

ANNUAL ACCOUNTS

**M/S BARAKA AGRIBUSINESS DEVELOPMENT
SERVICES COMPANY LIMITED**

P. O. BOX 8812

DAR ES SALAAM

FINANCIAL STATEMENTS

FOR

THE YEAR ENDED

31ST DECEMBER 2018



PROBS ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS AUDITORS

P.O.BOX 20475, DAR ES SALAAM, TANZANIA

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**M/S BARAKA AGRIBUSINESS DEVELOPMENT
SERVICES COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2018**



M/S BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED
Annual report and financial statements
For the year ended 31st December, 2018

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The following information does not form part of the financial statements:

Tax computation

Appendix 1



M/S BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

Company information's

For the year ended 31st December, 2018

Board of the director

| Names | Nationality |
|-----------------------|--------------------|
| Abbas Amine | Lebanese |
| Frank Elia Mapunda | Tanzanian |
| Ahmad Mahmoud Ghaddar | Tanzanian |

Registered Office

Plot no. 10, Keko mwanga industrial area
Temeke, Dar es Salaam
Tanzania

Independent Accountant

Probs Associates
Accountant and Auditor
Morogoro road/Indira gadhi
Plot no. 2006-7 block 93
P.O Box 20475
Dar es Salaam
Tanzania



M/S BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

Report of Directors

For the year ended 31st December, 2018

The directors submit their annual report together with the financial statements for the year ended 31st December, 2018 which discloses the state of affairs of the company.

Incorporation

The company is domiciled in Tanzania where it is incorporated as a private company limited by shares under the Tanzania Companies Act 2002. The address of the registered office is set out on page 1.

Principal activities

The Principal activity of the company is manufacture of animal feeds.

Result of dividends

The Loss for the year was T.shs. (29,436,171) has been transferred to accumulated profit/losses. The directors do not recommend the declaration of a dividend for the year.

Capital structure and cash flows

The capital structure of the company is outlined in Note: 9

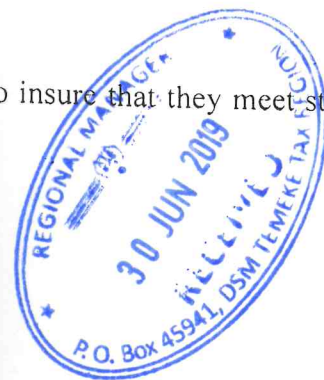
Financial risk management objectives and policies

To ensure its financial stability and profitability, the company has implemented policies and practices for a sound and prudent management and control of the principal financial risks to which it is exposed.

The Company's overall risk management programmed focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance.

Employee's welfare

The company's employment terms are reviewed annually to insure that they meet statutory and market condition.



M/S BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED
Report of directors
For the year ended 31st December, 2018

Related Party Transactions

Transactions with related parties during the year were in normal course of business.

Disabled Persons

It remains the company's policy to accept disabled persons for employments for those vacancies that they are able to fill.

Directorate

The directors who held office during the year and the date of this report are set out on page no.1

Auditor

M/S Probs Associates have indicated their willingness to continue in office in accordance with the Companies Act. A motion will be propose at the Annual Meeting that, they be re-appointed and their remuneration be fixed by the Directors.

BY ORDER OF THE BOARD

Ahmad Mahmoud Ghaddar



Ahmad Mahmoud Ghaddar
Managing Director

Dar es Salaam _____, 2019



M/S BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED
Statement of Directors responsibilities
For the year ended 31st December, 2018

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

The directors accept responsibility for the preparation and fair presentation of financial statement that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- i) Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements:
- ii) Selecting and applying appropriate accounting policies : and
- iii) Making accounting estimates and judgments that are reasonable in the circumstances.

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, 2018 and of its profit and cash flows for the ear then indeed in accordance with the International Financial Report for Small and Medium-size entities and the requirements of the Tanzania Companies Act 2002.

Approved by board of the director on _____, 2019 and signed on its behalf by



Ahmad Mahmoud Ghaddar
Executive Director



M/S BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED
Declaration of the Independent Accountant For the year ended 31st December 2018

The National Board of Accountant 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 of the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statement rests with the Board of Directors Responsibility statement on an earlier page.

