

LAKE TRANS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2021

Certified true copy of the Original
Sign:  Date: 28/1/2023
TERI LOTU BONIFACE
ADVOCATE NOTARY PUBLIC & COMMISSIONER FOR OATHS



Assad
ASSOCIATES

Accountants, Auditors and Tax Consultants

Samora Tower, Mezzanine 2nd floor (M2),
Corner of Bridge and Mansfeild Street,
P.O. Box 7286, Dar Es Salaam
TEL.: +255(22) 2114081/2115688, FAX: +255 (22) 2131036

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Lako Trans Limited
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For the year ended 31 December 2021

Company Information		
Board of directors	Names	Nationality
	Mr. Dhaval Kumar Kalidas Sharma Mr. Sika In Abun	Indian Indian
Registered office	Plot no 72 Block C Kigamboni ward Kigamboni Vijhwani Street P O Box 5055 Dar es Salaam Tanzania	
Principal bankers	UBA Bank Limited Dar es Salaam Tanzania	
	KCB Bank Limited Dar es Salaam Tanzania	
	Bank ABC Dar es Salaam Tanzania	
	Maktaba Square Branch Dar es Salaam Tanzania	
Independent Practitioner	Assad Associates Certified Public Accountants Mansfield/ Bridge street P O Box 7286 Dar es Salaam Tanzania	
Company Secretary	Heriolutu boniface sitayo Certified Public Accountants Kigamboni P O Box 5055 Dar es Salaam Tanzania	

REPORT BY THOSE CHARGED WITH GOVERNANCE

The directors submit their annual report together with the financial statements for the year ended 31 December 2021 which disclose the state of affairs of the company.

INCORPORATION

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

PRINCIPAL ACTIVITIES

The principal activity of the company is that of Transportation Services

COMPOSITION OF THE BOARD OF DIRECTORS

The directors who held office during the year and at the date of this report are shown as follows:

Names	Position
Mr. Dhavalkumar Kalidas Sharma	Director
Mr. Srikanth Abburi	Director

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

CORPORATE GOVERNANCE

The Board of Directors consists of two directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring significant 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 to ensure high standards of corporate governance throughout the company.

SHARE CAPITAL

The authorised and issued share capital of the company is shown on note 12 of the financial statements. The shareholders of the company with their respective shareholdings is as follows.

Name of the shareholders	No of shares held	Shareholding
Ally edha awadh	10,000	1%
As Holdings limited	990,000	99%
	<u>1,000,000</u>	<u>100%</u>

REPORT BY THOSE CHARGED WITH GOVERNANCE

RESULTS

	2021 T.SHS	2020 T.SHS
Loss before tax		
Tax charge	(1,524,240)	(4,200,369)
Loss for the year	<u>(1,524,240)</u>	<u>(4,200,369)</u>

DIVIDEND

The directors do not recommend the declaration of a dividend for the current year (2020: Nil).

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 operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 31 December 2021 and is of the opinion that they met the expected criteria.

The Board carries risk and internal control assessment through board meetings and the Senior Management meetings, on regular basis.

GOING CONCERN AND SOLVENCY STATUS

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. The board of directors has reasonable expectation that Lake Trans Limited has adequate resources to continue in operational existence for the foreseeable future.

EMPLOYEES' WELFARE

Management and employees' relationship

There was continued good relationship between employees and management for the year ended 31 December 2021. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and employees.

The company gives 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 regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

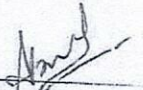
Lakotrans Limited
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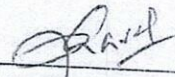
REPORT BY THOSE CHARGED WITH GOVERNANCE

INDEPENDENT PRACTITIONER

The company's independent practitioner, Assac Associates have expressed their willingness to continue in office in accordance with Section 170 of the Companies Act 2002 and are eligible for re-appointment. A resolution proposing the re-appointment for the year ended 31 December 2022 will be put in the Annual General Meeting.

