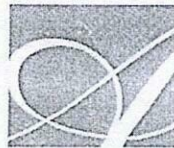


LAKE TRANS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2020



*Assad*  
ASSOCIATES

Certified Public Accountants 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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**Company information**

<b>Board of directors</b>	<b>Names</b>	<b>Nationality</b>
	Mr Dhavalkumar Kalidas Sharma	Indian
	Mr Srikanth Abburi	Indian

**Registered office**

Plot no 72, Block c  
Kigamboni Vijibweni 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

**Independent Practitioner**

Assad Associates  
Certified Public Accountants  
Mansfield/ Bridge street  
P O Box 7286  
Dar es Salaam  
Tanzania

**Company Secretary**

Heriolotu boniface sitayo  
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 2020 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%
Holdings limited	990,000	99%
	<u>1,000,000</u>	<u>100%</u>

**REPORT BY THOSE CHARGED WITH GOVERNANCE**

**RESULTS**

	<u>2020</u> <u>T.SHS</u>	<u>2019</u> <u>T.SHS</u>
Loss before tax	(4,200,369,276)	(1,181,768,744)
Tax charge	-	-
Loss for the year	<u>(4,200,369,276)</u>	<u>(1,181,768,744)</u>

**DIVIDEND**

The directors do not recommend the declaration of a dividend for the year (2019: 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 2020 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 2020. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and employees.

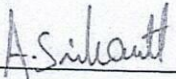
The company gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge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

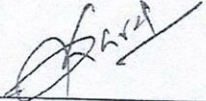
REPORT BY THOSE CHARGED WITH GOVERNANCE

INDEPENDENT PRACTITIONER

The company's independent practitioner, Assad 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 2021 will be put in the Annual General Meeting.

BY ORDER OF THE BOARD

  
\_\_\_\_\_  
Mr Srikanth Abburi  
Director  
09/11 / 2021

  
\_\_\_\_\_  
Mr Dhavalkumar Kalidas Sharma  
Director  
09 / 11 / 2021



#### 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.

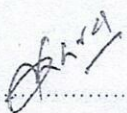
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for 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 2021 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 2020 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 Dhavalkumar Kalidas Sharma  
Director

09/11/2021  
.....  
Date



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 M BAWALA being the Head of Accounting of Lake Trans Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2020 have been prepared in compliance with applicable accounting standards and statutory requirements.

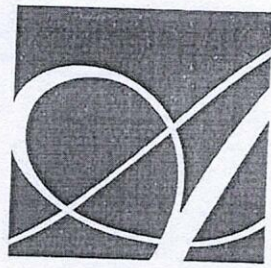
I thus confirm that the financial statements give a true and fair view position of Lake trans Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: [Signature]

Position: ACCOUNTANT

NBAA Membership No: GAS 456





**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 2020, 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 )

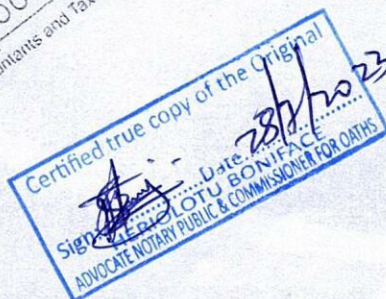
We have obtained information and explanation which were necessary for the purpose of our compilation. However where adequate third party documentation were not available, and where accuracy, authenticity and completeness of the accounting records were not obtainable, we have accepted assurances from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

FOR : ASSAD ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS

Signed by: Sajjad Jusab  
FCPA 216

Place : Dar es Salaam

09.11.2021  
Date



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

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Lake trans Limited  
 Annual report and financial statements  
 For the year ended 31 December 2020

STATEMENT OF PROFIT OR LOSS

	Notes	2020 T.SHS	2019 T.SHS
Revenue	1	24,422,249,442	29,696,014,970
Cost of sales	2	25,490,809,746	26,308,372,353
Gross profit		(1,068,560,305)	3,387,642,617
Other Income	3	249,837,490	550,982,742
		(818,722,815)	3,938,625,359
Administrative expenses	5	(2,066,928,069)	(3,367,894,522)
Finance cost	6	(1,314,718,392)	(1,752,499,481)
Loss before tax		(4,200,369,276)	(1,181,768,744)
Tax charge	7	-	-
Loss for the year		(4,200,369,276)	(1,181,768,744)

