less: Operational cost			
Administration and establishment expenses	4	995,664,547.18	546,034,869.62
Selling and distribution expenses	5	138,016,888.46	57,991,020.00
Depreciation and amortization expenses	7	<u>62,872,734.75</u>	<u>35,612,282.99</u>
Results from operating activities		1,196,554,170.39	639,638,172.60
Less: Finance cost	6	<u>56,829,883.50</u>	<u>8,756,992.50</u>
Profit/(Loss) for the year before tax		610,661,350.09	301,854,666.81
Less: Income tax expenses	15	<u>183,198,405.03</u>	<u>90,556,400.04</u>
Profit/(Loss) for the year after taxation		<u>427,462,945.06</u>	<u>211,298,266.77</u>



Director

31/03/2021

Date

MAGARE COMPANY LIMITED
P.O. BOX 6043
MWANZA - TANZANIA

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31ST DECEMBER 2020

ASSETS	NOTE	2020 TSH	2019 TSH
Non-Current Assets			
Property, plant and equipment	7	844,804,765.95	557,677,500.71
Fixed deposit investment		400,000,000.00	-
Total non-current assets		1,244,804,765.95	557,677,500.71
CURRENT ASSETS			
Inventories	8	217,961,603.11	289,033,143.00
Account receivables	9	243,208,377.00	17,363,799.85
Cash and cash equivalents	10	8,400,439.26	122,372,163.57
Total current assets		469,570,419.37	428,769,106.42
Total assets		1,714,375,185.33	986,446,607.13
EQUITY AND LIABILITIES			
EQUITY			
Operational capital		538,755,184.38	538,755,184.38
Retained earning		815,934,255.66	388,471,310.60
Total equity		1,354,689,440.04	927,226,494.98
CURRENT LIABILITIES			
Accounts payables	12	12,329,800.43	22,628,012.15
Bank overdraft		241,271,872.75	36,592,100.00
Total current liabilities		253,601,673.18	59,220,112.15
NON CURRENT LIABILITIES			
Term loan	13	106,084,072.11	-
Total liabilities		359,685,745.29	59,220,112.15
Total equity & liabilities		1,714,375,185.33	986,446,607.13



Director

31/03/2021

Date

MAGARE COMPANY LIMITED
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STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER 2020

	2020 TSHS	2019 TSHS
<u>Cash flow from operating activities</u>		
1.00 Profit/(Loss) for the year	610,661,350.09	301,854,666.81
Adjustment for depreciation	62,872,734.75	35,612,282.99
	673,534,084.84	337,466,949.79
<u>Working Capital Changes</u>		
(Increase)/Decrease in inventories	71,071,539.89	(141,950,601.28)
(Increase)/Decrease in accounts receivables	(225,844,577.15)	88,760,200.15
Increase/(Decrease) in current liabilities	194,381,561.03	53,252,112.15
Taxation	(183,198,405.03)	(90,556,400.04)
Total net working capital changes	(143,589,881.26)	(90,494,689.03)
Net Cash flow generated for operating activities	529,944,203.58	246,972,260.77
2.00 <u>Cash flow from investing activities</u>		
Purchases of property, plant & equipment	(350,000,000.00)	(129,673,171.00)
Changes in Fixed deposit investment	(400,000,000.00)	-
Net cash flow used investing activities	(750,000,000.00)	(129,673,171.00)
3.00 <u>Cash flow from financing activities</u>		
Issued and fully paid share (capital introduced)	-	-
Increase/(Decreases) in short term finance	106,084,072.11	-
Increase/(Decreases) in due to related parties	-	-
Net cash flow from financing activities	106,084,072.11	-
Changes in cash and cash equivalents	(113,971,724.31)	117,299,089.77
Cash and cash equivalents at start	122,372,163.57	5,073,073.80
Cash and cash equivalents at close	8,400,439.26	122,372,163.57
Cash and cash equivalents at close	8,400,439.26	122,372,163.57



Director

31/03/2021

Date

MAGARE COMPANY LIMITED
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MWANZA - TANZANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