BY ORDER OF THE BOARD


Mr. Srikanth Abburi
Director
13/02/2023


Mr. Dhavalkumar Kalidas Sharma
Director
13/02/2023

Certified true copy of the Original
Date 28/2/2023
Sgt. PERILOTU BONIFACE
ADVOCATE NOTARY PUBLIC & COMMISSIONER FOR OATHS

STATEMENT OF THOSE CHARGED WITH GOVERNANCE RESPONSIBILITIES

The directors are required by the Companies Act 2002, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year the results of its operation and cash flows for the year then ended, in conformity with the International Financial Reporting Standard (IFRS) and that they are free from material misstatement whether due to fraud or error.

The financial statements are prepared in accordance with the International Financial Reporting Standard (IFRS) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

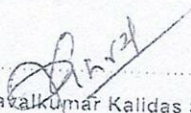
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or loss.

The directors have reviewed the company's cashflow forecast for the year ended 31 December 2022 and in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

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 loss and cash flows for the year then ended in accordance with the International Financial Reporting Standard and the requirements of the Tanzania Companies Act 2002.

Approved by the board of directors and signed on its behalf by


Mr. Dhaval Kumar Kalidas Sharma
Director

13/02/2023
Date



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DECLARATION OF THE HEAD OF ACCOUNTING OF LAKE TRANS LIMITED

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

I LUCY MRAWALA being the Head of Accounting of Lake Trans Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

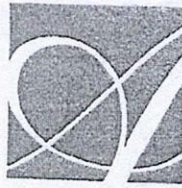
I thus confirm that the financial statements give a true and fair view position of Lake trans Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: 

Position: ACCOUNTANT

NBAA Membership No: GA5456





Assad
ASSOCIATES

Certified Public Accountants, Authorized Auditors and Tax Consultants

**INDEPENDENT PRACTITIONER'S COMPILATION REPORT
TO THE MEMBERS OF LAKE TRANS LIMITED**

Report on the financial statements

We have compiled the accompanying financial statements of Lake trans Limited based on information you have provided. These financial statements comprise the statement of financial position of lake trans Limited as at 31st December 2021, the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

We performed this compilation engagement in accordance with International Standards on Related Services 4410 (revised), Compilation engagements.

The directors are responsible for maintaining the books of accounts that give a true and fair view in accordance with the International Financial Reporting Standard (IFRS) and the requirements of the Tanzania Companies Act 2002.

These financial statements and the accuracy, authenticity and completeness of the information used to compile them are director's responsibility.

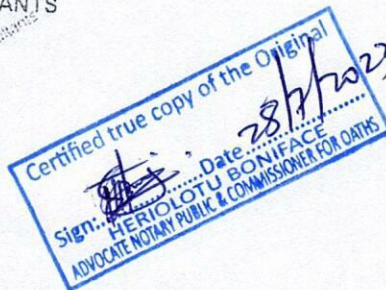
Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy, authenticity or completeness of the information provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements have been accurately prepared in accordance with International Financial Reporting Standard (IFRS)

We have obtained information and explanation which were necessary for the purpose of our compilation. However where adequate third party documentation were not available, and where accuracy, authenticity and completeness of the accounting records were not obtainable, we have accepted assurances from the management that the Company's transactions have been reflected correctly in the records provided to us.

FOR : ASSAD ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Signature: Sajjad Jusuab
FCPA

Place : Dar es Salaam



Date: 12/02/2023

Samora Tower, Mezzanine 2nd Floor (M2), Corner of Bridge & Mansfield Street,
Opp. Saint Joseph Church, P.O.Box 7286, Dar Es Salaam , Tanzania.

+255 22 2115688/2114081 +255 788 331 331 ✉ assad@assad.co.tz 🌐 www.assad.co.tz


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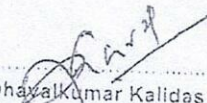
STATEMENT OF PROFIT OR LOSS

	Notes	2021 T.SHS '000	2020 T.SHS '000
Revenue	1	30,380,660	24,477,249
Cost of sales	2	28,640,252	25,490,810
Gross profit/(loss)		1,740,408	(1,068,560)
Other Income	3	271,680	249,637
		2,012,087	(818,723)
Administrative expenses	4	(1,833,465)	(2,066,928)
Finance cost	5	(1,702,863)	(1,314,718)
Loss before tax		(1,524,240)	(4,200,369)
Tax charge		-	-
Loss for the year	6	(1,524,240)	(4,200,369)

