



JIKWAMUE FINANCIAL SERVICES LIMITED

**FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN
30TH JUNE 2018**

JIKWAMUE FINANCIAL SERVICES LIMITED

KIJITONYAMA

DAR ES SALAAM

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30th JUNE 2018

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REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 30TH JUNE 2018**REPORT OF THE DIRECTORS**

In terms of the International Financial Reporting Standards, the Companies Act, 2002, the Directors present their report and audited financial statements for the period ended 30th June 2018. The Directors understand their full responsibility over the information disclosed and the entire financial statements.

INCORPORATION

JIKWAMUE FINANCIAL LIMITED as incorporated in Tanzania and given certificate of Incorporation No. 124718 on 15th March 2016.

PRINCIPAL ACTIVITIES

The company's principal activities are to carry on the business as general commercial company

RESULTS FOR THE PERIOD

The results of the company for the period ended 30th June 2018 are set out on page 9 of the financial statements.

DIVIDEND

The Directors do not recommend the payment of a dividend.

CORPORATE GOVERNANCE

The directors believe that high standards of corporate governance directly influence the organization's stakeholders and investor confidence and they recognize the importance of integrity, transparency and responsibility.

SOLVENCY

The company's state of affairs as at 30 June 2018 is set out on page 6 of these financial statements.

BOARD OF DIRECTORS

The members of the Board of directors at the date of this report and who served during the year were as follow:

Name of directors	Nationality
HEYKAL R. TUMBAO	TANZANIAN
JUDITH ISAYAFUE	TANZANIAN

The directors had the following interests in the shares of the company at the beginning of, during and at the end of the year.

Name	Number of Shares
HEYKAL R. TUMBAO	2400
JUDITH ISAYAFUE	600

EMPLOYEE'S WELFARE

The relationship between employees and management continued to be good, and all matters relating to remuneration, grievance and disciplinary procedures are handled within the context of the respective labor laws and company policy and procedures.

BY ORDER OF THE BOARD

Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 of the company for that year. It also requires the directors to ensure that the company keeps proper accounting records, which disclose with reasonable accuracy at any time, the financial position of company. They are also responsible for safeguarding the assets of the company.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 in the manner required by the Companies Act 2002. 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 and of its operating results. The directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of 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.

Chairman

Date

Director

Date

**DECLARATION OF THE HEAD OF FINANCE OF
JIKWAMUE FINANCIAL SERVICES LIMITED
FOR THE YEAR ENDED 30 JUNE 2018**

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/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page 3.

I **Ombeni Mtui** being the Finance Manager of **Jikwamue Financial services** hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June, 2018 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position **Jikwamue Financial Services** on that date and that they have been prepared based on properly maintained financial records.

Signed by:_____

CPA Mtui Ombeni

Position: **Finance Manager**

NBAA Membership **GA 6423**

Date:

REPORT OF THE INDEPENDENT AUDITOR TO MEMBERS OF JIKWAMUE FINANCIAL SERVICES LIMITED

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of **Jikwamue Financial Services** as at 30th JUNE 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, CAP 212 Act No. 12 of 2002.

What we have audited

The financial statements of Jikwamue Financial Services are set out on pages 10 to 14 comprise:

- The statement of financial position as at 30 June 2018
- The statement of comprehensive income for the year then ended;
- The statement of changes in equity for the year then ended;
- The statement of cash flows for the year then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, CAP 212 Act No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, CAP 212 Act No. 12 of 2002 and for no other purposes.

As required by the Companies Act, CAP 212 Act No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

Signed by;

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Prob associates

Certified Public Accountants

P.O Box

Dar es Salaam

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JIKWAMUE FINANCIAL SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	<u>Notes</u>	<u>Jun-17</u>	<u>Jun-18</u>
ASSETS			
Non Current Assets			
Property Plant and Equipment	5	6,936,250	9,047,500
Total Non Current Assets		6,936,250	9,047,500
Current Assets			
Interest Receivable		3,502,009	20,947,024
Corporate Tax		1,927,500	3,877,500
Outstanding Loans		56,052,200	124,745,004
Unrecovered loan	7	12,149,000	26,700,000
Prepayment	13	5,500,000	5,925,000
Cash and Cash Equivalent	14	3,529,396	7,779,422
Total Current Assets		82,660,105	189,973,950
TOTAL ASSETS		89,596,355	199,021,450
EQUITY AND LIABILITIES			
Capital and Reserve			
Issued & paid Share Capital		80,000,000	134,000,000
Retained Earnings		(1,913,645)	15,622
Total Equity		78,086,355	134,015,622
Long Term Liabilities			
6% Loan From Director		10,000,000	61,500,000
Total long Term Liabilities		10,000,000	61,500,000
Current Liabilities			
Interest Payable		150,000	1,950,000
Corporate Tax Payable		-	1,315,829
Other Payables		1,360,000	240,000
Total Current Liabilities		1,510,000	3,505,829
Total liabilities		11,510,000	65,005,829
TOTAL EQUITY AND LIABILITIES		89,596,355	199,021,450
.....		
DIRECTOR			DATE