	2020 TSH	2019 TSH
Note 2 <u>REVENUE</u>		
	8,795,986,108.52	2,395,140,658.93
	8,795,986,108.52	2,395,140,658.93
Note 3 <u>COST OF SERVICES REVENUE</u>		
Opening inventories	289,033,143.00	147,082,541.72
Add: Purchases	6,860,869,164.65	1,586,841,428.30
	7,149,902,307.65	1,733,923,970.02
Less Closing Inventories	217,961,603.11	289,033,143.00
	6,931,940,704.54	1,444,890,827.02
Note 4 <u>ADMINISTRATIVE & ESTABLISHMENT EXP</u>		
Employees cost	383,056,031.68	195,074,830.95
Electricity and water	2,397,945.20	2,015,080.00
Rent	19,452,960.00	18,012,000.00
Motor vehicle license expenses	2,429,568.00	2,026,666.67
Motor vehicle running expenses	75,099,529.30	37,587,352.00
Postage, telephone charges	2,211,786.00	1,845,000.00
Stationery & printing	4,240,200.00	1,612,000.00
Auditor remuneration	8,400,000.00	1,000,000.00
Advertising and Marketing	337,347,500.00	182,350,000.00
Business License	315,000.00	300,000.00
Contractors Registration Board	12,925,583.70	10,125,800.00
Meals	37,562,400.00	16,800,320.00
Uniform expenses	3,352,968.00	3,104,600.00
Labor charges	8,680,000.00	15,206,400.00
Transport expenses	98,193,075.30	58,974,820.00
	995,664,547.18	546,034,869.62
Note 5 <u>SELLING & DISTRIBUTION EXPENSES</u>		
Travelling & accommodation expenses	99,195,320.00	35,426,900.00
Motor vehicle running expenses	38,821,568.46	22,564,120.00
	138,016,888.46	57,991,020.00
Note 6 <u>FINANCE COST</u>		
Interest on -long term loan	42,011,460.44	
Bank Charges	14,818,423.06	8,756,992.50
	56,829,883.50	8,756,992.50

MAGARE COMPANY LIMITED
P.O. BOX 6043
MWANZA- TANZANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

Note 7

DETAILS	COST/VALUATION		DEPRECIATION CHARGES			NET BOOK VALUE	
	01.01.20	Addition	Total	01.01.20	31.12.20	31.12.20	31.12.19
LAND & BUILDING							
Land	450,815,558		450,815,558	-	-	450,815,558	450,815,558
Computers	3,778,125		3,778,125	2,266,875	1,416,797	2,361,328	3,778,125
OTHER EQUIPMENT & MOTORVEHICLES							
Fixtures & fittings	97,750,529	350,000,000	447,750,529	83,187,103	60,789,276.75	386,961,252	97,750,529
	5,333,289		5,333,289	1,834,836	666,661	4,666,628	5,333,289
Total property, plant & equipment	553,899,376	350,000,000	903,899,376	85,021,939	62,872,735	844,804,766	553,899,376

MAGARE COMPANY LIMITED
P.O. BOX 6043
MWANZA - TANZANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

		2020	2019
		TSHS	TSHS
Note 8	INVENTORIES		
		<u>217,961,603.11</u>	<u>389,033,143.00</u>
		<u>217,961,603.11</u>	<u>389,033,143.00</u>
Note 9	ACCOUNT RECEIVABLES		
	Trade debtors	<u>243,208,377.00</u>	<u>299,431,503.69</u>
		<u>243,208,377.00</u>	<u>299,431,503.69</u>

9.10 In the opinion of the proprietor, the carrying amounts of the current portion of trade and other receivables approximate to their fair values. Fair values are based on discounted cash flows using a discount rate based upon the weighted average cost of capital that directors expect to be applicable at the statement of financial position date.

9.20 No interest is charged on the trade receivables.

Note 10	CASH AND CASH EQUIVALENTS		
	Cash at bank	8,141,539.26	118,978,127.58
	Cash on hand	<u>258,900.00</u>	<u>-</u>
		<u>8,400,439.26</u>	<u>118,978,127.58</u>

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Conclude on appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained no any material uncertainty exists related to the events or conclusions that may cast significant doubt about the entity's ability to continue as going concern

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



G.P ALBERT (ACPA-PP NO.2582)
VICTORY AUDITORS (PF. 303)
CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE





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Certified Public Accountants in Public Practice

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8.0. FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2021

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of **Magare Company Limited** which comprise the statement of financial position as at **31st December 2021** and the 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 information.