STATEMENT OF FINANCIAL POSITION

	Notes	2021 T.SHS '000	2020 T.SHS '000
ASSETS			
Non-current assets			
Property and equipment	7(a)	47,192,680	42,342,546
Right-of-use assets	7(b)	11,162,841	2,782,519
		<u>58,355,520</u>	<u>45,125,064</u>
Current assets			
Inventory			
Taxation	8	2,886,503	3,980,288
Trade and other receivables	9	100,000	75,000
Cash and cash equivalents	10	22,565,750	17,570,733
	11	255,570	125,705
		<u>25,807,823</u>	<u>21,751,727</u>
TOTAL ASSETS		<u><u>84,163,343</u></u>	<u><u>66,876,790</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		1,000,000	1,000,000
Retained Losses	12	(17,786,801)	(15,870,299)
		<u>(16,786,801)</u>	<u>(14,870,299)</u>
Non current liabilities			
Borrowings			
Deferred tax	13	8,091,553	10,623,608
Lease Finance	14		
	15	14,382,015	2,383,047
		<u>22,473,568</u>	<u>13,006,656</u>
Current liabilities			
Borrowing			
Trade and other payables	16	753,217	2,380,652
	17	77,723,360	66,359,782
		<u>78,476,577</u>	<u>68,740,434</u>
TOTAL EQUITY AND LIABILITIES		<u><u>84,163,343</u></u>	<u><u>66,876,790</u></u>

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Sign:  Date: 28/12/2023
HERZLOTU BONIFACE
ADVOCATE NOTARY PUBLIC & COMMISSIONER FOR OATHS


Mr. Dhayal Kumar Kalidas Sharma
Director

13/02/2023
Date

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STATEMENT OF CHANGES IN EQUITY

	Share Capital T.SHS '000	Retained Losses T.SHS '000	Total T.SHS '000
Year ended 31 December 2021			
At start of year	1,000,000	(15,870,299)	(14,870,299)
Prior year taxes	-	(392,261)	(392,261)
Total losses for the year	-	(1,524,240)	(1,524,240)
At end of year	<u>1,000,000</u>	<u>(17,786,801)</u>	<u>(16,786,801)</u>
Year ended 31 December 2020			
At start of year	1,000,000	(11,193,208)	(10,193,208)
Prior year taxes	-	(476,723)	(476,723)
Total losses for the year	-	(4,200,369)	(4,200,369)
At end of year	<u>1,000,000</u>	<u>(15,870,299)</u>	<u>(14,870,299)</u>

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STATEMENT OF CASH FLOWS

	2021	2020
Notes	T.SHS '000	T.SHS '000
Cash flows from operating activities		
Loss for the year	(1,524,240)	(4,200,365)
Adjustment for:		
Depreciation	7(a) 3,097,212	2,426,767
Profit/(loss) before changes in working capital	1,572,972	(1,773,602)
Changes in working capital		
Inventory	1,093,786	914,557
Trade and other receivables	(4,995,017)	(10,285,049)
Trade and other payable	11,363,577	14,133,975
Cash generated from operations	9,035,318	2,989,912
Tax paid for prior year	(317,261)	(406,723)
Tax paid for current year	(100,000)	(75,000)
Net cash generated from operating activities	<u>8,618,056</u>	<u>2,508,189</u>
Cash flows from investing activities		
Cash paid for purchase of Property and Equipment	7(a) (16,327,669)	(2,956,445)
Net cash used in investing activities	<u>(16,327,669)</u>	<u>(2,956,445)</u>
Cash flows from financing activities		
Net movement in borrowing	(4,159,490)	388,844
Net movement in lease finance	11,998,968	-
Net cash generated from financing activities	<u>7,839,477</u>	<u>388,844</u>
Net increase/(decrease) in cash and cash equivalents	129,865	(59,412)
Cash and cash equivalents at start of year	<u>125,705</u>	<u>185,117</u>
Cash and cash equivalents at end of year	11 <u>255,570</u>	<u>125,705</u>

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of United Republic of Tanzania. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. These financial statements are presented in Tanzanian Shillings.

