

**M/S MOUNT MERU MILLERS LIMITED**  
**P.O. Box 7094**  
**Arusha**  
**Annual Report 2020**

**Mount Meru Millers Limited**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020**

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**Mount Meru Millers Limited**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020**

**CORPORATE INFORMATION**

**Board of Directors**

<b><u>Name</u></b>	<b><u>Nationality</u></b>
Mr. Arvind Kumar Mittal	Indian
Mr. Atul Mittal	Tanzanian

**Registered Office of the Company**

Plot No. 17,  
Themu Industrial Area  
P.O. Box 7094,  
Arusha  
Tanzania

**Auditors**

Baker Tilly DGP & Co.,  
Certified Public Accountants  
P. O. Box 1314,  
Dar Es Salaam  
Tanzania

**Company Secretary**

DGP Management Consultants  
P. O. Box 1314,  
Dar Es Salaam  
Tanzania

**Bankers**

National Microfinance Bank PLC  
P.O Box 9213  
Dar es Salaam  
Tanzania

**DIRECTORS' REPORT FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2020**

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1. The Directors have the pleasure of submitting their report together with the audited financial statements for the financial year ended on 31<sup>st</sup> December 2020, which disclose the state of affairs of the company.

**2. INCORPORATION**

The company was incorporated on 2<sup>nd</sup> November 1998 in Tanzania under the Companies Act, 2002 as a company limited by shares, and is domicile in Tanzania. The address of the registered office is set out on page 1.

**3. PRINCIPAL ACTIVITIES**

The principal activities of the company are to crush Sunflower seeds, Refining Crude Oil and selling of edible Sunflower Oil and Animal meal products.

**4. DIRECTORS OF THE COMPANY**

The Directors of the company at the date of this report all of whom have served the board from 1<sup>st</sup> January 2020 are:

<u>Name</u>	<u>Nationality</u>
Mr. Arvind Kumar Mittal (Director)	Indian
Mr. Atul Mittal (Director)	Tanzanian

**5. CORPORATE GOVERNANCE**

The Board of Directors consists of two directors. Directors are involved in day to day operations of the Company. The Board takes overall responsibility for the Company, including responsibility of identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

**6. FUTURE PLANS**

Annual strategic plans are developed and revised as needed to provide operating management with the guidance and direction for assuring business goals and targets are met.

**7. COMPANY SHAREHOLDING**

As at 31<sup>st</sup> December 2020, the company had the following shareholders:-

<b>Name</b>	<b>No. Of Share</b>	<b>31<sup>st</sup> December 2020</b>	
		<b>Nominal value Tzs "000"</b>	<b>Shareholding %</b>
Mr. Tarseemchand Aggrawal	3,000	300,000	20
Mrs. Kantadevi Mittal	3,000	300,000	20
Mr. Arvind Mittal	3,000	300,000	20
Mr. Atul Mittal	6,000	600,000	40
<b>Total</b>	<b>15,000</b>	<b>1,500,000</b>	<b>100</b>

**8. FINANCIAL RESULTS**

The financial results for the year are presented in page 10.

**DIRECTORS' REPORT FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2020**

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**9. DIVIDEND**

The Directors of the company do not recommend dividends for current period.

**10. RISK MANAGEMENT AND INTERNAL CONTROL**

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operations control systems are developed and maintained on an ongoing basis.

The Company's internal control system is designed to provide the Board with reasonable assurance that the procedures in place are operating efficiently.

The Board assessed the internal control systems throughout the financial period ended 31<sup>st</sup> December 2020 and is of the opinion that they met accepted criteria.

**11. SOLVENCY**

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis on the assumption that the company will continue its activities for the foreseeable future and the shareholders will extend their support as and when required.

**12. EMPLOYEE WELFARE**

**a) Management and employees relationship**

The Company is an equal opportunity employer and provides equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regards to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

**b) Person with disabilities**

The Company has an inclusive, non-discriminatory hiring policy and strives to accommodate the reasonable requirements of its staff.

**13. RELATED PARTY TRANSACTIONS**

The Company had transactions with its related parties during the period. All these transactions were carried out at an arm's length and the details are provided in the note 24 of the notes to the financial statements.

**14. POLITICAL AND CHARITABLE DONATIONS**

During the period, the company had made donations towards schools food program support. No donations or contributions made to political and charitable institution.

**15. AUDITORS**

The auditors, M/S Baker Tilly DGP & Co, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing their re-appointment as auditors of the Company for the year 2021 will be put to the annual general meeting.


**MOUNT MERU MILLERS LIMITED**  
**P.O. Box 7094, ARUSHA**

**DIRECTORS' REPORT FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2020**

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**16. ACKNOWLEDGEMENT**

Your Directors wish to place on records, their sincere thanks and deep sense of appreciation for the overwhelming co-operation and assistance received from the Government of Tanzania, the Tanzania Revenue Authority, various other Government Organizations and the bankers of the company. The management looks forward for the continued support from all.

  
\_\_\_\_\_  
Director  
Name: Arvind Kumar Mittal  
Dar Es Salaam  
Date

  
\_\_\_\_\_  
Director  
Name: Atul Mittal

**MOUNT MERU MILLERS LIMITED**  
**P.O. Box7094, Arusha**

**STATEMENT OF DIRECTORS' RESPONSIBILITY**  
**FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2020**

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**STATEMENT OF DIRECTORS' RESPONSIBILITY**


The Tanzanian Companies Act 2002 requires the Directors to prepare financial statements for 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 Statement of comprehensive income for that year. It also requires the directors to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The Directors accept responsibility for the preparation and fair presentation of these financial statements, which are free from material misstatement whether due to fraud or error, that have been prepared in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act 2002. 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 31 December 2020 and of its financial performance and cash flows for the period then ended in accordance with General Accounting Standards and the requirements of the Tanzanian Companies Act, 2002.

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.

  
\_\_\_\_\_  
Director  
Name: Arvind Kumar Mittal  
Dar Es Salaam  
Date

  
\_\_\_\_\_  
Director  
Name: Atul Mittal  
Dar Es Salaam

**DECLARATION OF THE HEAD OF ACCOUNTING / FINANCE**


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

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

Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under paragraph of Responsibilities of the Authorized Representatives on an earlier page.

I, Sandeep Ghose being the Chief Financial Officer of Mount Meru Millers Limited hereby acknowledge my responsibility of ensuring that financial statements for the period ended 31<sup>st</sup> December 2020 has 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 of Mount Meru Millers Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by:   
Position: Head of Finance  
NBAA Membership No.: 0195.  
Date: 02/06/2021

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF  
MOUNT MERU MILLERS LIMITED****Opinion**

We have audited the financial statements of Mount Meru Millers Limited (the Company), which comprise the Statement of Financial Position as at 31<sup>st</sup>December 2020, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31<sup>st</sup>December 2020 and of its financial performance and its cash flows for the year then ended in accordance with 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 National Board of Accountants and Auditors (Code of Ethics) By - Laws, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter**

We draw attention to:

1. The management confirms continued existence, usage and valuation of the fixed assets and inventories.
2. The balances outstanding for receivables and payables are subject to confirmations.

Our report is not modified in respect of the above matters.

**Other information**

The directors are responsible for the other information. The other information comprises the Director's Report as required by the Companies Act, 2002, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of 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.

**Partners:**

K. S. Bhattbhatt (Tanzanian)  
Kailas K. Bhattbhatt (Tanzanian)  
Vishwanshu H. Trivedi (Indian)

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 Company's internal control.

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

Conclude on the appropriateness of the director's 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 Company's 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.

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**

As required by the Companies Act, 2002, we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books;
- iii) the director's report is consistent with the financial statements;
- iv) information specified by the law regarding director's remuneration and transactions with the Company is disclosed; and
- v) The Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.

For **Baker Tilly DGP & Co.**  
Certified Public Accountants,



**Kailas K. Bhattbhatt**  
Partner

Place : Dar es Salaam  
Date : 07th June 2021



**Mount Meru Millers Limited**  
**P.O. Box 7094, Arusha**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

PARTICULARS	NOTE	2020 Tzs'000'	2019 Tzs'000'
Revenue		81,167,731	99,828,550
Cost of sales		<u>66,028,805</u> 15,138,926	<u>77,851,481</u> 21,977,069
Gross profit		15,138,926	21,977,069
Other income	4	<u>3,081,727</u> 18,220,653	<u>76,224</u> 22,053,293
<b>Less: Expenses</b>			
Administrative expenses	5	(5,272,560)	(5,934,353)
Selling and distribution expenses	6	(7,372,964)	(8,364,586)
Financial expenses	7	<u>(5,393,647)</u> (18,039,171)	<u>(5,736,371)</u> (20,035,310)
Profit / (Loss) before tax		181,482	2,017,983
Less : Tax expense / credit	8	<u>(511,926)</u>	<u>(974,557)</u>
<b>Profit / (Loss) after tax</b>		<u><b>(330,444)</b></u>	<u><b>1,043,426</b></u>
<b>Other comprehensive income / (loss)</b>			
Impairment of financial assets P&L		<u>(186,195)</u>	<u>(1,961,965)</u>
<b>Total comprehensive income / (loss)</b>		<u><b>(516,639)</b></u>	<u><b>(918,540)</b></u>

The significant accounting policies on pages 13 to 19 and the notes on pages 20 to 33 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 to 8.

The financial statements on Pages 9 to 33 were approved by the Board of Directors and signed on behalf by:

\_\_\_\_\_  
 Director  
 Mr. Arvind Kumar Mittal  
 Dated:

\_\_\_\_\_  
 Director  
 Mr. Atul Mittal  
 Dated:

**Mount Meru Millers Limited**  
**P.O. Box 7094, Arusha**


**STATEMENT OF FINANCIAL POSITION AS ON 31ST DECEMBER 2020**

	NOTE	31st December 2020 Tzs'000'	31st December 2019 Tzs'000'
<b>Non current assets</b>			
Property, plant and equipment	19	98,779,565	103,597,839
Intangible assets	20	-	9,620
Capital work-in-progress	19	2,957,999	2,953,254
Deferred tax assets	8	11,987,818	4,208,768
Investments	9	97,303	194,606
		<b>113,822,685</b>	<b>110,964,087</b>
<b>Current assets</b>			
Inventories		11,203,742	26,192,407
Trade and other receivables	10	22,104,242	22,201,145
Cash and cash equivalents	11	207,065	359,607
Current tax	18	60,000	-
		<b>33,575,049</b>	<b>48,753,159</b>
<b>Total assets</b>		<b>147,397,734</b>	<b>159,717,246</b>
<b>Equity</b>			
Share capital	12	1,200,000	1,200,000
Revaluation reserve		726,985	726,985
Retained earnings		2,824,798	3,356,528
		<b>4,751,783</b>	<b>5,283,513</b>
<b>Non current liabilities</b>			
Long term liabilities	13	84,447,151	87,313,214
Borrowings	14	10,152,503	9,102,231
Deferred tax liabilities	8	14,409,651	6,118,675
		<b>109,009,305</b>	<b>102,534,120</b>
<b>Current liabilities</b>			
Trade and other payables	15	2,781,887	4,114,315
Provisions	16	247,002	391,194
Bank overdraft	17	27,056,261	45,056,685
Borrowings	14	3,551,496	2,337,419
		<b>33,636,646</b>	<b>51,899,613</b>
<b>Total equity and liabilities</b>		<b>147,397,734</b>	<b>159,717,246</b>

The significant accounting policies on pages 13 to 19 and the notes on pages 20 to 33 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 to 8.

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 Director  
 Mr. Arvind Kumar Mittal  
 Dated:

  
 Director  
 Mr. Atul Mittal  
 Dated:

**Mount Meru Millers Limited**  
**P.O. Box 7094, Arusha**


**STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2020**


Particulars	Share capital	Revaluation reserve	Retained earnings	Total
	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'
<b><u>Year ended 31st December 2019</u></b>				
As at start of the year	1,200,000	726,985	4,275,068	6,202,053
Net profit / (loss)	-	-	(918,540)	(918,540)
<b>At the end of the year</b>	<b><u>1,200,000</u></b>	<b><u>726,985</u></b>	<b><u>3,356,528</u></b>	<b><u>5,283,513</u></b>
<b><u>Year ended 31st December 2020</u></b>				
As at start of the year	1,200,000	726,985	3,356,528	5,283,513
Issue of shares	300,000	-	-	300,000
Prior year adjustments	-	-	(15,091)	(15,091)
	<u>1,500,000</u>	<u>726,985</u>	<u>3,341,437</u>	<u>5,568,422</u>
Net profit / (loss)	-	-	(516,639)	(516,639)
<b>At the end of the year</b>	<b><u>1,500,000</u></b>	<b><u>726,985</u></b>	<b><u>2,824,798</u></b>	<b><u>5,051,783</u></b>

The significant accounting policies on pages 13 to 19 and the notes on pages 20 to 33 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 to 8.