STATEMENT OF FINANCIAL POSITION

	Notes	2020 T.SHS	2019 T.SHS
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	8a	42,342,546,218	44,595,386,339
Right-of-use assets	8b	2,782,517,635	0
		<u>45,125,063,854</u>	<u>44,595,386,339</u>
<b>Current assets</b>			
Inventory	9	3,980,288,221	4,894,875,548
Taxation		75,000,000	70,000,000
Trade and other receivables	10	17,570,732,907	7,285,684,123
Cash and cash equivalents	11	125,705,445	185,116,956
		<u>21,751,726,572</u>	<u>12,435,676,627</u>
<b>TOTAL ASSETS</b>		<u><u>66,876,790,427</u></u>	<u><u>57,031,062,966</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	1,000,000,000	1,000,000,000
Retained Losses		(15,870,299,389)	(11,193,207,562)
		<u>(14,870,299,389)</u>	<u>(10,193,207,562)</u>
<b>Non current liabilities</b>			
Borrowings	13	10,623,608,340	12,617,811,979
Deferred tax	14		
Lease Finance	15	2,383,047,478	
		<u>13,006,655,818</u>	<u>12,617,811,979</u>
<b>Current liabilities</b>			
Borrowing	15	2,380,651,542	2,249,774,145
Trade and other payables	16	66,359,782,456	52,356,684,404
		<u>68,740,433,999</u>	<u>54,606,458,549</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>66,876,790,427</u></u>	<u><u>57,031,062,966</u></u>

.....  
Mr Dhavalkumar Kalidas Sharma  
Director

STATEMENT OF CHANGES IN EQUITY

	Share Capital <u>T.SHS</u>	Retained Losses <u>T.SHS</u>	Total <u>T.SHS</u>
<b>Year ended 31 December 2020</b>			
At start of year	1,000,000,000	(11,193,207,562)	(10,193,207,562)
Prior year taxes	-	(476,722,551)	(476,722,551)
Total losses for the year	-	(4,200,369,276)	(4,200,369,276)
<b>At end of year</b>	<u><u>1,000,000,000</u></u>	<u><u>(15,870,299,389)</u></u>	<u><u>(14,870,299,389)</u></u>
<b>Year ended 31 December 2019</b>			
At start of year	1,000,000,000	(9,136,889,855)	(8,136,889,855)
Prior year taxes	-	(874,548,963)	(874,548,963)
Total losses for the year	-	(1,181,768,744)	(1,181,768,744)
<b>At end of year</b>	<u><u>1,000,000,000</u></u>	<u><u>(11,193,207,562)</u></u>	<u><u>(10,193,207,562)</u></u>

STATEMENT OF CASH FLOWS

	Notes	2020 T.SHS	2019 T.SHS
<b>Cash flows from operating activities</b>			
Profit for the year		(4,200,369,276)	(1,181,768,744)
Adjustment for:			
Depreciation	8a	2,426,767,281	2,707,629,567
Loss before changes in working capital		(1,773,601,996)	1,525,860,823
<i>Changes in working capital</i>			
Inventory		914,587,327	(1,186,871,035)
Trade and other receivables		(10,285,048,784)	(688,748,024)
Trade and other payable		14,133,975,450	6,095,500,898
<i>Cash generated from operations</i>		2,989,911,998	5,745,742,662
Tax paid for prior year		(406,722,551)	(822,048,963)
Tax paid for current year		(75,000,000)	(70,000,000)
<b>Net cash generated from operating activities</b>		<b>2,508,189,446</b>	<b>4,853,693,699</b>
<b>Cash flows from investing activities</b>			
Cash paid for purchase of Property and Equipment	8a	(2,956,444,795)	(296,800,631)
<b>Net cash (used in) investing activities</b>		<b>(2,956,444,795)</b>	<b>(296,800,631)</b>
<b>Cash flows from financing activities</b>			
Net movement in borrowing		388,843,839	(4,519,124,123)
Proceeds from shares		-	-
<b>Net cash (used in)/ generated from financing activities</b>		<b>388,843,839</b>	<b>(4,519,124,123)</b>
<i>Net (decrease) /increase in cash and cash equivalents</i>		<i>(59,411,510)</i>	<i>37,768,945</i>
Cash and cash equivalents at start of year		185,116,956	147,348,014
Cash and cash equivalents at end of year	11	125,705,444	185,116,956

## 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 purpose.
- ii) Are expected to be used for more than one period.