1b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of discounts and volume rebates.

1c) Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax movement for the current period. The tax currently payable is based on taxable profit for the year.

1d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Tanzanian Shillings (the functional currency), at the rates ruling at the transaction dates.

At the end of each reporting period:

- i) Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
- ii) Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.
- iii) Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1e) Property and equipment

Property and equipment are tangible items that:

- i) Are held for use in the supply of services and for administrative purposes.
- ii) Are expected to be used for more than one period.

Items of property and equipment are initially recognised at cost. Costs include all costs incurred to bring the asset to the condition necessary for it to be capable of operating in the manner intended by management.

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

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided using the reducing balance method to write down the cost less estimated residual value over the useful life of property and equipment. The following annual rates are used for the depreciation of property and equipment.

Items	Rates
Truck and trailers	5%
Computer	37.5%
Furniture and fitting	12.50%

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

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

1f) Impairment of asset

At each reporting date, the company assesses whether there is any indication that any asset (or group of related assets) may be impaired. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, this does not apply to impairment losses allocated to goodwill, the reversal of which is prohibited by the standard.

1g) Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (this includes transaction cost except in the initial measurement of financial assets and liabilities that will be measured at fair value through profit or loss). If however the arrangement constitutes a financing transaction it is then measured at the present value of the future payments, discounted at a market related interest rate.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1g) Financial instruments (continued)

Trade and other receivables

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

Trade and other payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Trade and other payables denominated in a foreign currency are translated into functional currency using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

1h) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

1i) Share capital

Ordinary shares are classified as equity.

1j) Employee benefits

Short term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution plans are expensed as they fall due. The company and its employees contribute to National Social Security Fund (NSSF) a statutory defined contribution scheme registered under the NSSF Act.

1j) Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably.

Contingent assets and contingent liabilities are not recognised.

1k) Consumables

Consumables are stated at the lower of cost or net realisable value. Cost is determined by the first in first out (FIFO) method. Net realisable value is the estimated selling price less any other costs necessary to make the sale. The value of inventory is determined by the Directors of the Company.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1) Borrowing

Overdrafts are initially recognised at fair value, net of transaction costs incurred. Overdrafts are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the overdraft using the effective interest method.

Overdrafts are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired and its costs are expensed in the year in which they are incurred.

General and specific overdraft costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

2) Key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Property and equipment

Critical estimates are made by the directors in determining depreciation rates for property and equipment. The depreciation rates used are set out in the respective accounting policy under property and equipment.

(ii) Income taxes

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

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NOTES TO THE FINANCIAL STATEMENTS

	2021 T.SHS '000	2020 T.SHS '000
1 Revenue		
Logistic income	<u>30,380,660</u>	<u>24,422,240</u>
2 Cost of Sales		
Opening stock	3,980,288	4,894,876
Purchases and direct expenses(Note 2(a))	<u>27,546,466</u>	<u>24,576,222</u>
Closing Stock	31,526,754	29,471,098
Cost of sales	<u>(2,886,503)</u>	<u>(3,980,288)</u>
	<u>28,640,252</u>	<u>25,490,810</u>
2(a) Purchases and direct expenses		
Fuel and lubricants	8,249,046	9,757,142
Tyres and spares	4,061,496	3,431,081
Sub contract	5,409,227	4,221,428
Labour charges	6,625	2,690
Calibration charges	295,218	67,884
Border fees	1,973,168	1,485,238
Comessa	246,657	8,030
Depreciation	3,097,212	2,426,767
Insurance	629,928	305,605
Trip mileage	1,674,828	1,186,157
Road toll & seal expenses	168,000	102,373
Sumatra fees	190,953	128,512
Materials, tools and gas	174,982	-
Salary and wages	828,000	1,082,995
Vehicle tracking and inspection fees	254,163	167,687
Documents, seal and permit expenses LPG	49,967	3,460
Parking fees	11,779	16,186
Kigamboni bridge	225,223	174,828
Other direct expenses	-	8,160
Total purchases and direct expenses	<u>27,546,466</u>	<u>24,576,222</u>
3 Other Income		
Insurance claimed	72,494	78,590
Miscellaneous income	199,186	-
Gain on exchange	-	171,248
	<u>271,680</u>	<u>249,837</u>