The financial statements on Pages 9 to 33 were approved by the Board of Directors and signed on behalf by:

  
 \_\_\_\_\_  
 Director  
 Mr. Arvind Kumar Mittal  
 Dated:

  
 \_\_\_\_\_  
 Director  
 Mr. Atul Mittal  
 Dated:

**Mount Meru Millers Limited**  
**P.O. Box 7094, Arusha**


**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2020**

PARTICULARS	2020 Tzs'000'	2019 Tzs'000'
<b><u>Cash flows from operating activities</u></b>		
Profit / (Loss) before tax	181,482	2,017,983
Adjustment for:		
Depreciation and amortisation	5,228,528	5,466,419
Profit / loss on sale of fixed assets	-	(1,400)
Prior period adjustment	(15,091)	-
	5,394,919	7,483,002
<u>Movements in working capital:</u>		
(Increase)/ decrease in inventories	14,988,665	468,166
(Increase)/ decrease in trade and other receivables	8,012	9,759,742
Increase/ (decrease) in trade and other payables	(1,476,620)	(5,232,075)
Cash generated from operations	18,914,976	12,478,835
Less: Taxes paid	(60,000)	-
<b>Net cash generated by operating activities (A)</b>	<b>18,854,976</b>	<b>12,478,835</b>
<b><u>Cash flow from investing activities</u></b>		
Payments of purchase of property, plant and equipment	(405,380)	(2,265,972)
Funds invested	-	(194,606)
Proceed from disposal of property, plant and equipment	-	1,400
<b>Net cash (used in) / generated by investing activities (B)</b>	<b>(405,380)</b>	<b>(2,459,178)</b>
<b><u>Cash flow from financing activities</u></b>		
Increase/(Decrease) in long term loan	(2,866,063)	(3,676,893)
Increase/ (decrease) in bank overdraft	(18,000,424)	(16,651,288)
Proceed from borrowings	2,264,349	8,890,109
<b>Net cash (used in) / generated by financing activities (C)</b>	<b>(18,602,138)</b>	<b>(11,438,072)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(152,542)</b>	<b>(1,418,416)</b>
Cash and cash equivalents at the beginning of the year	359,607	1,778,023
Effect of exchange rate changes on the cash and cash equivalents held in foreign currencies	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>207,065</b>	<b>359,607</b>

The significant accounting policies on pages 13 to 19 and the notes on pages 20 to 33 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 to 8.

The financial statements on Pages 9 to 33 were approved by the Board of Directors and signed on behalf by:

  
 Director  
 Mr. Arvind Kumar Mittal  
 Dated:

  
 Director  
 Mr. Atul Mittal  
 Dated:

## **SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

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### **1. GENERAL INFORMATION**

Mount Meru Millers Limited is incorporated in Tanzania under the Companies Act 2002 as a limited liability company and it is domiciled in Tanzania. The principal activities of the company are disclosed in the Directors Report.

The address of its registered office is:

P O Box 7094,  
Arusha-Tanzania

### **BASIS OF PREPARATION**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are presented in the functional currency, Tanzania Shillings (TShs). The policies set out below have been consistently applied to all the years presented except for those relating to the classification and measurement of financial instruments.

### **2.1 ADOPTION OF NEW AND REVISED STANDARDS & INTERPRETATIONS**

#### **a) Standards, Amendments to the standards and Interpretations effective in the year 2020**

- Definition of a Business (Amendments to IFRS 3) Effective for accounting periods beginning on or after January 1, 2020
- Definition of Material (Amendments to IAS 1 and IAS 8) Effective for accounting periods beginning on or after January 1, 2020
- Amendments to References to Conceptual Framework in IFRS Standards Effective for accounting periods beginning on or after January 1, 2020
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued, requiring additional disclosures around uncertainty arising from the interest rate benchmark reform. Effective on or after 1<sup>st</sup> January 2020
- Amended by Covid-19-Related Rent Concessions (Amendment to IFRS 16) effective 1<sup>st</sup> June 2020.

#### **ii) Standards, Amendments and Interpretations issued, but not yet effective**

A number of new standards, amendments to standards and interpretations are effective for forthcoming periods and the Company had not adopted any of these Standards, Amendments of interpretations from an early date. The management does not foresee any major change in the accounting policies of the Company due to such amendments.

- IFRS 17 Insurance Contracts Effective for accounting periods beginning on or after January 1, 2023
- IFRS 9 Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) effective date on or after 1<sup>st</sup> January 2022

## **SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest Rate Benchmark Reform — Phase 2 - the amendments require additional disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks. Effective on or after 1<sup>st</sup> January 2021
- Amendment to IFRS 3, reference to the Conceptual framework. Effective on or after 1<sup>st</sup> January 2022
- Amendments to IAS 1, by Classification of Liabilities as Current or Non-current. Effective 1<sup>st</sup> January 2023
- Amendments to IAS 16, by Property, Plant and Equipment — Proceeds before Intended Use with effective from on or after 1<sup>st</sup> January 2022
- Amendments to IAS 37, by Onerous Contracts — Cost of Fulfilling a Contract Effective from 1 January 2022
- Amendment by reference to the Conceptual framework (Amendment to IFRS 3). Effective on or after 1<sup>st</sup> January 2022

### **2.2 SIGNIFICANT ACCOUNTING POLICIES**

#### **A. REVENUE RECOGNITION**

Revenue is recognised in profit or loss to the extent that it is probable that future economic benefit will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivables, taking into account contractually defined terms of payments excluding discounts, rebates and Valued Added Taxation (VAT).

##### **- Cooking oil income**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably

##### **- Interest income**

Interest earned on short term investments is recognised in the profit or loss statement on a straight line basis over the investment period and included in operating income

#### **B. FOREIGN CURRENCY TRANSLATION**

##### **(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency for the company is the Tanzania Shillings.

##### **(ii) Transactions and balances**

Foreign currency transactions are translated into Tanzania Shillings using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into Tanzania Shillings at rates ruling at that date. Foreign exchange gains and losses

**SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

resulting from the settlement of such transactions and from the translation at the year end exchange rate (@Tsh 2288/-) of monetary assets and liabilities denominated in foreign currencies and are recognized in the profit and loss account.

**C. PROPERTY, PLANT AND EQUIPMENT**

All property, plant and equipment are shown initially at cost, and thereafter stated at historical cost/ Valuation less depreciation and impairment. Cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, 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 reliably measured. The company has adopted cost model for the valuation of assets.

Buildings situated in two plots of land owned by the company were revalued in the year 2001.

Depreciation is calculated using the *Reducing Balance Method* to allocate the cost of each asset to its residual value over the estimated useful life as follows:

<b>Assets</b>	<b>Rate (%)</b>
Buildings	5%
Plant and machinery	5%
Generator	12.50
Office equipment	12.50
Furniture and fixtures	12.50
Motor Vehicles	25.00
Trucks	37.50

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance expenditures are charged to the profit and loss account during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain or losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the profit and loss account.

**3.5 INTANGIBLE ASSETS**

Intangible assets are capitalized on the basis of the cost incurred to acquire and bringing it to use. The costs are amortized using straight line method over the expected useful life of the asset. Costs incurred for updating or maintaining the computer software programs are recognized as an expenses as and when incurred.

**SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

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**D. IMPAIRMENT OF ASSETS**

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists; the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**E. LEASES**

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right of use assets have been shown separately on the face of the financial statements.

ii) Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

## **SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company's lease liabilities have been shown separately on the face of the financial statements.

### **Short-term leases and leases of low-value assets**

The company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### **F. INVENTORIES**

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the open market less applicable selling expenses. Stores and consumables are stated at cost less any provision for obsolescence.

### **G. ACCOUNTS RECEIVABLE**

Receivables are initially recognised at fair value and subsequently measured at their amortised costs using effective interest method. A provision for impairment trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the expected cash flows discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

### **H. CASH AND CASH EQUIVALENTS**

Cash & Cash equivalents comprise of cash held by the company and current accounts operated with banks for companies normal trade transactions. The carrying amount of these assets approximates their fair value.

### **I. BORROWINGS**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

**SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

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Borrowing costs are expensed in the period they accrue unless they can be related, with certainty, to fixed assets construction projects in which case they are capitalised as part of the asset's cost.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**J. TAXATION**

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004.

**K. EMPLOYEES BENEFITS**

The Company has defined benefits contributions plans. Under defined contribution plan, the Company contributions to publicly administered pension plans (NSSF or PPF) on a mandatory basis. The Company has no further payment obligations once the contributions have been paid.

**L. PROVISIONS**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

**M. CONTINGENT LIABILITY**

There was no contingent liability present during the year end.

**N. FINANCIAL RISK MANAGEMENT**

The Companies activities expose it to a variety of financial risks: foreign currency risk, credit risk, commodity price fluctuation risk and cash flow interest-rate risk. The Company's overall risk management programme seeks to minimize potential adverse effects on the financial performance. Risks management is carried out by the management on behalf of the Board of Directors.

**Credit risk**

The Company has no significant concentrations of credit risk. It has policies in place to ensure that the sales of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via strictly credit terms.

**Foreign currency risk**

As and when the need arises, the Company enters into transactions denominated in foreign currencies (primarily United States Dollars ("US\$")). In addition, the Company has assets and liabilities denominated in United States Dollars ("US\$"). As a result, it is

**SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2020**

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subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. The company is generally dealing in local currency and thus, it is not much exposed to foreign currency risk.

**Interest rates and liquidity risk**

Fluctuation in interest rates has impact on the operating activities. In the ordinary course of business, the Company receives cash from its operations and is required to fund working capital and capital expenditure requirements. The company has availed long term and short term funding from the banks. The interest rates are dependent upon the market conditions and are subject to change. However, the management keeps a close watch on the developments in the market and accordingly takes steps to minimize the risk.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

**a) Critical accounting estimates and assumptions**

**Property, plant and equipment.**

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment and their residual values. The rates used are set out in Note 2(C) above.

**b) Critical judgement in applying the entity's accounting policies.**

In the process of applying the Company's accounting policies, management has made judgement in determining whether assets are impaired or not.

**c) Going Concern**

The financial statements have been prepared on the going concern basis, on the assumption that the company will continue its activities for the foreseeable future and the shareholders will extend their support as and when required. The validity of this assumption depends upon the continuing support of the Company by its shareholders and directors. The financial statements do not include any adjustment that should result from failure to obtain such continuing support any adjustment that should result from failure to obtain such continuing support.