I, Julian J. Mutunzi being the Independent Accountant of Baraka Agribusiness Development Services Company Limited hereby acknowledges my responsibility of ensuring that financial statements for the year ended 31st December, 2018 have been prepared in compliance with the International Financial Reporting Standard for Small and Medium-size Entities and statutory requirements.

I thus confirm that the financial statement give a true and fair view position of Baraka Agribusiness Development Services Limited as on that date and that they have been prepared based on properly maintained financial records.

CPA-Julian J. Mutunzi
Independent Reviewer

NBAA Membership No. ACPA 2283



M/S BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED
Independent Auditors report to the members of M/S BARAKA AGRIBUSINESS
DEVELOPMENT SERVICES COMPANY LIMITED
For the year ended 31st December, 2016

Report on the financial statements

We have reviewed the accompanying financial statements of M/S BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED base on information you have provide. These financial statements comprise the statement of financial position as at 31st December, 2018, statement of comprehensive income, statement of changes in equity, and cash flows for the year then ended, and a summary of significant accounting and other explanatory information.

Management's responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the Tanzania Companies Act 2002, 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.

Auditors, responsibility

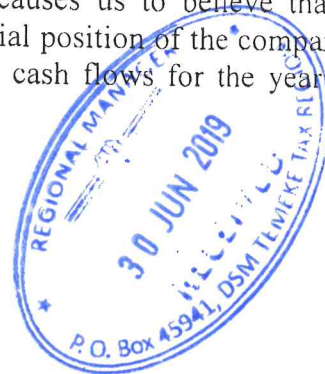
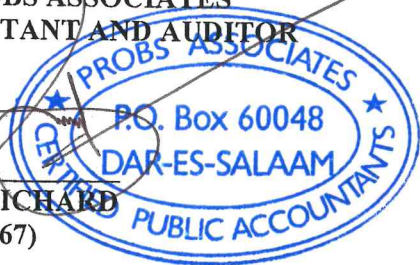
Our responsibility is to express an independent opinion on these financial statements based on our review. We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and reform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement.

Opinions

Based on our review, nothing has come to our attention that causes us to believe that the financial statements, do not give a true and fair view of the financial position of the company as of 31st December, 2018 and of the results, its operations and its cash flows for the year then ended.

FOR PROBS ASSOCIATES
ACCOUNTANT AND AUDITOR

ALLEN RICHARD
(ACPA 2067)



Date

Place: Dar es Salaam

BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2018

| | <u>NOTES</u> | <u>2018</u> <u>T.SHS</u> |
|--|--------------|-----------------------------|
| <u>ASSETS</u> | | |
| <u>Non-current Assets</u> | | |
| Property ,Plant & Equipment | 4 | 208,225,084 |
| <u>Current Assets</u> | | |
| Inventory | 5 | - |
| Taxation | | 1,785,000 |
| Trade & Other Receivables & Deposits | 6 | 91,537,753 |
| Cash & Cash Equivalents | 7 | 121,037,434 |
| | | <u>214,360,187</u> |
| Total Assets | | <u><u>422,585,271</u></u> |
| <u>EQUITY & LIABILITIES</u> | | |
| <u>Capital & Reserves</u> | | |
| Share Capital | 8 | 350,000,000 |
| Retained Earnings | | (29,436,171) |
| | | <u>320,563,829</u> |
| <u>Current Liabilities</u> | | |
| Trade & Other Payables | 9 | 102,021,443 |
| | | <u>102,021,443</u> |
| Total Equity & Liabilities | | <u><u>422,585,271</u></u> |



DIRECTOR



BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2018

| | <u>NOTES</u> | <u>2018</u> <u>T.SHS.</u> |
|--------------------------------------|--------------|------------------------------|
| Revenue | | - |
| Cost Of Sales | 10 | - |
| <u>Operating Expenses</u> | | |
| Administrative Cost | 11 | 27,716,514 |
| Finance Cost | 12 | 1,512,053 |
| | | <u>29,228,567</u> |
| ADD : Exchange Gain / (Loss) | | <u>(207,604)</u> |
| Net Profit/(loss) Before Tax | | <u>(29,436,171)</u> |
| ADD: Balance brought forward | | - |
| | | <u>(29,436,171)</u> |
| LESS: Provisional Tax for prior Year | | - |
| | | <u>(29,436,171)</u> |
| LESS: Provisional Tax for the Year | | - |
| Retained Earnings | | <u>(29,436,171)</u> |



BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER, 2018

| | 2018 |
|--|-----------------------------|
| | <u>T. SHS.</u> |
| <u>CASHFLOW FROM OPERATING ACTIVITIES</u> | |
| Profit/(Loss) for the year before Tax | (29,436,171) |
| <u>ADJUSTMENT FOR ITEMS NOT INVOLVING MOVEMENT OF FUND</u> | |
| Depreciation | 853,125 |
| NET CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL | <u>(28,583,046)</u> |
| <u>CHANGE IN WORKING CAPITAL ITEMS:</u> | |
| Decrease/(Increase) In Inventory | - |
| (Decrease)/increase in Trade & Other Payables | 102,021,443 |
| Decrease/ (Increase) in Trade & Other Receivables | <u>(91,537,753)</u> |
| | 10,483,690 |
| TAX PAID FOR THE YEAR | - |
| TAX PAID FOR PRIOR YEAR | 1,785,000 |
| NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES | <u><u>1,785,000</u></u> |
| <u>INVESTING ACTIVITIES</u> | |
| Acquisition of Fixed Assets | - |
| Disposal of fixed assets | (209,078,209) |
| NET CASH PROVIDED/(USED) IN INVESTMENT ACTIVITIES | <u><u>(209,078,209)</u></u> |
| <u>FINANCING ACTIVITIES</u> | |
| Capital Introduced | 350,000,000 |
| NET CASH PROVIDED/(USED) IN FINANCIAL ACTIVITIES | <u><u>350,000,000</u></u> |
| <u>INCREASE/(DECREASE) IN CASH & EQUIVALENTS</u> | |
| NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT | 121,037,435 |
| CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR | - |
| CASH & CASH EQUIVALENT AT THE YEAR END | <u><u>121,037,435</u></u> |



BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2018

| | SHARE CAPITAL | RETAINED EARNINGS | TOTAL T.SHS |
|---|------------------|----------------------|----------------|
| Balance as at 1.1.2018 | 350,000,000 | - | 350,000,000 |
| Changes in accounting policy | - | - | - |
| Changes in equity | - | - | - |
| Restated balance | 350,000,000 | - | 350,000,000 |
| Profit/(Loss) for the period (net of taxes) | | (29,436,171) | (29,436,171) |
| Balance as at 31.12.2018 | 350,000,000 | (29,436,171) | 320,563,829 |



BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

1 General Information

Baraka Agribusiness Development services Co Ltd (the Company) is incorporated in Tanzania under the Tanzanian Companies Act, 2002 as a private company limited by shares, and is domiciled in Tanzania. The principal place of business is Vingunguti Industrial Area, Vingunguti. The principal activities of the company is of manufacturing of animal feed.

2 Basis of preparation and summary of significant accounting policies

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. They are presented in Tanzania Shillings (TShs). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

The transition to IFRS for SMEs has no significant effect on the statement of financial position, statement of comprehensive income and accounting policies. Therefore figures have not been restated during this transition.

Revenue recognition

Revenue from sales of services is recognised when the services are rendered. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value added tax (VAT) collected on behalf of the government of Tanzania.

Translation of foreign currencies

All transactions in foreign currencies are initially recorded in Tanzania Shillings, using the spot rate at the date of the transaction. Foreign currency monetary items at the statement of financial position date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in the statement of comprehensive income.

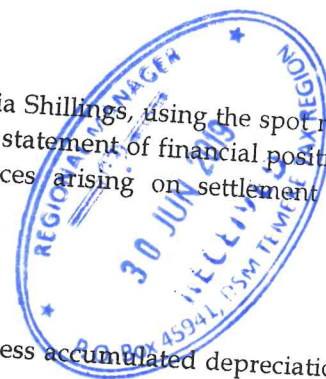
Property, Plant & Equipment

All categories of furniture and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance is charged to the statement of comprehensive income in the year to which it relates.

