

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 2019

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, 2019**



M/S BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED
Annual report and financial statements
For the year ended 31st December, 2019

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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, 2019

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, 2019

The directors submit their annual report together with the financial statements for the year ended 31st December, 2019 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. (162,242,041) 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

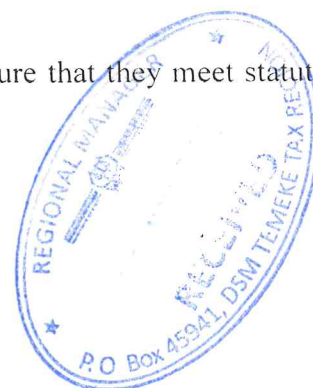
Financial risk management objectives and policies

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, 2019

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

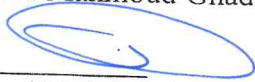
The directors who held office during the year and the date of this report are set out on page no.1

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 _____, 2020



M/S BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED
Statement of Directors responsibilities
For the year ended 31st December, 2019

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, 2019 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 _____, 2020 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 2019

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, 2019 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

Date



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, 2019

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, 2019, 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

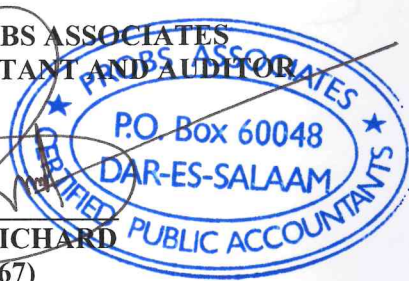
Our responsibility is to express an independent opinion on these financial statements based on our review. We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and reform the review to obtain moderate assurance as to whether 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, 2019 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)



Place: Dar es Salaam

BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED, 31ST DECEMBER 2019

	<u>NOTES</u>	2019 <u>T.SHS.</u>	2018 <u>T.SHS</u>
Revenue		-	-
Cost Of Sales	10	-	-
<u>Operating Expenses</u>			
Administrative Cost	11	160,714,181	27,716,514
Finance Cost	12	875,150	1,512,053
Net Profit/(loss) Before Tax		<u>161,589,331</u>	<u>29,228,567</u>
ADD: Exchange Gain/(Loss)		(161,589,331)	(29,228,567)
		(652,710)	(207,604)
ADD: Balance brought forward		<u>(162,242,041)</u>	<u>(29,436,171)</u>
		(29,436,171)	-
LESS: Provisional Tax for prior Year		<u>(191,678,212)</u>	<u>(29,436,171)</u>
		-	-
LESS: Provisional Tax for the Year		<u>(191,678,212)</u>	<u>(29,436,171)</u>
Retained Earnings		<u>(191,678,212)</u>	<u>(29,436,171)</u>



BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>2019</u>	<u>2018</u>
	<u>T. SHS.</u>	<u>T.SHS.</u>
<u>CASHFLOW FROM OPERATING ACTIVITIES</u>		
Profit/(Loss) for the year before Tax	(162,242,041)	(29,436,171)
<u>ADJUSTMENT FOR ITEMS NOT INVOLVING MOVEMENT OF FUND</u>		
Depreciation	86,139,058	853,125
<u>NET CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL</u>	<u>(76,102,983)</u>	<u>(28,583,046)</u>
<u>CHANGE IN WORKING CAPITAL ITEMS:</u>		
Decrease/(Increase) In Inventory	(145,379,152)	-
(Decrease)/increase in Trade & Other Payables	73,882,339	102,021,443
Decrease/ (Increase) in Trade & Other Receivables	64,974,950	(91,537,753)
	<u>(6,521,863)</u>	<u>10,483,690</u>
TAX PAID FOR THE YEAR	1,200,000	1,785,000
TAX PAID FOR PRIOR YEAR	-	-
<u>NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES</u>	<u>1,200,000</u>	<u>1,785,000</u>
<u>INVESTING ACTIVITIES</u>		
Acquisition of Fixed Assets	(26,936,660)	(209,078,209)
Disposal of fixed assets	-	-
<u>NET CASH PROVIDED/(USED) IN INVESTMENT ACTIVITIES</u>	<u>(26,936,660)</u>	<u>(209,078,209)</u>
<u>FINANCING ACTIVITIES</u>		
Capital Introduced	-	350,000,000
<u>NET CASH PROVIDED/(USED) IN FINANCIAL ACTIVITIES</u>	<u>-</u>	<u>350,000,000</u>
<u>INCREASE/(DECREASE) IN CASH & EQUIVALENTS</u>		
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	(110,761,506)	121,037,435
CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	121,037,435	-
<u>CASH & CASH EQUIVALENT AT THE YEAR END</u>	<u>10,275,929</u>	<u>121,037,435</u>



BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2019.