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

	<b>2020</b>	<b>2019</b>
	<b>Tzs'000'</b>	<b>Tzs'000'</b>
<b>3 Cost of sales</b>		
Opening stock of raw materials & work in progress	17,307,251	15,575,286
Add: Purchases	39,937,791	59,610,285
Less: Closing stock of raw materials & work in progress	(4,135,641)	(17,307,251)
Cost of material consumption	<u>53,109,401</u>	<u>57,878,320</u>
<b>Add: Direct costs</b>		
Salaries and wages - direct	1,113,366	916,609
Clearing and forwarding charges	3,309,280	7,718,189
Depreciation plant & machinery	4,545,819	4,724,890
Direct levies and duties	77,840	296,336
Rent	-	203,464
Factory expenses	476,576	630,931
Fuel expenses - direct	18,565	18,570
Offloading charges	10,980	-
Electricity and water expenses	1,049,968	1,672,368
Repairs and maintenance - direct	104,351	244,355
Freight charges	395,603	1,347,319
	<u>11,102,348</u>	<u>17,773,031</u>
Add : Opening stock of finished goods	8,885,157	11,085,287
Less: Closing stock of finished goods	(7,068,101)	(8,885,156)
<b>Total cost of sales</b>	<b><u>66,028,805</u></b>	<b><u>77,851,481</u></b>
<b>4 Other income</b>		
Discount received	114,889	-
Other income	2,966,838	74,824
Profit on sale of fixed assets	-	1,400
<b>Total</b>	<b><u>3,081,727</u></b>	<b><u>76,224</u></b>
<b>5 Administrative expenses</b>		
Amortisation of intangibles	9,620	1,177
Audit fees	39,074	34,450
Salaries and wages - Admin	932,084	1,284,266
Consultancy charges	385,369	148,565
Depreciation	673,089	740,352
Donations	48,824	84,052
Water expenses	3,179	10,487
Fines and penalties	2,634	41,768

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

	<b>2020</b>	<b>2019</b>
	<b>Tzs'000'</b>	<b>Tzs'000'</b>
Fuel and vehicle expenses	247,186	453,666
General insurance expenses	479,527	578,533
Dues, rates, fees and license charges	145,749	265,287
NSSF / PPF contribution - Admin	147,898	42,233
Rent - others	273,305	99,046
Postage and courier expenses	8,829	7,498
Professional and legal fees	46,463	93,844
Repairs and maintenance - Indirect	924,089	1,316,806
SDL cost	48,733	43,254
Printing and stationery expenses	47,489	28,285
Security expenses	5,880	9,312
Staff welfare expenses	152,657	221,578
Subscription charges	500	2,869
Office expenses	111,195	102,748
Telephone expenses	18,135	9,220
Internet expenses	10,517	21,007
Visa and permit expenses	108,855	212,724
Miscellaneous expenses	13,153	71,612
Workmen Compensation Fund	8,549	9,714
Other write off	379,978	-
<b>Total</b>	<b>5,272,560</b>	<b>5,934,353</b>
<b>6 Selling and distribution expenses</b>		
Discount allowed	110,944	1,032
Promotion expenses	80,294	135,087
Sales commission	130,351	176,231
Transportation expenses	7,022,840	7,888,979
Travelling expenses	28,535	163,257
<b>Total</b>	<b>7,372,964</b>	<b>8,364,586</b>
<b>7 Financial expenses</b>		
Bank charges	448,404	309,812
Bank interest	3,515,545	4,590,723
Foreign exchange loss / (gain) - realised	828,504	842,197
Foreign exchange loss / (gain) - unrealised	601,194	(6,361)
<b>Total</b>	<b>5,393,647</b>	<b>5,736,371</b>

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

	2020 Tzs'000'	2019 Tzs'000'
<b>8 Tax expenses</b>		
Current tax	-	-
Deferred tax	511,926	974,557
<b>Total</b>	<b>511,926</b>	<b>974,557</b>
<b>Reconciliation of tax expenses:</b>		
Net profit as per statement of profit or loss	181,482	2,017,983
Tax @ 30 % (2019: 30%)	54,445	605,395
Adjustment for:		
Effect of disallowances under tax laws		
Dissallowed expenses	168,958	124,825
Effect of prior losses	288,524	244,337
<b>Tax expenses as per books</b>	<b>511,927</b>	<b>974,557</b>

**Break-up of deferred tax:**

Particulars	At start of the year	Charge to statement of profit or loss	Charged to equity	At end of the year
	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'
<u>Deferred tax liabilities</u>				
Property, plant and equipment				
- accelerated capital allowance	6,118,675	8,290,976	-	14,409,651
	6,118,675	8,290,976	-	14,409,651
<u>Deferred tax asset</u>				
Tax losses carried forward	(4,208,768)	(7,596,783)	-	(11,805,551)
Unrealised foreign exchange loss	-	(182,267)	-	(182,267)
	(4,208,768)	(7,779,050)	-	(11,987,818)
<b>Net deferred tax liability / (asset)</b>	<b>1,909,907</b>	<b>511,926</b>	<b>-</b>	<b>2,421,833</b>

**9 Investments**

Investment in shares	194,606	194,606
Impairment of financial assets - Invest	(97,303)	-
	<b>97,303</b>	<b>194,606</b>

Details:

Relates to investment in shares at Agro Warehousing Ltd Uganda

<u>Impairment of investments</u>	Total	<30 days	30-90	90-1 year	Over 1 year
Gross amount (TZS)	194,606	-	-	-	194,606
ECL rate (%)		0.0%	0%	0%	50%
<b>ECL (TZS)</b>	<b>97,303</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97,303</b>

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

	<b>2020</b>	<b>2019</b>
	<b>Tzs'000'</b>	<b>Tzs'000'</b>
<b>10 Trade and other receivables</b>		
Advance to employees	111,821	100,301
Advance to suppliers	2,215,437	2,270,756
Other Receivables - Insurance claims	3,027,451	3,225,485
Other deposit	733,007	678,011
Goods in transit	6,151	319,484
Prepaid expenses	38,287	153,573
Short term loans	-	143,645
Trade debtors	3,945,479	3,979,313
VAT receivable	8,579,428	7,082,008
Due from associate companies and related parties	5,372,211	6,084,538
Prepaid duties and taxes	125,827	125,997
	<b>24,155,099</b>	<b>24,163,110</b>
Less		
Impairment of financial assets	(2,050,857)	(1,961,965)
	<b>22,104,242</b>	<b>22,201,145</b>

***Basis for impairment of financial assets***

- i) Trade receivables are non-interest bearing and generally on 31 day terms. Day sales outstanding for 2020 was 31 days (2019:31 days)
- ii) Other receivables with non interest bearing have an average term of 30-180 days.
- iii) For terms and conditions of related amount due to related parties refer to Note 21

As at December 31, the ageing analysis of trade and other receivables was as follows(all balances are in TZS):

	<b>Total</b>	<b>&lt;30 days</b>	<b>30-90</b>	<b>90-1year</b>	<b>Over 1 year</b>
At 31 December 2019					
<b><u>Loans and Advances</u></b>					
Gross amount (TZS)	111,821	-	111,821	-	-
ECL rate (%)			10%		
<b>ECL (TZS)</b>	<b>11,182</b>	<b>-</b>	<b>11,182</b>	<b>-</b>	<b>-</b>
<b><u>Related party balances</u></b>					
Gross amount (TZS)	7,559,606	2,585,157	90,750.00	1,533,105	3,350,594.00
ECL rate (%)		0.5%	1%	3%	3%
<b>ECL (TZS)</b>	<b>160,344</b>	<b>12,926</b>	<b>908</b>	<b>45,993</b>	<b>100,518</b>

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

				<b>2020</b>	<b>2019</b>
				<b>Tzs'000'</b>	<b>Tzs'000'</b>
<b><u>Trade and other receivables</u></b>					
Gross amount (TZS)	6,185,454	1,261,499	88,290	163,819	4,671,846
ECL (%)		0.3%	1.8%	3.0%	40.0%
<b>ECL (TZS)</b>	<b><u>1,879,330</u></b>	<b><u>4,049</u></b>	<b><u>1,628</u></b>	<b><u>4,915</u></b>	<b><u>1,868,738</u></b>
				<b>2020</b>	<b>2019</b>
				<b>Tzs</b>	<b>Tzs</b>
At 1 January				1,961,965	-
Charge for the year				88,891	1,961,965
At 31 December 2020				<b><u>2,050,856</u></b>	<b><u>1,961,965</u></b>
The allowance for expected credit losses/ impairment is made up as follows;					
Trade receivables				2,039,674	1,961,729
Advance to employees				11,182	236
				<b><u>2,050,856</u></b>	<b><u>1,961,965</u></b>
<b>11 Cash and cash equivalents</b>					
Cash in hand				66,235	143,366
Cash at banks				140,830	216,241
				<b><u>207,065</u></b>	<b><u>359,607</u></b>
<b>12 Share capital</b>					
<u>Authorised capital</u>					
15,000 Ordinary shares of Tzs 100,000 each				<b><u>1,500,000</u></b>	<b><u>1,500,000</u></b>
<u>Issued and paid up share capital</u>					
15,000 Ordinary shares of Tzs 100,000 each				1,500,000	1,200,000
Unpaid share capital				(300,000)	-
				<b><u>1,200,000</u></b>	<b><u>1,200,000</u></b>
<b>13 Long term liabilities</b>					
Due to associate companies and related parties				84,447,151	87,313,214
Total				<b><u>84,447,151</u></b>	<b><u>87,313,214</u></b>
<b>14 Borrowings</b>					
<b>Non current</b>					
Long term loan from banks				10,152,503	9,102,231
				10,152,503	9,102,231
<b>Current</b>					
Current portion of loans from banks				3,551,496	2,337,419
				<b><u>13,703,999</u></b>	<b><u>11,439,650</u></b>

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

	2020	2019
	Tzs'000'	Tzs'000'

**Security details:**

**a) National Micro Finance (NMB) Bank Tanzania Limited**

The National Micro Finance (NMB) Bank Tanzania Limited has granted Loan facility (508CL12200030001) of USD 3 Million at the rate of 7% pa., another Loan facility (408CL12200030001) of USD 2 Million at an interest rate of 7% pa. Also NMB Overdraft of USD 2 Million has been converted to long term loan facility of (408CL12210390001) USD 2 Million at the rate of 7% pa as per the sanction letter received to disclose the substance over form of the transaction. The facility is secured as follows: -

i) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 17, at Themu Industrial Area, Arusha Municipality, with CT. No.4867 L.R Moshi, L.O. No. 44169 i.n.o Arvind Kumar Mittal.

ii) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 20, at Themu Industrial Area, Arusha Municipality, with CT. No. 8430 L.R Moshi, L.O. No. 121721 i.n.o Mount Meru Millers Tanzania.

iii) A first ranking legal mortgage created over commercial property (land and buildings) located on Farm No. 1796, at Engutoto Village in Arusha District, with CT. No. 19646 L.R Moshi, L.O. No. 234522 i.n.o Mount Meru Millers Tanzania.

iv) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 183, Block "CC" Sombetini Area, Arusha Municipality, with CT. No. 9017 L.R Moshi, L.O. No. 132186 i.n.o Mount Meru Millers Tanzania.

v) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 623, Block "H" Masanga Igunga Urban Area, with CT. No. 19746 L.R Mwanza, L.O. No. 156500 i.n.o Mount Meru Millers Tanzania.

vi) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 19-32, Block "MM" Njuki Singida Township, with CT. No. 10584-DLR, L.O. No. 204416 i.n.o Mount Meru Millers Tanzania.

vii) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 2/1, Bunda Stoo Village, Bunda District, with CT. No. 17537 LR Mwanza, L.O. No. 184563 i.n.o Mount Meru Millers Tanzania.

viii) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 2/2, Bunda Stoo Village, Bunda District, with CT. No. 17538 LR Mwanza, L.O. No. 184564 i.n.o Mount Meru Millers Tanzania.

ix) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 8, 10-19, Block "A" Service Industry - Njihogo in kahama Urban Area, with CT. No. 14587 LR Mwanza, L.O. No. 181378 i.n.o Mount Meru Millers Tanzania.

xii) A first ranking legal mortgage created over property located on Plot No. 2 & 3, Block "F" situated in Njuki in Singida Municipality, with CT. No. 1 S.G.D, L.O. No. 950696 i.n.o Mount Meru Millers Tanzania.

xiii) A first ranking specific debenture to be created over all plants and machineries located on:

a) Plot No. 19-32, Block "MM" Njuki Area, Singida, with C.T No. 10584 DLR, i.n.o Mount Meru Millers Tanzania.

b) Plot No. 623, Block "H", with C.T No. 19746 , LR Mwanza at Masanga Igunga Urban Area i.n.o Mount Meru Millers Tanzania.

c) Plot No. 2/1, with C.T No. 17537, LR Mwanza, Bunda Stoo Village, Bunda District i.n.o Mount Meru Millers Tanzania.