Depreciation is calculated using the reducing line method. The the following are the depreciation annual rates:

| | |
|-------------------------|------|
| Furniture and equipment | % |
| Office Equioment | 12.5 |
| Motor Vechicle | 12.5 |
| Computer & Accessories | 25.0 |
| | 37.5 |



BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

2 Basis of preparation and summary of significant accounting policies (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains and losses on disposal of Property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Intangible assets

Intangible assets are purchased computer software that is stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortised over its estimated life of three years using the reducing line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

Financial assets

Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of comprehensive income.

Financial liabilities

Financial liabilities are initially recognised at the transaction price (including transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

Retirement benefit obligations

The company and the employees contribute to the National Social Security Fund, a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the statement of comprehensive income in the year to which they relate.

Income tax

Income tax expense is the aggregate of the charge to the statement of comprehensive income in respect of current income tax and deferred income tax.

BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

2 Basis of preparation and summary of significant accounting policies (continued)

Current income tax

The tax currently payable is based on taxable profit for the year, determined in accordance with the Tanzanian Income Tax Act.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand, net of bank overdraft and demand deposits.

3 Key sources of estimation/uncertainty

In the process of applying the accounting policies adopted by the company, the directors make certain estimates and judgements that may affect the carrying values of assets and liabilities in the next financial period. Such estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate such estimates and judgements at each financial reporting date to ensure that they are still believed to be reasonable under the prevailing circumstances based on the information available.

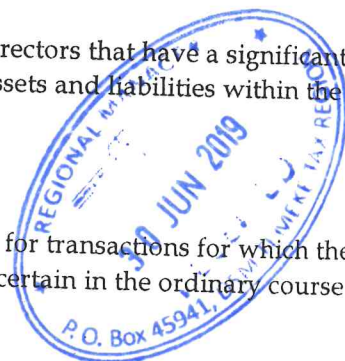
Critical accounting estimates and judgements made by the directors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

i) **Income taxes:**

Estimates made in determining the income tax expense for transactions for which the ultimate determination of the income tax expense is uncertain in the ordinary course of business.

ii) **Impairment losses:**

Estimates made in determining the impairment losses on financial assets and receivables. Such estimates include the determination of the net realisable value or the recoverable amount of the asset. Moreover, in determining whether an impairment loss should be recognised in the statement of comprehensive income for receivables or financial assets, judgement is made as to whether there is a measurable decrease in the estimated future cash flows of any receivable or financial asset.



BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS.

4) Property, Plant & Equipment

The Property, Plant & Equipment held by the company are initially recorded at cost. Depreciation is provided by using reducing balance method. A provision for impairment is established wherever there is an objective indication that there has been a material impairment on that particular asset. Applicable depreciation rate used are as follows:-

| | | | |
|---------------------|--------|--------|--------|
| Furniture & fitting | 12.50% | Engine | 37.50% |
| Motor Vehicles | 25.00% | | |

| ITEM | BALANCE AS AT 1.1.2018 | ADDITIONS | SUB TOTAL | DEPRECIATION | BALANCE AS AT 31.12.2018 |
|-------------------|---------------------------|-----------|--------------------|----------------|-----------------------------|
| Plant & Machinery | 199,978,209 | - | 199,978,209 | - | 199,978,209 |
| Motor Vehicles | 9,100,000 | - | 9,100,000 | 853,125 | 8,246,875 |
| TOTAL | 209,078,209 | - | 209,078,209 | 853,125 | 208,225,084 |

5) Inventories

Inventories are stated at the lower of cost and net realisable value. This is determined by the Proprietor. The amount determined is Tshs -

6) Trade & Other Receivables & Deposits

Outstanding amounts from debtors are carried at invoice amount less provision for impairment. A provision for impairment is established where there is an objective evidence that the company will not be able to collect all amounts due according to the terms of the receivables. The amount of provision is the difference between the carrying amount and the receivable amount.

| | |
|------------------------|----------------------|
| | 2018 |
| | <u>T.SHS.</u> |
| Trade Recicevables | 309,750 |
| Prepayment - Insurance | 91,228,003 |
| Advance to supplier | <u>91,537,753</u> |