NOTES TO THE FINANCIAL STATEMENTS

	2021	2020
	<u>T.SHS '000</u>	<u>T.SHS '000</u>
4 Administrative expenses		
Audit fees	14,600	12,000
Bank charges and other expenses	103,684	55,714
City service levy	101,797	-
Employment costs (Note 4(a))	1,211,304	1,586,630
Electricity and water expenses	32,568	52,850
Fines and penalty	7,681	7,572
Licence and other charges	134,530	209,013
Repair and maintenance of office	7,210	5,841
Security charges	5,200	2,342
Sewerage expenses	7,680	11,780
Cleaning materials	3,040	1,196
Printing and stationery	11,360	9,284
Telephone, internet and postage	68,701	34,539
Transport and travelling charges	49,263	19,035
CTA and work permit expenses	25,520	17,027
Office expenses	49,358	42,305
Total administrative expenses	<u>1,833,465</u>	<u>2,066,928</u>
4(a) Employment costs		
Employer's contribution- NSSF	168,237	217,353
Salary and wages	854,359	1,102,226
Skill development levy	67,242	92,691
Incentive and overtime	56,159	37,264
Leave encashment	2,505	1,936
Medical to staff	10,150	5,063
Staff welfare	16,620	72,452
Terminal benefits	22,413	35,910
Workmen compensation fund	13,619	21,735
Total	<u>1,211,304</u>	<u>1,586,630</u>
5 Finance cost		
Foreign exchange loss unrealised	54,852	13,100
Interest expenses	1,471,910	1,301,618
Interest expenses - on asset finance and overdraft	176,101	-
	<u>1,702,863</u>	<u>1,314,718</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2021 T.SHS '000	2020 T.SHS '000
6 Tax expense		
Current tax	-	-
Deferred tax charge (Note 14)	-	-
Tax charged	-	-
Reconciliation of tax expense		
Loss before tax	(1,524,240)	(4,200,369)
Tax calculated at a tax rate of 30% (2020: 30%)	(457,272)	(1,260,111)
Tax effect of:		
income not subject to tax		
Deferred tax not recognized	454,968	1,260,111
expenses not deductible for tax purposes	2,304	-
Tax charge	0	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7(a) Property and equipment

	Building	Land	Computer and Accessories	Furnitures and Fittings	Truck and Trailers	Weightbridge	Total
	I.SHS '000	I.SHS '000	I.SHS '000	I.SHS '000	I.SHS '000	I.SHS '000	I.SHS '000
Year ended 31 December 2021							
Cost							
As at start of the year	3,385,915	324,000	313,611	155,341	56,994,601	110,617	61,284,085
Additions	-	-	5,221	-	7,354,606	-	7,359,828
Disposal	-	-	-	-	-	-	-
As at end of the year	3,385,915	324,000	318,833	155,341	64,349,208	110,617	68,643,913
Accumulated Depreciation							
As at start of the year	586,878	-	209,640	84,541	17,911,021	49,460	18,941,539
Charge for the year	134,952	-	38,989	8,850	2,317,730	9,174	2,509,694
Disposal	-	-	-	-	-	-	-
As at end of the year	821,830	-	248,629	93,391	20,228,750	58,633	23,451,233
Net Book Value							
As at 31 December 2021	2,564,086	324,000	70,203	61,950	44,120,457	51,983	47,192,680
Year ended 31 December 2020							
Cost							
As at start of the year	3,385,915	324,000	308,694	133,389	56,994,601	110,007	61,256,606
Additions	-	-	4,917	21,951	-	610	27,479
Disposal	-	-	-	-	-	-	-
As at end of the year	3,385,915	324,000	313,611	155,341	56,994,601	110,617	61,284,085
Accumulated Depreciation							
As at start of the year	544,823	-	147,257	74,426	15,853,990	40,723	16,661,220
Charge for the year	142,955	-	62,383	10,114	2,957,031	8,737	2,280,319
Disposal	-	-	-	-	-	-	-
As at end of the year	686,878	-	209,640	84,541	17,911,021	49,460	18,941,539
Net Book Value							
As at 31 December 2020	2,699,037	324,000	103,971	70,800	39,083,581	61,157	42,342,546