In our opinion, the accompanying financial statements does give a true and fair view of the financial position of **Magare Company Limited** as at **31st December 2021** and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards(IFRS) and the requirements of the Companies Act 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 3 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

MAGARE COMPANY LIMITED
P.O. BOX 6043
MWANZA - TANZANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

	2020 TSHS	2019 TSHS
Note 22		
FINANCIAL INFORMATION OF THE COMPANY		
Total asset	1,714,375,185.33	1,701,813,156.23
Total liabilities	<u>(359,685,745.29)</u>	<u>(748,733,990.00)</u>
Total assets & liabilities	<u>1,354,689,440.04</u>	<u>953,079,166.23</u>
CAPITAL AND RESERVES		
Operational Capital	538,755,184.38	538,755,184.38
Profit/(Loss) for the year	<u>815,934,255.66</u>	<u>414,323,981.85</u>
Total	<u>1,354,689,440.04</u>	<u>953,079,166.23</u>

MAGARE COMPANY LIMITED
P.O.BOX 6043
MWANZA - TANZANIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

	2020 TSHS	2019 TSHS
Note 21 FINANCIAL INSTRUMENTS (IAS 32)		
Categories of financial instruments		
<u>Assets</u>		
<u>Loans and Receivables</u>		
Trade receivables	243,208,377.00	17,363,799.85
Cash and cash equivalent	8,400,439.26	122,372,163.57
Fixed deposit investment	400,000,000.00	-
<u>Available for sale financial assets</u>		
Investment	-	-
<u>NON FINANCIAL ASSETS</u>		
Property, plant and equipment	844,804,765.95	557,677,500.71
Inventories	217,961,603.11	289,033,143.00
Total Assets	<u>1,714,375,185.33</u>	<u>986,446,607.13</u>
<u>EQUITY & FINANCIAL LIABILITIES</u>		
Financial liabilities at amortized cost		
Trade creditors	12,329,800.43	22,628,012.15
Bank overdraft	241,271,872.75	36,592,100.00
Long term loan	106,084,072.11	
<u>EQUITY & NON FINANCIAL LIABILITIES</u>		
Operational capital	538,755,184.38	538,755,184.38
Retained earnings the year	815,934,255.66	388,471,310.60
Total equity and financial liabilities	<u>1,714,375,185.33</u>	<u>986,446,607.13</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

Note 16 CAPITAL COMMITMENTS

There were no future commitments not provided for the financial statements as 31st December 2020

Note 17 CONTINGENT LIABILITIES

There was no any contingent envisaged by business at at 31st December 2020

Note 18 COMPARATIVE INFORMATION

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Note 19 EVENTS AFTER DATE OF STATEMENT OF FINANCIAL POSITION

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

Note 20 FINANCIAL ASSET AND LIABILITIES (IAS 39)

Assets and liabilities, and their fair values. The table below sets out classification of each class of financial assets and liabilities and their fair value.

	2020	2019
	Fair Value	Fair Value
FINANCIAL ASSETS		
Cash and cash equivalents	8,400,439.26	118,978,127.58
Trade & other receivables	243,208,377.00	299,431,503.69
Total Financial Assets	251,608,816.27	418,409,631.27
FINANCIAL LIABILITIES		
Account payables	12,329,800.43	678,141,890.00
Bank overdraft	241,271,872.75	70,592,100.00
Total financial liabilities	253,601,673.18	748,733,990.00

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

		2020	2019
		TSHS	TSHS
Note 12	ACCOUNT PAYABLES		
	Trade creditors & accruals	<u>12,329,800.43</u>	<u>678,141,890.00</u>
		<u>12,329,800.43</u>	<u>678,141,890.00</u>

12.10 In the opinion of the director, the carrying amounts of the current portion of trade and other receivables approximate to their fair values. Fair values are based on discounted cash flows using a discount rate based upon the weighted average cost of capital that directors expect to be applicable at the statement of financial position date. No interest is charged on the trade payables.

		2020	2019
Note 13	BANK OVERDRAFT	106,084,072.11	70,592,100.00
Note 14	EMPLOYEES COSTS		
	Administrative cost		
	Salaries and wages	Note 4 <u>383,056,031.68</u>	<u>132,560,870.00</u>
		<u>383,056,031.68</u>	<u>132,560,870.00</u>
Note 15	INCOME TAX EXPENSES		
	Current tax	<u>183,198,405.03</u>	<u>101,636,116.29</u>
		183,198,405.03	101,636,116.29

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STATEMENT OF COMPRENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2021