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JIKWAMUE FINANCIAL SERVICES LIMITED			
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018			
		<u>Jun-17</u>	<u>Jul-18</u>
Cash Flow from Operating Activities		TSHS	TSHS
Profit (Loss) Before Tax		(1,913,645)	3,245,095
Add: Adjustment for Depreciation		1,801,750	2,360,750
Abnormal Loss		2,320,000	-
Cash Flow from Operation Activities		2,208,105	5,605,845
(Increase)/Decrease in Interest Receivable		(3,502,009)	(17,445,015)
(Increase)/Decrease in Outstanding Loans		(56,052,200)	(68,692,804)
(Increase)/Decrease in Unrecovered Loans		(12,149,000)	(14,551,000)
(Increase)/Decrease in Prepayments		(5,500,000)	(425,000)
Increase/(Decrease) in Interest Payables		150,000	1,800,000
Increase/(Decrease) in Trade & other Payables		1,360,000.00	(1,120,000.00)
		(75,693,209)	(100,433,819)
Total cashflow from operations		(73,485,104)	(94,827,974)
less: Income Tax paid		1,927,500	1,950,000
Prior Year Adjustments			
Net Cash Flow from Operating Expenses	A	(75,412,604)	(96,777,974)
Cash Flows From Investing Activities			
Acquisition of Fixed Assets		(11,058,000)	(4,472,000)
Net cash flow from Investing Activities	B	(11,058,000)	(4,472,000)
Cash Flows From Financing Activities			
Issue of Share Capital		80,000,000	54,000,000
Increase /(Decrease) in Long Term Loan		10,000,000	51,500,000
Net Cash Flow from Financing Activities	C	90,000,000	105,500,000
Net Increase / (Decrease) in Cash & Cash Equivalent	A+B+C	3,529,396	4,250,026
Cash and cash equivalent at the beginning of the period		-	3,529,396
Cash and cash equivalent at the end of the period		3,529,396	7,779,422
.....		
DIRECTOR		DATE	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDE 30th JUNE 2018**1. REPORTING ENTITY**

JIKWAMUE FINANCIAL SERVICES LIMITED COMPANY is a Company domiciled in The United Republic of Tanzania. The financial statements of the Company are for the tenth month period ended 30th June 2018.

2. BASIS OF PREPARATION**a) Statement of compliance**

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards.

b) Basis of measurement

The financial statements are prepared on the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in Tanzanian Shillings (TZS), which is the Company's functional currency.

d) Use of estimates and judgements

The preparation of financial statements are in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

e) Going concern

The financial statement have been prepared on a going concern basis,

3. SIGNIFICANT ACCOUNTING POLICIES**a) Revenue recognition**

Turnover represents the fair invoiced value of services rendered net of value added tax and is recognized when has been rendered to the customer.

b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalue amounts to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment's are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018

Computer and Printers	0.375
Furniture and Fittings	0.125

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

c) Inventories

Inventory is valued at the lower of cost or net realizable value. Cost is calculated on a first-in first-out basis. Where necessary, provision is made for obsolete slow moving and defective stock

d) Employee benefits

(i) Termination benefits

Termination benefits are recognized as an expense in the year when it becomes payable. Termination benefits are determined in accordance with the local labor law.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

e) Cash and cash equivalents

Cash and cash equivalents are carried on the balance sheet at cost. For purpose of cash and cash equivalents comprise of cash on hand and cash in bank.

f) Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. There was none as at 30th June 2017.

g) Foreign exchange transactions

Foreign exchange transactions are translated at the spot rate ruling at the date of transaction. At balance sheet date, monetary items are translated at rates then ruling. Exchange differences accruing on the settlement of monetary items or on the reporting of outstanding monetary items, are brought into account in the income for the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018**d) Trade and Other payables**

Trade and other payable are carried at fair value of the consideration paid in future for the goods or services that have been received or supplied or invoiced or formally agreed with the supplier.

e) Trade and other receivables

Trade receivables are carried at the original valuation (amount recoverable on contract), where as other receivables are carried out at the original invoice amount less the provision for the impairment of them.

f) Translation of foreign currencies

Foreign balances covered by forward exchange contracts have been translated at rates of exchange approximately those ruling at the balance sheet date. Exchange losses arising on the translation of foreign long term monetary items, covered by forward exchange contracts are charged to revenue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30th JUNE 2018**4. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks, investment risk, liquidity risk and the effects of foreign currency exchange rates. The Company's overall risk management programme focuses on the unpredictability of exploration and evaluation outcomes.