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

	2020 Tzs'000'	2019 Tzs'000'
d) Plot No. 2/2, with C.T No. 17538, LR Mwanza, Bunda Stoo Village, Bunda District i.n.o Mount Meru Millers Tanzania.		
e) Plot No. 8, 10-19, Block "A", with C.T No. 14587, LR Mwanza Service Industry - Nyihogo in Kahama Urban Area i.n.o Mount Meru Millers Tanzania.		
f) Plot No. 168, Block "KK", with C.T No. 14216, LR Mwanza, at Mhumbu Industrial Area, Shinyanga Municipality i.n.o Mount Meru Millers Tanzania.		
g) Plot No. 2 & 3,, Block "F" situated in Njuki in Singida Municipality, with C.T No. 1, S.G.D, L.O. No. 950696 i.n.o Mount Meru Millers Tanzania.		
xiv) A first ranking debenture created over all fixed and floating assets of the borrower to secure the facilities by 125%		
xv) Corporate Guarantee and Indemnity to be issued by Mount Meru Petroleum Limited, Acer Petroleum Tanzania Limited and Mount Meru Logistics Ltd to cover facilities by 125%		
xvi) Shareholders' Personal Guarantees and Indemnity to be issued by Mr. Tarsem Chand Aggarwal, Mrs. Kantadevi Aggarwal, Mr. Arvind Kumar Mittal and Mr. Atul Kumar Mittal to cover the facilities by 125% and;		
xvii) Deed of subordination of loans from White Horse Commodities Limited amounting to Tzs. 84 Billion.		
<b>15 Trade and other payables</b>		
Trade creditors	1,265,555	2,180,086
Advance from customers	790,392	195,012
Due to associate companies and related parties	705,719	1,735,098
Withholding tax payable	20,221	4,119
	<b>2,781,887</b>	<b>4,114,315</b>
<b>16 Provisions</b>		
NSSF / PPF payable	22,543	6,148
PAYE payable	9,240	7,455
SDL payable	6,109	2,625
Audit fees payable	39,074	-
Provision for expenses	170,036	374,966
	<b>247,002</b>	<b>391,194</b>
<b>17 Bank overdraft</b>		
Bank overdraft - TSH	4,517,805	4,488,688
Bank overdraft - USD	22,538,456	40,567,997
	<b>27,056,261</b>	<b>45,056,685</b>

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

	2020	2019
	Tzs'000'	Tzs'000'

**Security details:**

**a) National Micro Finance (NMB) Bank Tanzania Limited**

The National Micro Finance (NMB) Bank Tanzania Limited has granted Over draft of TShs 14.4 Billion at the rate of 11% pa. and Overdraft of USD 5.5 Million at an interest rate of 7% pa. The facility granted to the company is for working capital purposes for the business and distribution of edible oil products branded Sunola, Singida and Bunda only. The facilities are secured are similar to the ones stated on Loans (as above).

**b) Rabo Bank Netherlands**

Cooperative Rabo bank U.A. has entered into a financing agreement to provide USD 45 Million uncommitted trade finance facility to Mount Meru Group

**Security**

The subordination agreement in place between the bank, WHC and Mount Meru Millers Tanzania Limited.

**18 Current tax**

**Balance b/f**

Advance tax paid

(60,000)	-
<u>(60,000)</u>	<u>-</u>

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

19 Property, plant & equipment

Particulars	Building	Plant and machinery	Furniture and fixtures	Office equipment	Computers and accessories	Capital work in progress	Motor vehicles Class I	Motor vehicles Class II	Total
	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'
<b>Cost</b>									
Balances at 1st January 2019	16,787,543	90,510,342	69,962	235,992	63,653	4,225,649	578,674	645,855	113,117,670
Additions	-	1,478,895	-	201	10,602	729,909	-	-	2,219,607
Transfers	-	2,002,304	-	-	-	(2,002,304)	-	-	-
Balances at 31st December 2019	16,787,543	93,991,542	69,962	236,193	74,256	2,953,253	578,674	645,855	115,337,277
<b>Comprising:</b>									
Balances at 1st January 2020	16,787,543	93,991,542	69,962	236,193	74,256	2,953,253	578,674	645,855	115,337,277
Additions	-	386,236	930	-	13,468	4,746	-	-	405,380
Balances at 31st December 2020	16,787,543	94,377,778	70,892	236,193	87,724	2,957,999	578,674	645,855	115,742,657
<b>Accumulated depreciation</b>									
Balances at 1st January 2019	757,058	2,102,403	6,711	27,430	12,998	-	178,550	235,793	3,320,943
Depreciation for the year	534,827	4,724,890	8,164	6,232	9,638	-	75,583	105,908	5,465,242
Balances at 31st December 2019	1,291,885	6,827,293	14,875	33,662	22,636	-	254,133	341,701	8,786,185
Balances at 1st January 2020	1,291,885	6,827,293	14,875	33,662	22,636	-	254,133	341,701	8,786,185
Depreciation for the year	509,976	4,545,819	7,274	5,510	9,335	-	75,583	65,411	5,218,908
Balances at 31st December 2020	1,801,861	11,373,112	22,149	39,172	31,971	-	329,716	407,112	14,005,093
<b>Carrying value</b>									
Balances at 31st December 2020	14,985,682	83,004,666	48,743	197,021	55,753	2,957,999	248,958	238,743	101,737,564
Balances at 31st December 2019	15,495,658	87,164,249	55,087	202,531	51,620	2,953,253	324,541	304,154	106,551,092

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

20 Intangible Assets

Particulars	Software Tzs'000'	Total Tzs'000'
<b><u>Cost</u></b>		
Balances at 1st January 2019	12,077	12,077
Balances at 31st December 2019	12,077	12,077
Balances at 1st January 2020	12,077	12,077
Balances at 31st December 2020	12,077	12,077
<b><u>Accumulated depreciation</u></b>		
Balances at 1st January 2019	1,280	1,280
Amortisation for the year	1,177	1,177
Balances at 31st December 2019	2,457	2,457
Balances at 1st January 2020	2,457	2,457
Amortisation for the year	9,620	9,620
Balances at 31st December 2020	12,077	12,077
<b><u>Carrying value</u></b>		
<b>Balances at 31st December 2020</b>	<b>-</b>	<b>-</b>
<b>Balances at 31st December 2019</b>	<b>9,620</b>	<b>9,620</b>

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

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**21 Related party disclosure**

The company has following related parties by virtue of common shareholding / directorship:  
 In Tanzania

<b>Transactions:</b>	<b>2020</b>	<b>2019</b>
	<b>Tzs'000'</b>	<b>Tzs'000'</b>
<b>Trading:</b>		
<b>Sales</b>		
In Tanzania		
1) Mount Meru Petroleum Ltd	(133,158)	(388,764)
2) Acer Petroleum (T) Ltd.	(113,403)	-
3) Mount Meru Logistics Ltd	(1,315)	
Outside Tanzania		
1) Mahi Organic Proteins Pvt Ltd.	(11,311,913)	(11,035,124)
2) Organic Proteins Ltd. - Kenya	(9,400,607)	(11,627,299)
3) Mount Meru Millers Ltd - Zambia	(3,435)	-
4) Mount Meru Millers Ltd - Uganda	(40,182)	-
<b>Purchases</b>		
In Tanzania		
1) Mount Meru Seeds Ltd	-	866,175
2) Mount Meru Petroleum Ltd	289,267	2,797
Outside Tanzania		
1) Mount Meru Millers Ltd- Malawi	2,164,685	356,766
2) Mount Meru India Pvt Ltd	246,081	484,781
3) Mount Meru Millers Ltd - Zambia	4,273,476	7,166,900
4) Organic Proteins Ltd.	2,087	-
<b>Expenses Charged To/ From:-</b>		
In Tanzania		
1) Acer Petroleum (T) Ltd.	3,675,713	3,697,640
2) Mount Meru Logistics Ltd	172,774	254,421
3) Mount Meru Seeds Ltd	-	(108,408)
4) Mount Meru Oil LTD.	-	64,820
5) Mount Meru Petroleum Ltd	11,738	301,398
6) Acer Clearing (T) Ltd.	52,289	-
Outside Tanzania		
1) Agro Warehousing Ltd.	-	(8,066)
2) Mahi Organic Proteins Pvt Ltd.	-	151,902

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

3) Mount Meru Millers Ltd- Malawi	879,812	45,394
4) Mount Meru Millers Ltd- Zimbabwe	-	8
5) Mount Meru India Pvt Ltd	59,187	371,637
6) Organic Proteins Ltd.	24,654	590,245
7) Panachae Trading	-	2,995
8) Mount Meru Millers Ltd - Uganda	(974)	897
9) Mount Meru Millers Ltd - Zambia	-	20,366
10) Mount Meru Petroleum Ltd - Zambia	21,228	-
11) Mount Meru Petroleum Ltd - Malawi	24,419	-
12) Mount Meru Petroleum Ltd - Uganda	41,789	-
13) Mount Meru Logistics Ltd - Rwanda	(8,544)	-

<b><u>Outstanding balances:</u></b>	<b>December 2020 Tzs'000'</b>	<b>December 2019 Tzs'000'</b>
<b><u>Trading:</u></b>		
<b><u>Trade receivables</u></b>		
Acer Petroleum (T) Ltd	(19,110)	83,635
Mahi Organic Proteins Pvt Ltd.	1,517,233	1,908,918
Mount Meru India Pvt Ltd	760,136	577,543
Mount Meru Logistics Ltd	46,861	12,075
Mount Meru Miller Oil Ltd.	593,753	593,753
Mount Meru Millers Ltd - Rwanda	460	460
Mount Meru Millers Malawi Ltd	439,730	562,684
Mount Meru Millers Zimbabwe Ltd	5,535	5,510
Mount Meru Oil Ltd	277,688	277,488
Mount Meru Petro Energy Ltd	2,206	2,206
Mount Meru Petroleum Ltd	358,143	327,040
Mount Meru Petroleum Ltd - Malawi	-	10,296
Mount Meru Seeds Ltd	223,043	125,757
Organic Proteins Ltd	972,568	1,363,925
Panachea Trading FZC- Rwandian SBM	-	21,959
Mount Meru Logistics (R) Ltd	8,544	-
Mount Meru Miller (U) Ltd.	979	-
Mr. Arvind Mittal	131,989	131,989
Mr. T.C. Aggarwal	39,131	62,288
Mrs. Kanta Devi	-	3,658
Ms. Bindu Mittal	13,320	13,354
	<b>5,372,210</b>	<b>6,084,538</b>

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

**Trade Payable**

Acer Clearing Ltd	(23,013)	(38,628)
Agro Warehousing Ltd	(417,356)	(378,460)
Mount Meru Logistics Ltd	-	(13,399)
Mount Meru Middle East Ltd	(9,194)	(9,152)
Mount Meru Millers Uganda Ltd	-	(1,370)
Mount Meru Millers Zambia Ltd	(166,419)	(165,657)
Mount Meru Petroleum Ltd (Zambia)	(48,541)	(48,635)
Panachae Trading Fzc- TPT Pmt	-	(304,119)
Panachae Trading FZC- Zambian SBM	-	(740,488)
Mount Meru Petroleum Ltd - Transport		(4,237)
Mrs. Kanta Devi	(8,560)	-
Mr. Atul Mittal	(32,635)	(30,953)
	<u>(705,718)</u>	<u>(1,735,098)</u>

**Financial:**

**Loans/ Due to Related Parties**

White Horse Commodities Ltd	(84,217,246)	(84,341,394)
Dia Europe Ltd	-	(2,742,968)
Humprey Investment Co. Ltd	(229,905)	(228,852)
	<u>(84,447,151)</u>	<u>(87,313,214)</u>

**22 Contingent liabilities and commitments**

The management does not anticipate any contingent liabilities as at 31st December 2020.