	NOTE	2021 TSHS	2020 TSHS
Contribution revenue	2	10,416,856,781.18	8,795,986,108.52
Cost of contract revenue	3	<u>(8,134,772,756.81)</u>	<u>(6,931,940,704.54)</u>
Gross profit/loss		2,282,084,024.37	1,864,045,403.99
Less: Operational cost			
Administration and establishment expenses	4	893,509,983.53	995,664,547.18
Selling and distribution expenses	5	107,209,992.12	138,016,888.46
Depreciation and amortization expenses	7	<u>161,266,177.92</u>	<u>62,872,734.75</u>
Results from operating activities		1,161,986,153.56	1,196,554,170.39
Less: Finance cost	6	<u>186,434,693.09</u>	<u>56,829,883.50</u>
Profit/(Loss) for the year before tax		933,663,177.72	610,661,350.09
Less: Income tax expenses	15	<u>280,098,953.32</u>	<u>183,198,405.03</u>
Profit/(Loss) for the year after taxation		<u>653,564,224.40</u>	<u>427,462,945.06</u>



Director



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STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021

ASSETS	NOTE	2021 TSH	2020 TSH
Non-Current Assets			
Property, plant and equipment	7	940,788,816.65	844,804,765.95
Fixed deposit investment		<u>400,000,000.00</u>	<u>400,000,000.00</u>
Total non-current assets		1,340,788,816.65	1,244,804,765.95
CURRENT ASSETS			
Inventories	8	416,674,271.25	217,961,603.11
Account receivables	9	693,853,961.12	243,208,377.00
Cash and cash equivalents	10	<u>109,366,612.98</u>	<u>8,400,439.26</u>
Total current assets		1,219,894,845.35	469,570,419.38
Total assets		<u>2,560,683,662.00</u>	<u>1,714,375,185.33</u>
EQUITY AND LIABILITIES			
EQUITY			
Operational capital		538,755,184.38	538,755,184.38
Retained earning		<u>1,469,498,480.06</u>	<u>815,934,255.66</u>
Total equity		2,008,253,664.44	1,354,689,440.04
CURRENT LIABILITIES			
Accounts payables	12		12,329,800.43
Term loan		43,836,459.37	
Bank overdraft		<u>366,120,375.43</u>	<u>241,271,872.75</u>
Total current liabilities		409,956,834.80	253,601,673.18
NON CURRENT LIABILITIES			
Term loan	13	<u>142,473,162.76</u>	<u>106,084,072.11</u>
Total liabilities		552,429,997.56	359,685,745.29
Total equity & liabilities		<u>2,560,683,662.00</u>	<u>1,714,375,185.33</u>



Director



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STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER 2021

	2021 TSHS	2020 TSHS
<u>Cash flow from operating activities</u>		
1.00 Profit/(Loss) for the year	933,663,177.72	610,661,350.09
Adjustment for depreciation	161,266,177.92	62,872,734.75
	<u>1,094,929,355.64</u>	<u>673,534,084.84</u>
<u>Working Capital Changes</u>		
(Increase)/Decrease in inventories	(198,712,668.14)	71,071,539.89
(Increase)/Decrease in accounts receivables	(450,645,584.12)	(225,844,577.15)
Increase/(Decrease) in current liabilities	156,355,161.62	194,381,561.03
Taxation	(280,098,953.32)	(183,198,405.03)
Total net working capital changes	(773,102,043.95)	(143,589,881.26)
Net Cash flow generated for operating activities	<u>321,827,311.69</u>	<u>529,944,203.58</u>
2.00 <u>Cash flow from investing activities</u>		
Purchases of property, plant & equipment	(257,250,228.62)	(350,000,000.00)
Changes in Fixed deposit investment		(400,000,000.00)
Net cash flow used investing activities	<u>(257,250,228.62)</u>	<u>(750,000,000.00)</u>
3.00 <u>Cash flow from financing activities</u>		
Issued and fully paid share (capital introduced)		
Increase/(Decreases) in term loan	36,389,090.65	106,084,072.11
Increase/(Decreases) in due to related parties		
Net cash flow from financing activities	<u>36,389,090.65</u>	<u>106,084,072.11</u>
Changes in cash and cash equivalents	100,966,173.72	(113,971,724.31)
Cash and cash equivalents at start	8,400,439.26	122,372,163.57
Cash and cash equivalents at close	<u>109,366,612.98</u>	<u>8,400,439.26</u>
Cash and cash equivalents at close	<u>109,366,612.98</u>	<u>8,400,439.26</u>