(a) Investment risk

Investment risk is the risk of financial loss to the company when general and administrative expenses are not allocated to particular are(s) of interest hence written off as incurred.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

All liquidity policies and procedures are subject to review and approval by the Company's Board of Directors.

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollars. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

Foreign currency risk management

The Company has internal procedures put in place that assists the Company to hedge foreign currency exchange exposure by ensuring that for all business transactions denominated in a specific foreign currency, payment from the client is received in the foreign currency or at an agreed conversion rate approved by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30th JUNE 2018**(iii) Capital management**

Return on capital defined as: profit for the year after tax divided by total shareholders' equity.

There were no changes in the Company's approach to capital management during the year.

JKWAMUE FINANCIAL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2018

NOTE					
5	PROPERTY PLANT AND EQUIPMENT				
	PARTICULARS	COMPUTERS	PRINTERS	FURNITURE & FITTINGS	TOTAL
		37.50%	37.50%	12.50%	
	Cost as at 01/07/2017	2,000,000	838,000	5,900,000	8,738,000
	Additional during the period	-	-	4,472,000	4,472,000
	Disposal During the period	-	-	-	-
	Cost as at 30/06/2017	2,000,000	838,000	10,372,000	13,210,000
	Depreciation for the period	750,000	314,250	1,296,500	2,360,750
	Accumulated Depreciation to 30/06/2017	750,000	314,250	737,500	1,801,750
	Accumulated Depreciation as at 30/06/2018	1,500,000	628,500	2,034,000	4,162,500
	NBV as at 30.06.2018	500,000	209,500	8,338,000	9,047,500
6	INTEREST INCOME				
	Interest Received	38,747,412			
	Interest Receivable	20,947,024			
		59,694,436			
7	Loan Unrecovered	49,500,000			
	Less : Bad Debts written off	22,800,000			
	Loan unrecovered	26,700,000			
8	INTEREST EXPENSE				
	Interest Paid	1,740,000			
	Interest Payable	1,950,000			
		3,690,000			
9	OTHER INCOME				
	Loan Fee	5,736,150			
	Processing Fee	2,353,250			
	Insurance	1,473,725			
		9,563,125			
10	DIRECT EXPENSES				
	Commission	1,600,000			
11	STAFF EXPENSES				
	NSSF CONTRIBUTION	1,687,833			
	SDL	999,000			
	WCF	160,783			
	SALARY	16,878,333			
		19,725,949			
12	GENERAL AND ADMINISTRATION EXPENSES				
	ELECTRICITY & WATER	303,700			
	MINOR REPAIR	2,017,450			
	SECURITY	2,430,000.00			
	FUEL & GAS	302,000			
	CONSULTANCY	1,230,000			
	LICENCE AND REGISTRATION	150,000			
	TELEPHONE & INTERNET	242,000			
	RENT	5,375,000			
	OTHER EXPENSES	950,000			
	PENALTIES	1,141,000			
	STATIONERIES	555,000			
	ABNORMAL LOSSES	-			
	DEPRECIATION	2,360,750			
		17,056,900			

13	FINANCE CHARGES				
	Bank Charges	263,617			
	Mobile Transaction Charges	876,000			
	TOTAL	1,139,617			
14	PREPAYMENTS (RENT)	5,925,000			
15	CASH AND CASH EQUIVALENT				
	Cash at Bank	6,400,422			
	Cash in Hand	1,379,000			
	Cash in Tigo Pesa	-			
	Cash in M-Pesa	-			
		7,779,422			
16	OTHER PAYABLES				
	Insurance Payable	-			
	Withholding Tax Payable	240,000			
		240,000			
17	<u>Tax Computations</u>				
	Declared income before tax	3,245,095			
	Add back: Non allowable Deductions				
	Depreciation	2,360,750			
	Fines and penalties	1,141,000			
		6,746,845			
	Less: Allowable deductions				
	Depreciation (TRA Pools)	2,360,750			
	Recalculated Income	4,386,095			
	Income Tax for the period	1,315,829			