- 23** Previous year's figure have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

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

**Trade Payable**

Acer Clearing Ltd	(23,013)	(38,628)
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**Financial:**

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- 23** Previous year's figure have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

**COMPUTATION OF TAXABLE INCOME**

**2020**  
**Tzs'000'**

Profit / (Loss) as per statement of profit or loss	181,482
Add:	
Depreciation and amortisation	5,228,528
Private use of telephone	1,814
Private use of motor vehicle	24,719
Visa and permit expenses	108,855
Fines and penalties	2,634
Other write off	379,978
Unrealised forex loss - current year	601,194
Unrealised forex gain - previous year	6,361
Donation	48,824
	<b>6,584,388</b>
Less:	
Wear and tear allowance	11,558,365
Initial allowance	20,345,005
<b>Taxable income / (loss)</b>	<b>(25,322,612)</b>
Less: Brought forward of loss	(14,029,225)
<b>Taxable income for the year</b>	<b>(39,351,837)</b>
Tax on income @30%	-

**Wear and tear schedule**

Particulars	Class	Class	Class	Class	Class	Total
	I	II	III	VI	VII	
Method of Depreciation	WDV	WDV	WDV	SLM	SLM	
Rate	37.50%	25.00%	12.50%	5.00%	20.00%	
Opening balance at 1st January 2020	199,809	62,532,079	4,780,027	4,474,630	7,729	71,994,275
Additions	13,468	386,236	930	-	-	400,634
	213,277	62,918,315	4,780,957	4,474,630	7,729	72,394,909
Initial allowance	-	20,345,005	-	-	-	20,345,005
Wear and tear	79,979	10,643,328	597,620	235,507	1,932	11,558,365
Closing balance 31st December 2020	133,298	31,929,983	4,183,337	4,239,124	5,797	40,491,539

**M/S MOUNT MERU MILLERS LIMITED**  
**P.O. Box 7094**  
**Arusha**  
**Annual Report 2021**

**Mount Meru Millers Limited**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021**

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**Mount Meru Millers Limited**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021**

**CORPORATE INFORMATION**

**Board of Directors**

<u>Name</u>	<u>Nationality</u>
Mr. Arvind Kumar Mittal	Indian
Mr. Atul Mittal	Tanzanian

**Registered Office of the Company**

Plot No. 16,  
Themu Industrial Area  
P.O. Box 7094,  
Arusha  
Tanzania

**Auditors**

Baker Tilly DGP & Co.,  
Certified Public Accountants  
P. O. Box 1314,  
Dar Es Salaam  
Tanzania

**Company Secretary**

Mr Atul Mittal  
Plot No 52 Themu Hills  
P.O Box 7094  
Arusha, Tanzania

**Principal Banker**

National Microfinance Bank PLC  
P.O Box 9213  
Dar es Salaam  
Tanzania

**DIRECTORS' REPORT FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2021**

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1. The Directors have the pleasure of submitting their report together with the audited financial statements for the financial year ended on 31<sup>st</sup> December 2021, which disclose the state of affairs of the company.

**2. INCORPORATION**

The company was incorporated on 2<sup>nd</sup> November 1998 in Tanzania under the Companies Act, 2002 as a company limited by shares, and is domicile in Tanzania. The address of the registered office is set out on page 1.

**3. PRINCIPAL ACTIVITIES**

The principal activities of the company are to crush Sunflower seeds, Refining Crude Oil and selling of edible Sunflower Oil and Animal meal products.

**4. DIRECTORS OF THE COMPANY**

The Directors of the company at the date of this report all of whom have served the board from 1<sup>st</sup> January 2021 are:

<u>Name</u>	<u>Nationality</u>
Mr. Arvind Kumar Mittal (Director)	Indian
Mr. Atul Mittal (Director)	Tanzanian

**5. CORPORATE GOVERNANCE**

The Board of Directors consists of two directors. Directors are involved in day-to-day operations of the Company. The Board takes overall responsibility for the Company, including responsibility of identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

**6. FUTURE PLANS**

Annual strategic plans are developed and revised as needed to provide operating management with the guidance and direction for assuring business goals and targets are met.

**7. COMPANY SHAREHOLDING**

As at 31<sup>st</sup> December 2021, the company had the following shareholders:-

<b>Name</b>	<b>No. Of Share</b>	<b>31<sup>st</sup> December 2021</b>	
		<b>Nominal value Tzs "000"</b>	<b>Shareholding %</b>
Mr. Tarsem Chand Aggrawal (Indian)	3,000	300,000	20
Mrs. Kanta Devi Mittal (Indian)	3,000	300,000	20
Mr. Arvind Kumar Mittal (Indian)	3,000	300,000	20
Mr. Atul Mittal (Tanzanian)	6,000	600,000	40
<b>Total</b>	<b>15,000</b>	<b>1,500,000</b>	<b>100</b>

**DIRECTORS' REPORT FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2021**

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**8. FINANCIAL RESULTS**

The financial results for the year are presented in page 10.

**9. DIVIDEND**

The Directors of the company do not recommend dividends for current period.

**10. RISK MANAGEMENT AND INTERNAL CONTROL**

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operations control systems are developed and maintained on an ongoing basis.

The Company's internal control system is designed to provide the Board with reasonable assurance that the procedures in place are operating efficiently.

The Board assessed the internal control systems throughout the financial period ended 31<sup>st</sup> December 2021 and is of the opinion that they met accepted criteria.

**11. SOLVENCY**

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis on the assumption that the company will continue its activities for the foreseeable future and the shareholders will extend their support as and when required.

**12. EMPLOYEE WELFARE**

**a) Management and employees relationship**

The Company is an equal opportunity employer and provides equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regards to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

**b) Person with disabilities**

The Company has an inclusive, non-discriminatory hiring policy and strives to accommodate the reasonable requirements of its staff.

**13. RELATED PARTY TRANSACTIONS**

The Company had transactions with its related parties during the period. All these transactions were carried out at an arm's length and the details are provided in the note 24 of the notes to the financial statements.

**14. POLITICAL AND CHARITABLE DONATIONS**

During the period, the company had made donations towards schools food program support. No donations or contributions made to political and charitable institution.

**15. AUDITORS**

The auditors, M/S Baker Tilly DGP & Co, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing their re-appointment as auditors of the Company for the year 2022 will be put to the annual general meeting.

**16. ACKNOWLEDGEMENT**

Your Directors wish to place on records, their sincere thanks and deep sense of appreciation for the overwhelming co-operation and assistance received from the Government of Tanzania, the Tanzania Revenue Authority, various other Government Organizations and the bankers of the company. The management looks forward for the continued support from all.



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Director  
Name: Arvind Kumar Mittal  
Dar Es Salaam  
Date 11th April 2022



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Director  
Name: Atul Mittal

**STATEMENT OF DIRECTORS' RESPONSIBILITY**  
**FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2021**

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**STATEMENT OF DIRECTORS' RESPONSIBILITY**

The Tanzanian Companies Act 2002 requires the Directors to prepare financial statements for 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 Statement of comprehensive income for that year. It also requires the directors to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The Directors accept responsibility for the preparation and fair presentation of these financial statements, which are free from material misstatement whether due to fraud or error, that have been prepared in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act 2002. 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 31 December 2021 and of its financial performance and cash flows for the period then ended in accordance with General Accounting Standards and the requirements of the Tanzanian Companies Act, 2002.

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.

  
\_\_\_\_\_  
Director  
Name: Arvind Kumar Mittal  
Dar Es Salaam  
Date 11th April 2022

  
\_\_\_\_\_  
Director  
Name: Atul Mittal  
Dar Es Salaam

**MOUNT MERU MILLERS LIMITED**  
**P.O. Box 7094, Arusha**

**DECLARATION OF THE HEAD OF ACCOUNTING / FINANCE**  
**FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2021**

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**DECLARATION OF THE HEAD OF ACCOUNTING / FINANCE**

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

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

Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under paragraph of Responsibilities of the Authorized Representatives on an earlier page.

I, Sandeep Ghose being the Chief Financial Officer of Mount Meru Millers Limited hereby acknowledge my responsibility of ensuring that financial statements for the period ended 31<sup>st</sup> December 2021 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 of Mount Meru Millers Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: Sandeep Ghose  
Position: Head of Finance  
NBAA Membership No.: 3180  
Date: 11th April 2022



**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF  
MOUNT MERU MILLERS LIMITED****Opinion**

We have audited the financial statements of Mount Meru Millers Limited (the Company), which comprise the Statement of Financial Position as at 31<sup>st</sup> December 2021, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31<sup>st</sup> December 2021 and of its financial performance and its cash flows for the year then ended in accordance with 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 National Board of Accountants and Auditors (Code of Ethics) By - Laws, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter**

We draw attention to:

1. The management confirms continued existence, usage and valuation of the fixed assets and inventories.
2. The balances outstanding for receivables and payables are subject to confirmations.

Our report is not modified in respect of the above matters.

**Other information**

The directors are responsible for the other information. The other information comprises the Director's Report as required by the Companies Act, 2002, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of 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.

**Partners:**

K. S. Bhattbhatt (Tanzanian)  
Kailas K. Bhattbhatt (Tanzanian)  
Vishwanshu H. Trivedi (Indian)

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 Company's internal control.

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

Conclude on the appropriateness of the director's 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 Company's 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.

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**

As required by the Companies Act, 2002, we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books;
- iii) the director's report is consistent with the financial statements;
- iv) information specified by the law regarding director's remuneration and transactions with the Company is disclosed; and
- v) The Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.

For **Baker Tilly DGP & Co.**  
Certified Public Accountants,



**Kailas K. Bhattbhatt**  
Partner

Place : Dar es Salaam  
Date : 13th April 2022

**Mount Meru Millers Limited**  
**P.O. Box 7094, Arusha**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

PARTICULARS	NOTE	2021 Tzs'000'	2020 Tzs'000'
Revenue		65,866,237	81,167,731
Cost of sales		<u>50,948,022</u>	<u>66,028,805</u>
		14,918,215	15,138,926
Gross profit		14,918,215	15,138,926
Other income	4	<u>366,132</u>	<u>3,081,727</u>
		15,284,347	18,220,653
<u>Less: Expenses</u>			
Administrative expenses	5	(4,111,264)	(5,272,560)
Selling and distribution expenses	6	(3,809,731)	(7,372,964)
Financial expenses	7	<u>(4,039,524)</u>	<u>(5,393,647)</u>
		(11,960,519)	(18,039,171)
Profit / (Loss) before tax		3,323,828	181,482
Less : Tax expense / credit	8	<u>(1,553,988)</u>	<u>(511,926)</u>
<b>Profit / (Loss) after tax</b>		<b><u>1,769,840</u></b>	<b><u>(330,444)</u></b>
<b>Other comprehensive income / (loss)</b>			
Impairment of financial assets P&L		<u>(222,705)</u>	<u>(186,195)</u>
<b>Total comprehensive income / (loss)</b>		<b><u>1,547,135</u></b>	<b><u>(516,639)</u></b>


The significant accounting policies on pages 13 to 19 and the notes on pages 20 to 33 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 to 8.

The financial statements on Pages 9 to 33 were approved by the Board of Directors and signed on behalf by:



\_\_\_\_\_  
 Director  
 Mr. Arvind Kumar Mittal  
 Dated: 11th April 2022



\_\_\_\_\_  
 Director  
 Mr. Atul Mittal  
 Dated:

**Mount Meru Millers Limited**  
**P.O. Box 7094, Arusha**


**STATEMENT OF FINANCIAL POSITION AS ON 31ST DECEMBER 2021**

	NOTE	31st December 2021 Tzs'000'	31st December 2020 Tzs'000'
<b>Non current assets</b>			
Property, plant and equipment	19	96,175,375	98,779,565
Capital work-in-progress	19	641,885	2,957,999
Deferred tax assets	8	12,290,787	11,987,818
Investments	9	-	97,303
		<b>109,108,047</b>	<b>113,822,685</b>
<b>Current assets</b>			
Inventories		37,873,874	11,203,742
Trade and other receivables	10	22,783,546	22,104,242
Cash and cash equivalents	11	97,988	207,065
Current tax	18	-	60,000
		<b>60,755,408</b>	<b>33,575,049</b>
<b>Total assets</b>		<b>169,863,455</b>	<b>147,397,734</b>
<b>Equity</b>			
Share capital	12	1,200,000	1,200,000
Revaluation reserve		726,985	726,985
Retained earnings		4,361,134	2,824,798
		<b>6,288,119</b>	<b>4,751,783</b>
<b>Non current liabilities</b>			
Long term liabilities	13	87,287,553	84,447,151
Borrowings	14	6,527,708	10,152,503
Deferred tax liabilities	8	15,937,277	14,409,651
		<b>109,752,538</b>	<b>109,009,305</b>
<b>Current liabilities</b>			
Trade and other payables	15	2,567,217	2,781,887
Provisions	16	288,697	247,002
Bank overdraft	17	46,966,124	27,056,261
Borrowings	14	3,792,554	3,551,496
Current tax	18	208,206	-
		<b>53,822,798</b>	<b>33,636,646</b>
<b>Total equity and liabilities</b>		<b>169,863,455</b>	<b>147,397,734</b>

The significant accounting policies on pages 13 to 19 and the notes on pages 20 to 33 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 to 8.