Director



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

Note 7

DETAILS	COST/VALUATION			DEPRECIATION CHARGES			NET BOOK VALUE	
	01.01.21	Addition	Total	01.01.21	31.12.21	Rate	31.12.21	31.12.20
LAND & BUILDING								
Land	450,815,558		450,815,558	-	-		450,815,558	450,815,558
Computers	2,361,328		2,361,328	3,683,672	885,498	37.50%	1,475,830	2,361,328
EQUIPMENTS & MOTORVEHICLES	386,961,252	247,206,078.62	634,167,331	143,976,380	158,541,833	25.00%	475,625,498	386,961,252
Fixture & fittings	4,666,628		4,666,628	2,501,497	583,328	12.50%	4,083,299	4,666,628
Generator	-	10,044,150.00	10,044,150	-	1,255,519	12.50%	8,788,631	-
Total property, plant & equipment	842,443,438	257,250,229	1,099,693,666	146,477,877	161,266,178		940,788,817	842,443,438

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

	2021	2020
	TSHS	TSHS
Note 8		
INVENTORIES		
Closing stock	416,674,271.25	217,961,603.11
	<u>416,674,271.25</u>	<u>217,961,603.11</u>
Note 9		
ACCOUNT RECEIVABLES		
Trade debtors	648,853,961.12	243,208,377.00
Staff debtors	45,000,000.00	
	<u>693,853,961.12</u>	<u>243,208,377.00</u>
Note 10		
CASH AND CASH EQUIVALENTS		
Cash at bank	106,866,612.98	8,141,539.26
Cash on hand	2,500,000.00	258,900.00
	<u>109,366,612.98</u>	<u>8,400,439.26</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

Note 16 CAPITAL COMMITMENTS

There were no future commitments not provided for the financial statements as at 31st December 2021

Note 17 CONTINGENT LIABILITIES

There was no any contingent envisaged by business at at 31st December 2021

Note 18 COMPARATIVE INFORMATION

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Note 19 EVENTS AFTER DATE OF STATEMENT OF FINANCIAL POSITION

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

Note 20 FINANCIAL ASSET AND LIABILITIES (IAS 39)

Assets and liabilities, and their fair values. The table below sets out classification of each class of financial assets and liabilities and their fair value.

	2021 Fair Value	2020 Fair Value
FINANCIAL ASSETS		
Cash and cash equivalents	109,366,612.98	8,400,439.26
Trade & other receivables	693,853,961.12	243,208,377.00
Total Financial Assets	803,220,574.10	251,608,816.27
FINANCIAL LIABILITIES		
Account payables	-	12,329,800.43
Bank overdraft	366,120,375.43	241,271,872.75
Total financial liabilities	366,120,375.43	253,601,673.18

MAGARE COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

	2021 TSHS	2020 TSHS
Note 21 FINANCIAL INSTRUMENTS (IAS 32)		
Categories of financial instruments		
<u>Assets</u>		
<u>Loans and Receivables</u>		
Trade receivables	693,853,961.12	243,208,377.00
Cash and cash equivalent	109,366,612.98	8,400,439.26
Fixed deposit investment	400,000,000.00	400,000,000.00
<u>Available for sale financial assets</u>		
Investment	-	-
<u>NON FINANCIAL ASSETS</u>		
Property, plant and equipment	940,788,816.65	844,804,765.95
Inventories	416,674,271.25	217,961,603.11
Total Assets	<u>2,560,683,662.00</u>	<u>1,714,375,185.33</u>
<u>EQUITY & FINANCIAL LIABILITIES</u>		
Financial liabilities at amortized cost		
Trade creditors	-	12,329,800.43
Bank overdraft	366,120,375.43	241,271,872.75
Term loan	186,309,622.13	106,084,072.11
<u>EQUITY & NON FINANCIAL LIABILITIES</u>		
Operational capital	538,755,184.38	538,755,184.38
Retained earnings the year	1,469,498,480.06	815,934,255.66
Total equity and financial liabilities	<u>2,560,683,662.00</u>	<u>1,714,375,185.33</u>



VICTORY AUDITORS & BUSINESS CONSULTANTS
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8.0. FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2022

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of **Magare Company Limited** which comprise the statement of financial position as at **31st December 2022** and the 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 information.