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7(b) Right-of-use assets

	Truck /Trailer and Tanker T.SHS '000	Total T.SHS '000
Year ended 31 December 2021		
Cost		
As start of year	2,928,966	2,928,966
Additions	8,967,841	8,967,841
Disposal	-	-
As end of year	<u>11,896,807</u>	<u>11,896,807</u>
Accumulated Depreciation		
As start of year	146,448	146,448
Charges for the year	587,518	587,518
Disposal	-	-
As end of year	<u>733,966</u>	<u>733,966</u>
Net book value as at 31.12.2021	<u>11,162,841</u>	<u>11,162,841</u>
Year ended 31 December 2020		
Cost		
As start of year	-	-
Additions	2,928,966	2,928,966
Disposal	-	-
As end of year	<u>2,928,966</u>	<u>2,928,966</u>
Accumulated Depreciation		
As start of year	-	-
Charges for the year	146,448	146,448
Disposal	-	-
As end of year	<u>146,448</u>	<u>146,448</u>
Net book value as at 31.12.2020	<u>2,782,518</u>	<u>2,782,518</u>
	2021 T.SHS '000	2020 T.SHS '000
8 Inventories		
Consumables	<u>2,886,503</u>	<u>3,980,288</u>
	<u>2,886,503</u>	<u>3,980,288</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2021 T.SHS '000	2020 T.SHS '000
9 Taxation		
Balance brought forward	75,000	70,000
Tax credit written off by TRA	(75,000)	(70,000)
Provisional tax paid	100,000	75,000
	<u>100,000</u>	<u>75,000</u>
10 Trade and other receivables		
Trade Receivables	4,474,864	5,131,341
Deposit, prepayment and advances	23,711	23,711
Amount due from related parties (Note 18a)	15,805,676	9,780,032
Other receivables	2,461,499	2,635,650
	<u>22,565,750</u>	<u>17,570,733</u>
11 Cash and cash equivalents		
Cash in hand	135,450	125,705
Cash at bank	120,120	-
	<u>255,570</u>	<u>125,705</u>
12 Share capital		
Authorised:		
1,000,000(2020:1,000,000 shares) ordinary shares of TShs 1,000 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
1,000,000(2020:1,000,000 shares) ordinary shares of TShs 1,000 each	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,000,000</u>	<u>1,000,000</u>
13 Borrowing -Non Current Liability		
KCB	2,458,387	5,759,510
Alios Finance Tz Ltd	9,240	194,291
Banc ABC	-	325,921
UBA	5,623,925	4,343,886
	<u>8,091,553</u>	<u>10,623,608</u>

Bank Loan Details as below

Banks	Interest	Repayment	Facility in
KCB USD	8.73%	36 Months	6,550,687
UBA USD	9.50%	36 Months	2,266,000

Purpose - To support working capital requirements of the borrower.
- To use To refinance outstanding fuel bills and purchase trucks.
-To continue supporting working capital requirements

Securities

These facilities have been secured against various movable and immovable properties of the Company and . personal guarantees of the directors .

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2021 T.SHS '000	2020 T.SHS '000	
14 Deferred tax			
Deferred tax is calculated in full on all temporary timing differences under the liability method using a principal tax rate of 30% (2020: 30%). The movement on the deferred tax account is as follows:			
At start of year			
Deferred tax charged (Note 6)			
At end of year			
Deferred tax (asset), deferred tax (credit) in the statement of profit or loss are attributable to the following items:			
	At start of year T.SHS '000	Credit/charge to SPL T.SHS '000	At end of year T.SHS '000
Year ended 31 December 2021			
Deferred tax liability			
Excess capital allowances over depreciation	-	2,851,400	2,851,400
Tax losses		(3,306,368)	(3,306,368)
Net deferred tax (asset)		(454,968)	(454,968)
Deferred tax not recognised		454,968	454,968
Net deferred tax			

Note

Deferred tax has not been recognised due to lack of certainty of availability of future taxable profits against which such tax losses could be utilised.