The financial statements on Pages 9 to 33 were approved by the Board of Directors and signed on behalf by:

  
 Director  
 Mr. Arvind Kumar Mittal  
 Dated: 11th April 2022

  
 Director  
 Mr. Atul Mittal  
 Dated:

**Mount Meru Millers Limited**  
**P.O. Box 7094, Arusha**

**STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2021**

Particulars	Share capital	Revaluation reserve	Retained earnings	Total
	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'
<b><u>Year ended 31st December 2020</u></b>				
As at start of the year	1,200,000	726,985	3,356,528	5,283,513
Issue of shares	300,000	-	-	300,000
Prior year adjustments	-	-	(15,091)	(15,091)
	<u>1,500,000</u>	<u>726,985</u>	<u>3,341,437</u>	<u>5,568,422</u>
Net profit / (loss)	-	-	(516,639)	(516,639)
<b>At the end of the year</b>	<b><u>1,500,000</u></b>	<b><u>726,985</u></b>	<b><u>2,824,798</u></b>	<b><u>5,051,783</u></b>
<b><u>Year ended 31st December 2021</u></b>				
As at start of the year	1,500,000	726,985	2,824,798	5,051,783
Prior year adjustments	-	-	(10,799)	(10,799)
	<u>1,500,000</u>	<u>726,985</u>	<u>2,813,999</u>	<u>5,040,984</u>
Net profit / (loss)	-	-	1,547,135	1,547,135
<b>At the end of the year</b>	<b><u>1,500,000</u></b>	<b><u>726,985</u></b>	<b><u>4,361,134</u></b>	<b><u>6,588,119</u></b>

The significant accounting policies on pages 13 to 19 and the notes on pages 20 to 33 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 to 8.

The financial statements on Pages 9 to 33 were approved by the Board of Directors and signed on behalf by:

\_\_\_\_\_  
 Director  
 Mr. Arvind Kumar Mittal  
 Dated: 11th April 2022

\_\_\_\_\_  
 Director  
 Mr. Atul Mittal  
 Dated:

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2021**

<b>PARTICULARS</b>	<b>2021</b> <b>Tzs'000'</b>	<b>2020</b> <b>Tzs'000'</b>
<b><u>Cash flows from operating activities</u></b>		
Profit / (Loss) before tax	3,323,828	181,482
<u>Adjustment for:</u>		
Depreciation and amortisation	4,955,937	5,228,528
Profit / loss on sale of fixed assets	(1,462)	-
Prior period adjustment	(10,799)	(15,091)
	8,267,504	5,394,919
<u>Movements in working capital:</u>		
(Increase)/ decrease in inventories	(26,670,132)	14,988,665
(Increase)/ decrease in trade and other receivables	(805,831)	8,012
Increase/ (decrease) in trade and other payables	(172,975)	(1,476,620)
Cash generated from operations	(19,381,434)	18,914,976
Less: Taxes paid	(60,000)	(60,000)
<b>Net cash generated by operating activities (A)</b>	<b>(19,441,434)</b>	<b>18,854,976</b>
<b><u>Cash flow from investing activities</u></b>		
Payments of purchase of property, plant and equipment	(44,340)	(405,380)
Proceed from disposal of property, plant and equipment	10,169	-
<b>Net cash (used in) / generated by investing activities (B)</b>	<b>(34,170)</b>	<b>(405,380)</b>
<b><u>Cash flow from financing activities</u></b>		
Increase/(Decrease) in long term loan	2,840,402	(2,866,063)
Increase/ (decrease) in bank overdraft	19,909,863	(18,000,424)
Proceed from borrowings	(3,383,737)	2,264,349
<b>Net cash (used in) / generated by financing activities (C)</b>	<b>19,366,528</b>	<b>(18,602,138)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(109,077)</b>	<b>(152,542)</b>
Cash and cash equivalents at the beginning of the year	207,065	359,607
<b>Cash and cash equivalents at the end of the year</b>	<b>97,988</b>	<b>207,065</b>


The significant accounting policies on pages 13 to 19 and the notes on pages 20 to 33 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 to 8.

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2/

\_\_\_\_\_  
 Director  
 Mr. Arvind Kumar Mittal  
 Dated: 11th April 2022



\_\_\_\_\_  
 Director  
 Mr. Atul Mittal  
 Dated:

## **SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

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### **1. GENERAL INFORMATION**

Mount Meru Millers Limited is incorporated in Tanzania under the Companies Act 2002 as a limited liability company and it is domiciled in Tanzania. The principal activities of the company are disclosed in the Directors Report.

The address of its registered office is:

P O Box 7094,  
Arusha-Tanzania

### **BASIS OF PREPARATION**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are presented in the functional currency, Tanzania Shillings (TShs). The policies set out below have been consistently applied to all the years presented except for those relating to the classification and measurement of financial instruments.

### **2.1 ADOPTION OF NEW AND REVISED STANDARDS & INTERPRETATIONS**

#### **a) Standards, Amendments to the standards and Interpretations effective in the year 2020**

- Definition of a Business (Amendments to IFRS 3) Effective for accounting periods beginning on or after January 1, 2020
- Definition of Material (Amendments to IAS 1 and IAS 8) Effective for accounting periods beginning on or after January 1, 2020
- Amendments to References to Conceptual Framework in IFRS Standards Effective for accounting periods beginning on or after January 1, 2020
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued, requiring additional disclosures around uncertainty arising from the interest rate benchmark reform. Effective on or after 1<sup>st</sup> January 2020
- Amended by Covid-19-Related Rent Concessions (Amendment to IFRS 16) effective 1<sup>st</sup> June 2020.

#### **ii) Standards, Amendments and Interpretations issued, but not yet effective**

A number of new standards, amendments to standards and interpretations are effective for forthcoming periods and the Company had not adopted any of these Standards, Amendments of interpretations from an early date. The management does not foresee any major change in the accounting policies of the Company due to such amendments.

- IFRS 17 Insurance Contracts Effective for accounting periods beginning on or after January 1, 2023
- IFRS 9 Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) effective date on or after 1<sup>st</sup> January 2022

## **SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest Rate Benchmark Reform — Phase 2 - the amendments require additional disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks. Effective on or after 1<sup>st</sup> January 2021
- Amendment to IFRS 3, reference to the Conceptual framework. Effective on or after 1<sup>st</sup> January 2022
- Amendments to IAS 1, by Classification of Liabilities as Current or Non-current. Effective 1<sup>st</sup> January 2023
- Amendments to IAS 16, by Property, Plant and Equipment — Proceeds before Intended Use with effective from on or after 1<sup>st</sup> January 2022
- Amendments to IAS 37, by Onerous Contracts — Cost of Fulfilling a Contract Effective from 1 January 2022
- Amendment by reference to the Conceptual framework (Amendment to IFRS 3). Effective on or after 1<sup>st</sup> January 2022

### **2.2 SIGNIFICANT ACCOUNTING POLICIES**

#### **A. REVENUE RECOGNITION**

Revenue is recognised in profit or loss to the extent that it is probable that future economic benefit will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivables, taking into account contractually defined terms of payments excluding discounts, rebates and Valued Added Taxation (VAT).

##### **- Cooking oil income**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably

##### **- Interest income**

Interest earned on short term investments is recognised in the profit or loss statement on a straight-line basis over the investment period and included in operating income

#### **B. FOREIGN CURRENCY TRANSLATION**

##### **(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency for the company is the Tanzania Shillings.

##### **(ii) Transactions and balances**

Foreign currency transactions are translated into Tanzania Shillings using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into Tanzania Shillings at rates ruling at that date. Foreign exchange gains and losses

**SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

resulting from the settlement of such transactions and from the translation at the year-end exchange rate (@Tsh 2298/-) of monetary assets and liabilities denominated in foreign currencies and are recognized in the profit and loss account.

**C. PROPERTY, PLANT AND EQUIPMENT**

All property, plant and equipment are shown initially at cost, and thereafter stated at historical cost/ Valuation less depreciation and impairment. Cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, 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 reliably measured. The company has adopted cost model for the valuation of assets.

Buildings situated in two plots of land owned by the company were revalued in the year 2001.

Depreciation is calculated using the *Reducing Balance Method* to allocate the cost of each asset to its residual value over the estimated useful life as follows:

<b>Assets</b>	<b>Rate (%)</b>
Buildings	5%
Plant and machinery	5%
Generator	12.50
Office equipment	12.50
Furniture and fixtures	12.50
Motor Vehicles	25.00
Trucks	37.50

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance expenditures are charged to the profit and loss account during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain or losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the profit and loss account.

**3.5 INTANGIBLE ASSETS**

Intangible assets are capitalized on the basis of the cost incurred to acquire and bringing it to use. The costs are amortized using straight line method over the expected useful life of the asset. Costs incurred for updating or maintaining the computer software programs are recognized as an expense as and when incurred.

**SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

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**D. IMPAIRMENT OF ASSETS**

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists; the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**E. LEASES**

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right of use assets have been shown separately on the face of the financial statements.

ii) Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

## **SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

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In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company's lease liabilities have been shown separately on the face of the financial statements.

### **Short-term leases and leases of low-value assets**

The company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### **F. INVENTORIES**

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the open market less applicable selling expenses. Stores and consumables are stated at cost less any provision for obsolescence.

### **G. ACCOUNTS RECEIVABLE**

Receivables are initially recognised at fair value and subsequently measured at their amortised costs using effective interest method. A provision for impairment trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the expected cash flows discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

### **H. CASH AND CASH EQUIVALENTS**

Cash & Cash equivalents comprise of cash held by the company and current accounts operated with banks for company's normal trade transactions. The carrying amount of these assets approximates their fair value.

### **I. BORROWINGS**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

## **SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

Borrowing costs are expensed in the period they accrue unless they can be related, with certainty, to fixed assets construction projects in which case they are capitalised as part of the asset's cost.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### **J. TAXATION**

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004.

### **K. EMPLOYEES BENEFITS**

The Company has defined benefits contributions plans. Under defined contribution plan, the Company contributions to publicly administered pension plans (NSSF or PPF) on a mandatory basis. The Company has no further payment obligations once the contributions have been paid.

### **L. PROVISIONS**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

### **M. CONTINGENT LIABILITY**

There was no contingent liability present during the year end.

### **N. FINANCIAL RISK MANAGEMENT**

The Companies activities expose it to a variety of financial risks: foreign currency risk, credit risk, commodity price fluctuation risk and cash flow interest-rate risk. The Company's overall risk management programme seeks to minimize potential adverse effects on the financial performance. Risks management is carried out by the management on behalf of the Board of Directors.

#### **Credit risk**

The Company has no significant concentrations of credit risk. It has policies in place to ensure that the sales of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via strictly credit terms.

#### **Foreign currency risk**

As and when the need arises, the Company enters into transactions denominated in foreign currencies (primarily United States Dollars ("US\$")). In addition, the Company has assets and liabilities denominated in United States Dollars ("US\$"). As a result, it is

**SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

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subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. The company is generally dealing in local currency and thus, it is not much exposed to foreign currency risk.

**Interest rates and liquidity risk**

Fluctuation in interest rates has impact on the operating activities. In the ordinary course of business, the Company receives cash from its operations and is required to fund working capital and capital expenditure requirements. The company has availed long term and short term funding from the banks. The interest rates are dependent upon the market conditions and are subject to change. However, the management keeps a close watch on the developments in the market and accordingly takes steps to minimize the risk.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

**a) Critical accounting estimates and assumptions**

**Property, plant and equipment.**

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment and their residual values. The rates used are set out in Note 2(C) above.

**b) Critical judgement in applying the entity's accounting policies.**

In the process of applying the Company's accounting policies, management has made judgement in determining whether assets are impaired or not.

**c) Going Concern**

The financial statements have been prepared on the going concern basis, on the assumption that the company will continue its activities for the foreseeable future and the shareholders will extend their support as and when required. The validity of this assumption depends upon the continuing support of the Company by its shareholders and directors. The financial statements do not include any adjustment that should result from failure to obtain such continuing support any adjustment that should result from failure to obtain such continuing support.