In our opinion, the accompanying financial statements does give a true and fair view of the financial position of **Magare Company Limited** as at **31st December 2022** and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards(IFRS) and the requirements of the Companies Act 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 3 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Conclude on appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained no any material uncertainty exists related to the events or conclusions that may cast significant doubt about the entity's ability to continue as going concern

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



G.P ALBERT (ACPA-PP NO.2582)
VICTORY AUDITORS (PF. 303)
CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE



MAGARE COMPANY LIMITED
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MWANZA - TANZANIA

INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

ASSETS	NOTE	2022 TSH	2021 TSH
Non-Current Assets			
Property, plant and equipment	7	880,254,415.61	940,788,816.65
Fixed deposit investment		<u>400,000,000.00</u>	<u>400,000,000.00</u>
Total non-current assets		<u>1,280,254,415.61</u>	<u>1,340,788,816.65</u>
CURRENT ASSETS			
Inventories	8	241,114,820.12	416,674,271.25
Account receivables	9	520,844,169.02	693,853,961.12
Cash and cash equivalents	10	<u>199,872,607.32</u>	<u>109,366,612.98</u>
Total current assets		<u>961,831,596.46</u>	<u>1,219,894,845.35</u>
Total assets		<u>2,242,086,012.07</u>	<u>2,560,683,662.00</u>
EQUITY AND LIABILITIES			
EQUITY			
Operational capital		538,755,184.38	538,755,184.38
Retained earning		1,632,035,611.17	1,469,498,480.06
Dividend paid		<u>(400,000,000.00)</u>	<u>-</u>
Total equity		<u>1,770,790,795.55</u>	<u>2,008,253,664.44</u>
CURRENT LIABILITIES			
Accounts payables	12		
Term loan		-	43,836,459.37
Bank overdraft		<u>471,295,216.52</u>	<u>366,120,375.43</u>
Total current liabilities		<u>471,295,216.52</u>	<u>409,956,834.80</u>
NON CURRENT LIABILITIES			
Term loan	13	-	142,473,162.76
Total liabilities		<u>471,295,216.52</u>	<u>552,429,997.56</u>
Total equity & liabilities		<u>2,242,086,012.07</u>	<u>2,560,683,662.00</u>



.....
Director



MAGARE COMPANY LIMITED

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INTERIM NOTES TO THE FINANCIAL STATEMENTS AS AT 30TH JUNE 2022

	2022	2021
Note 2 <u>REVENUE</u>		
	3,763,061,869.86	10,416,856,781.18
	3,763,061,869.86	10,416,856,781.18
Note 3 <u>COST OF SERVICES REVENUE</u>		
Opening inventories	416,674,271.25	217,961,603.11
Add: Purchases	2,822,296,402.40	8,333,485,424.94
	3,238,970,673.64	8,551,447,028.05
Less Closing Inventories	241,114,820.12	416,674,271.25
	2,997,855,853.52	8,134,772,756.81
Note 4 <u>ADMINISTRATIVE & ESTABLISHMENT EXP</u>		
Employees cost	287,292,023.76	574,584,047.53
Electricity and water	1,325,700.00	3,596,917.80
Rent	12,158,100.00	24,316,200.00
Motor vehicle license expenses	1,300,500.00	2,450,000.00
Motor vehicle running expenses	17,460,800.00	25,600,000.00
Postage, telephone charges	1,200,600.00	2,654,143.20
Stationery & printing	2,543,900.00	5,088,240.00
Auditor remuneration	5,000,000.00	8,400,000.00
Advertising and Marketing	23,680,600.00	84,336,875.00
Business License	250,000.00	378,750.00
Contractors Registration Board	3,000,000.00	5,400,000.00
Meals	28,171,800.00	56,343,600.00
Uniform expenses	1,420,600.00	4,191,210.00
Labor charges	4,006,000.00	9,170,000.00
Transport expenses	29,500,500.00	87,000,000.00
	418,311,123.76	893,509,983.53
Note 5 <u>SELLING & DISTRIBUTION EXPENSES</u>		
Travelling & accommodation expenses	31,500,600.00	81,500,000.00
Motor vehicle running expenses	13,900,500.00	25,709,992.12
	45,401,100.00	107,209,992.12
Note 6 <u>FINANCE COST</u>		
Interest on -long term loan		170,266,893.33
Bank Charges	8,763,489.95	16,167,799.76
	8,763,489.95	186,434,693.09

MAGARE COMPANY LIMITED
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INTERIM NOTES TO THE FINANCIAL STATEMENTS AS AT 30TH JUNE 2022