	SHARE CAPITAL	RETAINED EARNINGS	TOTAL T.SHS
Balance as at 1.1.2019	350,000,000	(29,436,171)	320,563,829
Changes in accounting policy	-	-	-
Changes in equity	-	-	-
Restated balance	350,000,000	(29,436,171)	320,563,829
Profit/(Loss) for the period (net of taxes)		(162,242,041)	(162,242,041)
Balance as at 31.12.2019	350,000,000	(191,678,212)	158,321,788



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	12.5
Office Equipments	12.5
Car & Motor Vehicles	25
Computer & Printers	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.

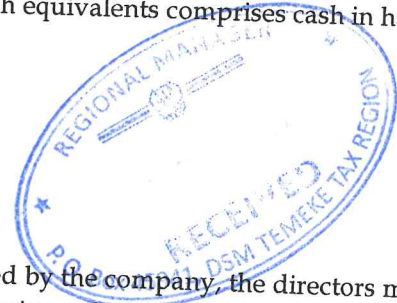
Critical accounting estimates and judgements made by the directors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

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

	2019 <u>T.SHS.</u>	2018 <u>T.SHS</u>
8) Capital & Liabilities		
Capital Account		
<u>AUTHORISED SHARE CAPITAL</u>		
35,000 Shares of T.Shs. 10,000/= each	<u>350,000,000</u>	<u>350,000,000</u>
<u>ISSUED & FULLY PAID UP CAPITAL</u>		
35,000 Shares of T.Shs. 10,000/= each	<u>350,000,000</u>	<u>350,000,000</u>
9) Trade & Other Payables		
Trade & Other Payables include:-		
Accrued charges	2,583,800	780,000
Trade Payables	<u>173,319,982</u>	<u>101,241,443</u>
	<u>175,903,782</u>	<u>102,021,443</u>
10) Cost of sales		
Opening stock	-	-
Add: Purchases & other direct related costs	<u>145,379,152</u>	-
Cost of goods available for sale	145,379,152	-
Less: Closing inventory	<u>145,379,152</u>	-
Cost of goods sold	<u>-</u>	<u>-</u>



BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

	2019	2018
	<u>T.SHS.</u>	<u>T.SHS.</u>
<u>11) Administrative Cost</u>		
Accountancy Fees	700,000	700,000
Advertisement	708,000	-
Business Licence & Registration	3,330,000	7,108,600
Cleaning Exp	112,000	-
Depreciation	86,139,058	853,125
Electricity & Water	7,318,200	-
Fire & Rescue	455,600	-
Fuel Exp	798,300	-
Insurance Charges	1,678,659	61,950
NSSF	2,985,000	40,000
Office Expenses	3,619,570	3,697,679
OSHA	590,000	626,000
Printing & Stationery	157,229	1,240,500
Repairs & Maintenance	120,000	175,000
Rent	18,314,840	12,358,140
Salaries & Wages	29,850,000	400,000
Skills & Development Levy	1,343,250	18,000
Stamp Duty	-	310,920
Transport & Travelling	2,195,975	-
TIC Exp	-	122,600
Workers Compensation Fund	298,500	4,000
	<u>160,714,181</u>	<u>27,716,514</u>
 <u>12) Finance Cost</u>		
Bank Charges & Interest	<u>875,150</u>	<u>1,512,053</u>



BARAKA AGRIBUSINESS DEVELOPMENT SERVICES COMPANY LIMITED

INCOME TAX COMPUTATION FOR THE YEAR OF INCOME 2019
ACCOUNTING TO 31ST DECEMBER 2019

Profit/(Loss) as per Accounts		T.SHS.
<u>ADD BACK:</u> Depreciation	86,139,058	(162,242,041)
Donation	-	86,139,058
		<u>(76,102,983)</u>
<u>LESS:</u> Depreciation Allowance		86,139,058
ADJUSTED TAXABLE PROFIT		<u>(162,242,041)</u>

Corporation Tax 30% on T.Shs. (162,242,041)



POSITION OF TAXATION

Balance brought forward	1,785,000
<u>LESS:</u> Corporate Tax as above	-
	<u>1,785,000</u>
<u>ADD:</u> Provisional Tax paid for the Year	1,200,000
Withholding tax paid during the year	-
Tax recoverable	<u>2,985,000</u>

DEPRECIATION ALLOWANCE AS PER 3RD SCHEDULE

	CLASS I	CLASS II	CLASS III	TOTAL
	37.50%	25.00%	12.50%	T.SHS.
W.D.V as at 1.1.2019	199,978,209	8,246,875	-	208,225,084
<u>ADD:</u> Additions	22,873,715	-	4,062,945	26,936,660
	<u>222,851,924</u>	<u>8,246,875</u>	<u>4,062,945</u>	<u>235,161,744</u>
<u>LESS:</u> Annual Allowance	83,569,472	2,061,719	507,868	86,139,058
W.D.V as at 31.12.2019	<u>139,282,453</u>	<u>6,185,156</u>	<u>3,555,077</u>	<u>149,022,686</u>