	2021 T.SHS '000	2020 T.SHS '000
15 Lease finance facility		
GRW Engineering	960,476	1,037,976
Scania Finance	13,421,540	1,345,071
	<u>14,382,015</u>	<u>2,383,047</u>
Details relating to the lease finance facility		
i) Purpose - Purchases 64 used 2013/2015 Scania Truck Tractors and tankers		
-8 units -Manufactured in 2013		
-46 units -Manufactured in 2015		
-10 units -Manufactured in 2013		
ii) Facility limit upto USD 2,760,500		
iii) Repayment - Within 36 months Maximum 215 days		
iv) Security		
a) Unlimited Surety of Mr Ally Edha Awadh		
b) Consolidation Agreement		
Post-dated cheques in favour of scania Finance Southern Africa (Pty) Ltd from Middle		
c) East Ready		
d) Mix Concrete (LLC) for all 48 outstanding leasing payments.		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2021 T.SHS '000	2020 T.SHS '000
16 Borrowing -Current Liability		
Canara Bank - IFF	198,062	-
GT Bank - IFF	135,536	190,952
NCBA	115,662	112,731
Bank overdraft	303,957	2,076,968
	<u>753,217</u>	<u>2,380,652</u>
17 Trade and other payables		
Trade payables	6,739,455	5,972,356
Amount due to related parties (Note 18c)	69,940,776	59,320,044
Other payables and accruals	1,043,129	1,050,681
Accruals	-	16,701
	<u>77,723,360</u>	<u>66,359,782</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2021 <u>T.SHS '000</u>	2020 <u>T.SHS '000</u>
18 Related party balances		
The following was the balances held with related parties		
a) Amount due from related parties (Note 10)	<u>15,605,676</u>	<u>9,780,032</u>
b) Amount due to related parties (Note 17)	<u>69,940,776</u>	<u>59,320,044</u>
19 Contingent liability		
As at 31 December 2021, the Company had no litigations.		
20 Subsequent event		
There were no subsequent events after the year end, which requires adjustments or disclosures in the financial statements.		
21 Capital Commitments		
As at 31 December 2021, the Company had no capital expenditure contracted or accrued.		

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TAX COMPUTATION	2021 T.SHS '000
Loss before tax as per accounts	(1,524,240)
<u>Add: Non-allowable expenses</u>	
Depreciation	3,097,212
Fines and penalty	7,681
	<u>3,104,893</u>
<u>Less: Allowable deductions</u>	
Depreciation allowance	(12,439,378)
Building allowance	(162,501)
	<u>(12,601,879)</u>
Adjusted Loss for the year	(11,021,226)
Agreed tax losses brought forward	-
	<u>(11,021,226)</u>
 <u>POSITION OF TAXATION</u>	
Less: Provisional tax paid for the year	(100,000)
Less: Withholding tax paid for the year	-
Tax Recoverable	<u>(100,000)</u>

A: DEPRECIATION ALLOWANCES SCHEDULE FOR THE YEAR 2021

	CLASS I RBM 37.5% T.SHS '000	CLASS II RBM 25.0% T.SHS '000	CLASS III RBM 12.5% T.SHS '000	TOTAL T.SHS '000
WDV as at 1.1.2021	103,971	33,052,183	438,186	33,594,340
Additions	5,221	16,322,447	-	16,327,669
Disposal	(109,193)	(49,374,630)	(438,186)	(49,922,009)
	109,193	49,374,630	438,186	49,922,009
Wear & Tear allowances	(40,947)	(12,343,658)	(54,773)	(12,439,378)
WDV as at 31.12.2021	68,245	37,030,973	383,412	37,482,631

Straight Line Method

	Cost T.SHS '000	WDV CLASS VI 5% T.SHS '000	Total T.SHS '000
As at 1.01.2021	3,250,018	2,652,615	2,652,615
Additions	-	-	-
Disposal	(3,250,018)	(2,652,615)	(2,652,615)
	3,250,018	2,652,615	2,652,615
LESS: Annual Allowance	-	162,501	162,501
As at 31.12.2021	3,250,018	2,490,114	2,490,114