Note 7

DETAILS	COST/VALUATION		DEPRECIATION CHARGES			NET BOOK VALUE	
	01.01.22	Addition	Total	01.01.22	30.06.22	30.06.22	31.12.21
LAND & BUILDING							
Land	450,815,558	-	450,815,558	-	-	450,815,558	450,815,558
Computers	1,475,830	-	1,475,830	4,569,170	4,845,888	1,199,112	1,475,830
EQUIPMENTS & MOTORVEHICLES							
Fixture & fittings	475,625,498	-	475,625,498	302,518,213	59,453,187	416,172,311	475,625,498
Generator	4,083,299	-	4,083,299	3,084,826	255,206	3,828,093	4,083,299
	8,788,631.25	-	8,788,631	1,255,519	549,289	8,239,342	8,788,631
Total property, plant & equipment	940,788,817	-	940,788,817	306,858,557	60,534,401	880,254,416	940,788,817

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INTERIM NOTES TO THE FINANCIAL STATEMENTS AS AT 30TH JUNE 2021

	2022	2021
	TSHS	TSHS
Note 8		
INVENTORIES		
Closing stock	<u>241,114,820.12</u>	<u>416,674,271.25</u>
	<u>241,114,820.12</u>	<u>416,674,271.25</u>
Note 9		
ACCOUNT RECEIVABLES		
Trade debtors	490,837,169.02	648,853,961.12
Staff debtors	<u>30,007,000.00</u>	<u>45,000,000.00</u>
	<u>520,844,169.02</u>	<u>693,853,961.12</u>
Note 10		
CASH AND CASH EQUIVALENTS		
Cash at bank	198,532,207.32	138,320,506.95
Cash on hand	<u>1,340,400.00</u>	<u>258,900.00</u>
	<u>199,872,607.32</u>	<u>138,579,406.95</u>

MAGARE COMPANY LIMITED
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INTERIM NOTES TO THE FINANCIAL STATEMENTS AS AT 30TH JUNE 2022

		2022	2021
		TSHS	TSHS
Note 12	ACCOUNT PAYABLES		
	Trade creditors & accruals	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
12.10	In the opinion of the director, the carrying amounts of the current portion of trade and other receivables approximate to their fair values. Fair values are based on discounted cash flows using a discount rate based upon the weighted average cost of capital that directors expect to be applicable at the statement of financial position date. No interest is charged on the trade payables.		
		2022	2021
Note 13	BANK OVERDRAFT	471,295,216.52	366,120,375.43
Note 14	EMPLOYEES COSTS		
	Administrative cost		
	Salaries and wages	Note 4 <u>287,292,023.76</u>	<u>861,876,071.29</u>
		<u>287,292,023.76</u>	<u>861,876,071.29</u>
Note 15	INCOME TAX EXPENSES		
	Current tax	<u>69,658,770.47</u>	<u>122,703,869.33</u>
		69,658,770.47	122,703,869.33

MAGARE COMPANY LIMITED
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MWANZA - TANZANIA

INTERIM NOTES TO THE FINANCIAL STATEMENTS AS AT 30TH JUNE 2022

Note 16 CAPITAL COMMITMENTS

There were no future commitments not provided for the financial statements as at 30th June 2022

Note 17 CONTINGENT LIABILITIES

There was no any contingent envisaged by business at at 30th June 2022

Note 18 COMPARATIVE INFORMATION

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Note 19 EVENTS AFTER DATE OF STATEMENT OF FINANCIAL POSITION

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

Note 20 FINANCIAL ASSET AND LIABILITIES (IAS 39)

Assets and liabilities, and their fair values. The table below sets out classification of each class of financial assets and liabilities and their fair value.

	2022 Fair Value	2021 Fair Value
FINANCIAL ASSETS		
Cash and cash equivalents	199,872,607.32	138,579,406.95
Trade & other receivables	520,844,169.02	693,853,961.12
Total Financial Assets	<u>720,716,776.34</u>	<u>832,433,368.07</u>
FINANCIAL LIABILITIES		
Account payables	-	-
Bank overdraft	471,295,216.52	366,120,375.43
Total financial liabilities	<u>471,295,216.52</u>	<u>366,120,375.43</u>

MAGARE COMPANY LIMITED
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INTERIM NOTES TO THE FINANCIAL STATEMENTS AS AT 30TH JUNE 2022

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Total financial liabilities	471,295,216.52	366,120,375.43

MAGARE COMPANY LIMITED
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MWANZA - TANZANIA