7) Cash & Cash Equivalent

| | |
|--------------|--------------------|
| Cash In Hand | 118,479,585 |
| Cash at Bank | 2,557,849 |
| | <u>121,037,434</u> |



BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

2018
T.SHS.

8) Capital & Liabilities

Capital Account

AUTHORISED SHARE CAPITAL

35,000 Shares of T.Shs. 10,000/= each

350,000,000

ISSUED & FULLY PAID UP CAPITAL

35,000 Shares of T.Shs. 10,000/= each

350,000,000

9) Trade & Other Payables

Trade & Other Payables include:-

Accrued charges

780,000

Trade Payables

101,241,443

102,021,443

10) Cost of sales

Opening stock

Add: Purchases & other direct related costs

Cost of goods available for sale

Less: Closing inventory

Cost of goods sold



BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

| | 2018 |
|---------------------------------|-------------------|
| | <u>T.SHS.</u> |
| <u>11) Administrative Cost</u> | |
| Accountancy Fees | 700,000 |
| Business Licence & Registration | 7,108,600 |
| Depreciation | 853,125 |
| Insurance | 61,950 |
| NSSF | 40,000 |
| Office Expense | 3,697,679 |
| OSHA | 626,000 |
| Printing & Stationery | 1,240,500 |
| Repair & Maintenance | 175,000 |
| Rent | 12,358,140 |
| Salaries & Wages | 400,000 |
| Skills & Development Levy | 18,000 |
| Stamp Duty | 310,920 |
| TIC Exp | 122,600 |
| Workers Compensation Fund | 4,000 |
| | <u>27,716,514</u> |

12) Finance Cost:

| | |
|-------------------------|------------------|
| Bank Charges & Interest | <u>1,512,053</u> |
|-------------------------|------------------|



BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

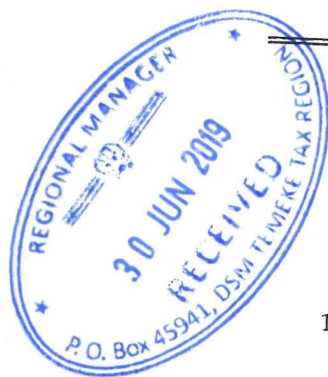
INCOME TAX COMPUTATION FOR THE YEAR OF INCOME 2018
ACCOUNTING TO 31ST DECEMBER 2018

| | | |
|-------------------------------------|---------|---------------------|
| Profit/ (Loss) as per Accounts | | <u>T.SHS.</u> |
| <u>ADD BACK:</u> Depreciation | | (29,436,171) |
| Donation | 853,125 | |
| | - | <u>853,125</u> |
| | | (28,583,046) |
| <u>LESS:</u> Depreciation Allowance | | |
| ADJUSTED TAXABLE PROFIT | | <u>853,125</u> |
| | | <u>(29,436,171)</u> |

Corporation Tax 30% on T.Shs. (29,436,171)

POSITION OF TAXATION

| | |
|--|------------------|
| Balance brought forward | - |
| Corporate Tax as above | - |
| <u>LESS:</u> Provisional Tax paid for the Year | 1,200,000 |
| Efd Machine | 585,000 |
| Withholding tax paid during the year | - |
| Tax recoverable | - |
| | <u>1,785,000</u> |



DEPRECIATION ALLOWANCE AS PER 3RD SCHEDULE

| | <u>CLASS II</u> | <u>CLASS III</u> | <u>TOTAL</u> |
|-------------------------------|--------------------|------------------|--------------------|
| | <u>12.50%</u> | <u>25.00%</u> | <u>T.SHS.</u> |
| W.D.V as at 1.1.2018 | - | - | - |
| <u>ADD:</u> Additions | 199,978,209 | 9,100,000 | 209,078,209 |
| | <u>199,978,209</u> | <u>9,100,000</u> | <u>209,078,209</u> |
| <u>LESS:</u> Annual Allowance | - | 853,125 | 853,125 |
| W.D.V as at 31.12.2018 | <u>199,978,209</u> | <u>8,246,875</u> | <u>208,225,084</u> |