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

	<b>2021</b>	<b>2020</b>
	<b>Tzs'000'</b>	<b>Tzs'000'</b>
<b>3 Cost of sales</b>		
Opening stock of raw materials & work in progress	4,135,641	17,307,251
Add: Purchases	66,857,726	39,937,791
Less: Closing stock of raw materials & work in progress	(23,417,462)	(4,135,641)
Cost of material consumption	<u>47,575,905</u>	<u>53,109,401</u>
<b>Add: Direct costs</b>		
Salaries and wages - direct	1,336,512	1,113,366
Clearing and forwarding charges	2,136,517	3,309,280
Consumables	502,908	-
Depreciation plant & machinery	4,340,657	4,545,819
Direct levies and duties	132,189	77,840
Factory expenses	164,413	204,032
Fuel expenses - direct	806	18,565
Offloading charges	281,465	243,172
Electricity and water expenses	1,042,247	1,049,968
Repairs and maintenance - direct	95,574	144,703
Freight charges	727,140	395,603
	<u>10,760,428</u>	<u>11,102,348</u>
Add : Opening stock of finished goods	7,068,101	8,885,157
Less: Closing stock of finished goods	(14,456,412)	(7,068,101)
<b>Total cost of sales</b>	<u><b>50,948,022</b></u>	<u><b>66,028,805</b></u>
<b>4 Other income</b>		
Discount received	174,527	114,889
Other income	190,143	2,966,838
Profit on sale of fixed assets	1,462	-
<b>Total</b>	<u><b>366,132</b></u>	<u><b>3,081,727</b></u>
<b>5 Administrative expenses</b>		
Amortisation of intangibles	-	9,620
Audit fees	34,238	39,074
Salaries and wages - Admin	718,363	932,084
Consultancy charges	385,485	385,369
Depreciation	615,280	673,089

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

	<b>2021</b>	<b>2020</b>
	<b>Tzs'000'</b>	<b>Tzs'000'</b>
Donations	63,007	48,824
Water expenses	3,780	3,179
Fines and penalties	2,212	2,634
Fuel and vehicle expenses	243,307	247,186
General insurance expenses	280,199	479,527
Dues, rates, fees and license charges	704,955	145,749
NSSF / PPF contribution - Admin	155,129	147,898
Rent - others	235,369	273,305
Postage and courier expenses	7,895	8,829
Professional and legal fees	35,121	46,463
Repairs and maintenance - Indirect	62,307	924,089
SDL cost	64,701	48,733
Printing and stationery expenses	14,516	47,489
Security expenses	13,369	5,880
Staff welfare expenses	85,100	152,657
Subscription charges	436	500
Office expenses	5,989	111,195
Telephone expenses	27,674	18,135
Internet expenses	11,907	10,517
Visa and permit expenses	130,049	108,855
Miscellaneous expenses	3,075	13,153
Workmen Compensation Fund	9,636	8,549
Other write off	198,165	379,978
<b>Total</b>	<b>4,111,264</b>	<b>5,272,560</b>
<b>6 Selling and distribution expenses</b>		
Discount allowed	188,666	110,944
Promotion expenses	5,851	80,294
Sales commission	198,568	130,351
Transportation expenses	3,345,220	7,022,840
Travelling expenses	71,426	28,535
<b>Total</b>	<b>3,809,731</b>	<b>7,372,964</b>
<b>7 Financial expenses</b>		
Bank charges	194,988	448,404
Bank interest	3,690,116	3,515,545
Foreign exchange loss / (gain) - realised	309,981	828,504
Foreign exchange loss / (gain) - unrealised	(155,657)	601,194
<b>Total</b>	<b>4,039,524</b>	<b>5,393,647</b>

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

	2021 Tzs'000'	2020 Tzs'000'		
<b>8 Tax expenses</b>				
Current tax	329,331	-		
Deferred tax	1,224,657	511,926		
<b>Total</b>	<b>1,553,988</b>	<b>511,926</b>		
<b>Reconciliation of tax expenses:</b>				
Net profit as per statement of profit or loss	3,323,828	181,482		
Tax @ 30 % (2020: 30%)	997,148	54,445		
Adjustment for:				
Effect of disallowances under tax laws				
Dissallowed expenses	87,145	168,958		
Effect of prior losses	140,365	288,523		
<b>Tax expenses as per books</b>	<b>1,553,988</b>	<b>511,926</b>		
<b>Break-up of deferred tax:</b>				
Particulars	At start of the year Tzs'000'	Charge to statement of profit or loss Tzs'000'	Charged to equity Tzs'000'	At end of the year Tzs'000'
<b>Deferred tax liabilities</b>				
Property, plant and equipment				
- accelerated capital allowance	14,409,651	1,480,929	-	15,890,580
Unrealised foreign exchange gain	-	46,697	-	46,697
	14,409,651	1,527,626	-	15,937,277
<b>Deferred tax asset</b>				
Tax losses carried forward	(11,805,551)	(485,236)	-	(12,290,787)
Unrealised foreign exchange loss	(182,267)	182,267	-	-
	(11,987,818)	(302,969)	-	(12,290,787)
<b>Net deferred tax liability / (asset)</b>	<b>2,421,833</b>	<b>1,224,657</b>	<b>-</b>	<b>3,646,490</b>
<b>9 Investments</b>				
Investment in shares			97,303	194,606
Impairment of financial assets - Invest			(97,303)	(97,303)
			-	97,303

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

	2021	2020
	Tzs'000'	Tzs'000'

Details:

Relates to investment in shares at Agro Warehousing Ltd Uganda

<b>Impairment of inve:</b>	<b>Total</b>	<b>&lt;30 days</b>	<b>30-90</b>	<b>90-1year</b>	<b>Over 1 year</b>
Gross amount (TZS)	194,606	-	-	-	194,606
ECL rate (%)		0.0%	0%	0%	100%
<b>ECL (TZS)</b>	<b>194,606</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>194,606</b>

**10 Trade and other receivables**

Advance to employees	149,947	111,821
Advance to suppliers	2,235,415	2,215,437
Other Receivables - Insurance claims	2,984,943	3,027,451
Other deposit	643,115	733,007
Goods in transit	-	6,151
Prepaid expenses	753	38,287
Trade debtors	5,459,813	3,945,479
VAT receivable	9,921,403	8,579,428
Due from associate companies and related parties	3,438,589	5,372,211
Prepaid duties and taxes	125,827	125,827
	<b>24,959,805</b>	<b>24,155,099</b>
Less		
Impairment of financial assets	<b>(2,176,259)</b>	<b>(2,050,857)</b>
	<b>22,783,546</b>	<b>22,104,242</b>

**Basis for impairment of financial assets**

i) Trade receivables are non-interest bearing and generally on 31 day terms. Day sales outstanding for 2020 was 31 days (2019:31 days)

ii) Other receivables with non interest bearing have an average term of 30-180 days.

iii) For terms and conditions of related amount due to related parties refer to Note 21

As at December 31, the ageing analysis of trade and other receivables was as follows(all balances are in TZ

	<b>Total</b>	<b>&lt;30 days</b>	<b>30-90</b>	<b>90-1year</b>	<b>Over 1 year</b>
At 31 December 2021					
<b>Loans and Advances</b>					
Gross amount (TZS)	148,202	-	-	148,202	-
ECL rate (%)				10%	
<b>ECL (TZS)</b>	<b>14,820</b>	<b>-</b>	<b>-</b>	<b>14,820</b>	<b>-</b>
<b>Related party balances</b>					
Gross amount (TZS)	5,310,412	1,171,698	335,080	573,573	3,230,062
ECL rate (%)		0.5%	1%	3%	3%
<b>ECL (TZS)</b>	<b>123,318</b>	<b>5,858</b>	<b>3,351</b>	<b>17,207</b>	<b>96,902</b>



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

	2021 Tzs'000'	2020 Tzs'000'
<b>14 Borrowings</b>		
<b>Non current</b>		
Long term loan from banks	6,527,708	10,152,503
	<u>6,527,708</u>	<u>10,152,503</u>
<b>Current</b>		
Current portion of loans from banks	3,792,554	3,551,496
	<u><b>10,320,262</b></u>	<u><b>13,703,999</b></u>

**Security details:**

**a) National Micro Finance (NMB) Bank Tanzania Limited**

- i) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 17, at Themu Industrial Area, Arusha Municipality, with CT. No. 4867 L.R Moshi, L.O. No.44169 i.n.o Arvind Kumar Mittal;
- ii) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 20, at Themu Industrial Area, Arusha, with CT. No. 8430 LR Moshi, L.O. No. 121721 i.n.o Mount Meru Millers Tanzania;
- iii) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 20, at Themu Industrial Area, Arusha, with CT. No. 8430 L.R Moshi, L.O. No. 121721 i.n.o Mount Meru Millers Tanzania.
- iii) A first ranking legal mortgage created over commercial properties (land and buildings) located on farm No. 1796, at Engutoto Village in Arusha District, with CT No. 19646 LR Moshi, L.O. No. 234522 i.n.o Mount Meru Millers Tanzania
- iv) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No 183, Block "CC" Sombetini Area, Arusha Municipality, with CT. No. 9017 LR Moshi, L.O. No. 132186, i.n.o. Mount Meru Millers Tanzania
- v) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 623, Block "H" Masanga Igunga Urban Area, with CT. No. 19746 LR Mwanza, L.O. No.156500, i.n.o. Mount Meru Millers Tanzania
- vi) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 19-32, Block "MM" Njuki Singida Township, with CT. No. 10584-DLR, L.O. No. 204416, i.n.o. Mount Meru Millers Tanzania
- vii) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 2/1, Bunda Stoo Village, Bunda District, with CT No. 17537 LR Mwanza, L.O. No. 184563, i.n.o. Mount Meru Millers Tanzania
- viii) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 2/2, Bunda Stoo Village, Bunda District, with CT No. 17538 LR Mwanza, L.O. No. 184564, i.n.o Mount Meru Millers Tanzania
- ix) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 8, 10-19, Block "A" Service Industry -Nyhogo in Kahama Urban area, with CT. No. 14587 LR Mwanza, L.O. No. 181378, i.n.o. Mount Meru Millers Tanzania

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

	2021 Tzs'000'	2020 Tzs'000'
x) A first ranking legal mortgage created over commercial property (land and buildings) located on Plot No. 168, Block "KI(" Mhumbu Industrial Area, Shinyanga Municipality, with CT No. 14216 LR Mwanza, L O. No. 182418, i.n.o. Mount Meru Millers Tanzania		
xi) A first ranking chattel mortgage created over the plants and machineries located on Plot No. 17 at Themu Industrial Area, Arusha, with CT. No. 4867 LR Moshi, LO. No. 44169 i.n.o Arvind Kumar Mittal		
xii) A first ranking legal mortgage created over property located on Plot No. 2 & 3 Block "F" situated in Njuki in Singida Municipality, with CT. No. 1 S.G.D, LO.No. 950696 i.n.o. Mount Meru Millers Limited		
xiii) A first ranking specific debenture to be created over all plants and machineries located on:-		
a) Plot No. 19-32, Block "MM" Njuki area, Singida, with C.T No. 10584 DLR i.n.o Mount Meru Millers Tanzania.		
b) Plot No. 623, Block "H" with CT. No. 19746 L.R Mwanza at Masanga Igunga Urban Area i.n.o. Mount Meru Millers Tanzania.		
c) Plot No. 2/1 with CT No 17537 LR Mwanza, Bunda Stoo Village, Bunda district i.n.o Mount Meru Millers Tanzania.		
d) Plot No. 2/2 with CT No. 17538 LR Mwanza, Bunda Stoo Village, Bunda District i.n.o Mount Meru Millers Tanzania.		
e) Plot No. 8, 10-19, Block A with CT No 14587 LR Mwanza at Service Industry- Nyihogo in Kahama urban area i.n.o Mount Mero Millers Tanzania.		
f) Plot No. 168, Block "KK" with CT No. 14216 LR Mwanza at Mbumbu Industrial Area, Shinyanga Municipality i.n.o. Mount Meru Millers Tanzania		
g) Plot No. 2 & 3, Block "F" situated in Njuki in Singida Municipality, with CT. No. 1 S.G.D, L.O.No. 950696 i.n.o. Mount Meru Millers Limited		
xiv) A first ranking debenture created over all fixed and floating assets of the Borrower to secure the Facilities by 125%;		
xv) Corporate Guarantee and Indemnity to be issued by Mount Meru Petroleum Limited, Acer Petroleum Tanzania Limited and Mount Meru Logistics Ltd to cover the Facilities by 125%;		
xvi) Shareholders' Personal Guarantees and indemnity to be issued by Mr. Tarsem Chand Aggarwal, Mrs. Kantadevi Aggarwal, Mr. Arvind Kumar Mittal and Mr. Atul Kumar Mittal to cover the Facilities by 125%; and		
(xvii) Deed of subordination of loans from White Horse Commodities Limited amounting to Tzs 84Bln		