INTERIM NOTES TO THE FINANCIAL STATEMENTS AS AT 30TH JUNE 2022

	2022	2021
	TSHS	TSHS
Note 21 FINANCIAL INSTRUMENTS (IAS 32)		
Categories of financial instruments		
<u>Assets</u>		
<u>Loans and Receivables</u>		
Trade receivables	520,844,169.02	693,853,961.12
Cash and cash equivalent	199,872,607.32	109,366,612.98
Fixed deposit investment	400,000,000.00	400,000,000.00
<u>Available for sale financial assets</u>		
Investment	-	-
<u>NON FINANCIAL ASSETS</u>		
Property, plant and equipment	880,254,415.61	940,788,816.65
Inventories	241,114,820.12	416,674,271.25
Total Assets	<u>2,242,086,012.07</u>	<u>2,560,683,662.00</u>
<u>EQUITY & FINANCIAL LIABILITIES</u>		
Financial liabilities at amortized cost		
Trade creditors	-	-
Bank overdraft	471,295,216.52	366,120,375.43
Term loan	-	186,309,622.13
<u>EQUITY & NON FINANCIAL LIABILITIES</u>		
Operational capital	538,755,184.38	538,755,184.38
Retained earnings the year	1,232,035,611.17	1,469,498,480.06
Total equity and financial liabilities	<u>2,242,086,012.07</u>	<u>2,560,683,662.00</u>

MAGARE COMPANY LIMITED
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PROJECTED CASH FLOW STATEMENT FOR THE PERIOD OF JUNE 2023 TO JUNE 2029

Particulars	Projected Inflows & Outflows										TOTAL Tshs.'000				
	Jun.23 Tshs.'000	Jun.24 Tshs.'000	Jun.25 Tshs.'000	Jun.26 Tshs.'000	Jun.27 Tshs.'000	Jun.28 Tshs.'000	Jun.29 Tshs.'000								
Cash Inflows:															
Sales	8,794,500	10,113,675	11,630,726	13,375,335	15,381,635	17,688,881	20,342,213								97,326,966
Debts collection	648,854	439,725	505,684	581,536	668,767	769,082	884,444								4,498,092
Total cash inflow	9,443,354	10,553,400	12,136,410	13,956,872	16,050,402	18,457,963	21,226,657								101,825,057
Cash outflows:															
Cost of sales	7,915,050	9,102,308	10,467,654	12,037,802	13,843,472	15,919,993	18,307,992								87,594,269
Employees cost	550,800	633,420	728,433	837,698	963,353	1,107,856	1,274,034								6,095,593
Electricity and water	3,600	4,140	4,761	5,475	6,296	7,241	8,327								39,840
Rent	24,316	24,316	24,316	24,500	24,500	24,500	25,000								171,448
Motor vehicle license expenses	2,500	2,700	2,916	3,149	3,401	3,673	3,967								22,307
Motor vehicle running expenses	45,800	52,670	60,571	69,656	80,104	92,120	105,938								506,859
Postage, telephone charges	2,655	3,053	3,511	4,038	4,644	5,340	6,141								29,382
Stationery & printing	5,100	5,865	6,745	7,756	8,920	10,258	11,797								56,441
Auditor remuneration	8,400	9,660	11,109	12,775	14,692	16,895	19,430								92,961

Advertising and Marketing	84,336	96,986	111,534	128,265	147,504	169,630	195,074	933,330
Business License	380	437	503	578	665	764	879	4,205
Contractors Registration Board	5,400	5,670	5,954	6,251	6,564	6,892	7,237	43,967
Meals	56,400	64,860	74,589	85,777	98,644	113,441	130,457	624,167
Uniform expenses	4,200	4,830	5,555	6,388	7,346	8,448	9,715	46,481
Labor charges	9,200	10,580	12,167	13,992	16,091	18,504	21,280	101,815
Transport expenses	84,000	96,600	111,090	127,754	146,917	168,954	194,297	929,611
Travelling & accommodation expenses	78,000	89,700	103,155	118,628	136,422	156,886	180,419	863,210
Interest repayment	15,689	18,042	20,749	23,861	27,440	31,556	36,290	173,627
Cash changes	8,895,826	10,225,838	11,755,310	13,514,343	15,536,974	17,862,951	20,538,272	
Cash Balance at start	547,528	327,563	381,100	442,528	513,428	595,012	688,385	
Cash Balance at end	747,401	1,074,964	1,456,064	1,898,592	2,412,020	3,007,032	3,695,416	