**15 Trade and other payables**

Trade creditors	1,292,372	1,265,555
Advance from customers	662,050	790,392
Due to associate companies and related parties	608,595	705,719
Withholding tax payable	4,200	20,221
	<b>2,567,217</b>	<b>2,781,887</b>

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

	2021 Tzs'000'	2020 Tzs'000'
<b>16 Provisions</b>		
NSSF / PPF payable	28,265	22,543
PAYE payable	26,933	9,240
SDL payable	6,237	6,109
Audit fees payable	27,833	39,074
Provision for expenses	199,429	170,036
	<u><b>288,697</b></u>	<u><b>247,002</b></u>
<b>17 Bank overdraft</b>		
Bank overdraft - TSH	11,768,384	4,517,805
Bank overdraft - USD	35,197,740	22,538,456
	<u><b>46,966,124</b></u>	<u><b>27,056,261</b></u>
<b>Security details:</b>		
<b>a) National Micro Finance (NMB) Bank Tanzania Limited</b>		
The National Micro Finance (NMB) Bank Tanzania Limited has granted Over draft of TShs 14.4 Billion at the rate of 11% pa. and Overdraft of USD 5.5 Million at an interest rate of 7% pa. The facility granted to the company is for working capital purposes for the business and distribution of edible oil products branded Sunola, Singida and Bunda only. The facilities are secured are similar to the ones stated on Loans (as above).		
<b>b) Rabo Bank Netherlands</b>		
Cooperative Rabo bank U.A. has entered into a financing agreement to provide USD 45 Million uncommitted trade finance facility to Mount Meru Group		
<b>Security</b>		
The subordination agreement in place between the bank, WHC and Mount Meru Millers Tanzania		
<b>18 Current tax</b>		
<b>Balance b/f</b>	(60,000)	-
Provision for tax current year tax	329,331	-
Advance tax paid	(60,000)	(60,000)
Withholding tax receivable	(1,125)	-
	<u><b>208,206</b></u>	<u><b>(60,000)</b></u>

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

19 Property, plant & equipment

Particulars	Building	Plant and machinery	Furniture and fixtures	Office equipment	Computers and accessories	Capital work in progress	Motor vehicles Class I	Motor vehicles Class II	Total
	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'	Tzs'000'
<b>Cost</b>									
Balances at 1st January 2020	16,787,543	93,991,542	69,962	236,193	74,256	2,953,253	578,674	645,855	115,337,277
Additions	-	386,236	930	-	13,468	4,746	-	-	405,380
Balances at 31st December 2020	16,787,543	94,377,778	70,892	236,193	87,724	2,957,999	578,674	645,855	115,742,657
<b>Comprising:</b>									
Balances at 1st January 2021	16,787,543	94,377,778	70,892	236,193	87,724	2,957,999	578,674	645,855	115,742,657
Additions	-	-	-	5,360	-	1,480	37,500	-	44,340
Disposals	-	-	-	-	-	-	(725)	(13,273)	(13,998)
Transfers	2,317,595	-	-	-	-	(2,317,595)	-	-	-
Balances at 31st December 2021	19,105,138	94,377,778	70,892	241,553	87,724	641,885	615,449	632,582	115,772,998
<b>Accumulated depreciation</b>									
Balances at 1st January 2020	1,291,885	6,827,293	14,875	33,662	22,636	-	254,133	341,701	8,786,185
Depreciation for the year	509,976	4,545,819	7,274	5,510	9,335	-	75,583	65,411	5,218,908
Balances at 31st December 2020	1,801,861	11,373,112	22,149	39,172	31,971	-	329,716	407,112	14,005,093
Balances at 1st January 2021	1,801,861	11,373,112	22,149	39,172	31,971	-	329,716	407,112	14,005,093
Depreciation for the year	486,273	4,340,657	6,451	4,860	8,440	-	75,583	33,673	4,955,937
Disposals	-	-	-	-	-	-	(274)	(5,017)	(5,291)
Balances at 31st December 2021	2,288,134	15,713,769	28,600	44,032	40,411	-	405,025	435,768	18,955,739
<b>Carrying value</b>									
Balances at 31st December 2021	16,817,004	78,664,009	42,292	197,521	47,313	641,885	210,424	196,814	96,817,260
Balances at 31st December 2020	14,985,682	83,004,666	48,743	197,021	55,753	2,957,999	248,958	238,743	101,737,564

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

20 Intangible Assets

Particulars	Software	Total
	Tzs'000'	Tzs'000'
<b><u>Cost</u></b>		
Balances at 1st January 2020	12,077	12,077
Balances at 31st December 2020	12,077	12,077
Balances at 1st January 2021	12,077	12,077
Balances at 31st December 2021	12,077	12,077
<b><u>Accumulated depreciation</u></b>		
Balances at 1st January 2020	2,457	2,457
Amortisation for the year	9,620	9,620
Balances at 31st December 2020	12,077	12,077
Balances at 1st January 2021	12,077	12,077
Amortisation for the year	-	-
Balances at 31st December 2021	12,077	12,077
<b><u>Carrying value</u></b>		
Balances at 31st December 2021	-	-
Balances at 31st December 2020	-	-

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

**21 Related party disclosure**

The company has following related parties by virtue of common shareholding / directorship:  
 In Tanzania

**Transactions:**

**2021**  
**Tzs'000'**

**2020**  
**Tzs'000'**

**Trading:**

**Sales**

In Tanzania

1) Mount Meru Petroleum Ltd	(199,976)	(133,158)
2) Acer Petroleum (T) Ltd.	(137,051)	(113,403)
3) Mount Meru Logistics Ltd	(190)	(1,315)

Outside Tanzania

1) Mahi Organic Proteins Pvt Ltd.	(3,443,811)	(11,311,913)
2) Organic Proteins Ltd. - Kenya	(11,206,156)	(9,400,607)
3) Mount Meru Millers Ltd - Zambia		(3,435)
4) Mount Meru Millers Ltd - Uganda		(40,182)
5) Mount Meru Soyco Ltd - Rwanda	(618,417)	-

**Purchases**

In Tanzania

1) Mount Meru Petroleum Ltd	554,263	289,267
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Outside Tanzania

1) Mount Meru Millers Ltd- Malawi	1,613,201	2,164,685
2) Mount Meru India Pvt Ltd	284,687	246,081
3) Mount Meru Millers Ltd - Zambia	494,110	4,273,476
4) Organic Proteins Ltd.	-	2,087
5) Mount Meru Millers Ltd - Uganda	962,193	-

**Expenses Charged To/ From:-**

In Tanzania

1) Acer Petroleum (T) Ltd.	1,433,370	3,728,002
2) Mount Meru Logistics Ltd	288,313	172,774
3) Acer Logistics	2,750	-
4) Mount Meru Oil LTD.	(23,400)	-
5) Mount Meru Petroleum Ltd	(14,200)	11,738

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

Outside Tanzania	
1) Mount Meru Millers Ltd- Malawi	879,812
2) Mount Meru India Pvt Ltd	59,187
3) Organic Proteins Ltd.	24,654
4) Mount Meru Millers Ltd - Uganda	(974)
5) Mount Meru Petroleum Ltd - Zambia	21,228
6) Mount Meru Petroleum Ltd - Malawi	24,419
7) Mount Meru Petroleum Ltd - Uganda	41,789
8) Mount Meru Logistics Ltd - Rwanda	(8,544)

<b><u>Outstanding balances:</u></b>	<b>December 2021 Tzs'000'</b>	<b>December 2020 Tzs'000'</b>
<b><u>Trading:</u></b>		
<b>Trade receivables</b>		
Acer Petroleum (T) Ltd	19,409	(19,110)
Mahi Organic Proteins Pvt Ltd.	621,006	1,517,233
Mount Meru India Pvt Ltd	960,733	760,136
Mount Meru Logistics Ltd	-	46,861
Mount Meru Miller Oil Ltd.	-	593,753
Mount Meru Millers Ltd - Rwanda	460	460
Mount Meru Millers Malawi Ltd	6,867	439,730
Mount Meru Millers Zimbabwe Ltd	5,534	5,535
Mount Meru Oil Ltd	894,841	277,688
Mount Meru Petro Energy Ltd	2,206	2,206
Mount Meru Petroleum Ltd	138,246	358,143
Mount Meru Soyco Ltd - Rwanda	354	-
Mount Meru Seeds Ltd	200,021	223,043
Organic Proteins Ltd	387,772	972,568
Mount Meru Millers Uganda Ltd	12,458	-
Mount Meru Logistics (R) Ltd	-	8,544
Mount Meru Miller (U) Ltd.	-	979
Mr. Arvind Mittal	131,989	131,989
Mr. T.C. Aggarwal	39,206	39,131
Ms. Bindu Mittal	17,488	13,320
	<b><u>3,438,589</u></b>	<b><u>5,372,210</u></b>

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

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**Trade Payable**

Acer Clearing Ltd	(3,554)	(23,013)
Agro Warehousing Ltd	(385,311)	(417,356)
Mount Meru Logistics Ltd	(16,605)	-
Mount Meru Middle East Ltd	(9,191)	(9,194)
Mount Meru Millers Zambia Ltd	(147,979)	(166,419)
Mount Meru Petroleum Ltd (Zambia)	-	(48,541)
Acer Logistics Limited	(2,750)	-
Mrs. Kanta Devi	(8,169)	(8,560)
Mr. Atul Mittal	(35,035)	(32,635)
	<u>(608,595)</u>	<u>(705,718)</u>

**Financial:**

**Loans/ Due to Related Parties**

White Horse Commodities Ltd	(87,057,713)	(84,217,246)
Humprey Investment Co. Ltd	(229,840)	(229,905)
	<u>(87,287,553)</u>	<u>(84,447,151)</u>

**22 Contingent liabilities and commitments**

The management does not anticipate any contingent liabilities as at 31st December 2021.

- 23** Previous year's figure have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

**Mount Meru Millers Limited**  
**P.O. Box 7094, Arusha**

**COMPUTATION OF TAXABLE INCOME**

**2021**  
**Tzs'000'**

Profit / (Loss) as per statement of profit or loss	3,323,828
Add:	
Depreciation and amortisation	4,955,937
Private use of telephone	2,767
Private use of motor vehicle	24,331
Loss on sale of PPE	(1,462)
Fines and penalties	2,212
Other write off	198,165
Donation	63,007
	<b>8,568,785</b>
Less:	
Wear and tear allowance	9,429,389
Unrealised forex gain - current year	155,657
Unrealised forex loss - previous year	601,194
<b>Taxable income / (loss)</b>	<b>(1,617,455)</b>
Less: Brought forward of loss	39,351,837
<b>Taxable income for the year</b>	<b>(40,969,291)</b>
Tax on income @30%	-
Minimum Alternative Tax	<b>329,331</b>

**Wear and tear schedule**

Particulars	Class	Class	Class	Class	Class	Total
	I	II	III	VI	VII	
Method of Depreciation	<b>WDV</b>	<b>WDV</b>	<b>WDV</b>	<b>SLM</b>	<b>SLM</b>	
Rate	<b>37.50%</b>	<b>25.00%</b>	<b>12.50%</b>	<b>5.00%</b>	<b>20.00%</b>	
Opening balance at 1st January 2021	133,298	31,929,983	4,183,337	4,239,124	5,797	40,491,539
Additions	37,500	-	5,360	2,317,595	-	2,360,455
	170,798	31,929,983	4,188,697	6,556,718	5,797	42,851,994
Less: Disposal	(10,169)	-	-	-	-	(10,169)
	160,629	31,929,983	4,188,697	6,556,718	5,797	42,841,824
Wear and tear	60,236	7,982,496	523,587	861,138	1,932	9,429,389
Closing balance 31st December 2021	100,393	23,947,487	3,665,110	5,695,580	3,865	33,412,435