Items of property & 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**

Overdraft are initially recognised at fairvalue, net of transaction costs incurred. Overdraft 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.

Overdraft 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.

Lake trans Limited  
Annual report and financial statements  
For the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS		2020	2019
		T.SHS	T.SHS
<b>1 Revenue</b>			
Logistic Income		24,422,249,442	29,696,014,970
<b>2 Cost of Sales</b>			
Opening Stock		4,894,875,548	3,708,004,513
ADD:Purchases		-	-
Fuel		9,757,141,631	9,667,472,846
Tyres & Spares		3,431,080,986	4,799,309,777
Sub contract		4,221,427,653	4,722,500,000
Labour Charges		2,690,000	47,750,500
Direct Expenses(note no 4)		7,163,882,149	8,258,210,265
		29,471,097,967	31,203,247,901
Closing Stock		(3,980,288,221)	(4,894,875,548)
Cost of sales		25,490,809,746	26,308,372,353
<b>3 Other Income</b>			
Insurance Claimed		78,589,707	341,482,655
Gain on Exchange		171,247,782	-
		-	209,500,087
		249,837,490	550,982,742
<b>4 Direct Expenses</b>			
Calibration charges		67,884,300	151,406,420
Border Fees		1,485,237,733	2,265,463,911
Comessa		8,030,000	284,401,946
Depreciation		2,426,767,281	2,707,629,567
Insurance		305,605,328	201,520,050
Driver safari expenses		1,186,157,101	2,068,586,190
Road Toll & Seal expenses		102,372,500	93,848,616
Sumatra etc		128,512,000	115,477,100
Salary & Wages		1,082,995,000	-
Transit Losses		-	40,000,000
Vehicle Tracking & Inspection fees		167,686,531	94,624,161
Documents, Seal and Permit expenses LPG		3,460,000	3,077,000
Parking fees		16,186,250	50,060,818
Kigamboni Bridge		174,828,000	169,694,986
Other Direct expenses		8,160,125	12,419,500
Total Production Costs		7,163,882,149	8,258,210,265

NOTES TO THE FINANCIAL STATEMENTS	2020	2019
	T.SHS	T.SHS
<b>5 Administrative expenses</b>		
Audit Fees	12,000,000	12,000,000
Bank Charges & other expenses	55,713,570	79,727,627
Employment costs (Note 5a)	1,586,629,964	2,962,306,136
Electricity and water expenses	52,849,500	52,763,540
Fines & Penalty	7,572,338	-
Ferry charges	100,000	35,000
Licence and other charges	209,013,446	-
Audit and Consultancy fees	-	3,420,375
Repair and Maintenance of office	5,640,593	10,298,600
Security charges	2,342,000	10,501,500
Sewerage expenses	11,780,000	6,480,000
Cleaning Materials	1,195,500	1,521,000
Donation and Charity	-	760,000
Ewura levy	-	1,604,400
Printing and Stationery	9,284,273	10,573,580
Telephone ,Internet and Postage	34,539,029	38,079,605
Transport and travelling charges	19,035,059	93,031,558
CTA & Work Permit Expenses	17,027,400	65,688,725
Office expenses	42,205,397	19,102,876
<b>Total administrative expenses</b>	<b>2,066,928,069</b>	<b>3,367,894,522</b>
<b>5a Employment costs</b>		
Employer's contribution- NSSF	217,353,419	248,520,364
Salary and Wages	1,102,226,403	2,485,203,641
Skill Development Levy	92,690,982	111,825,164
Incentive and Overtime	37,263,500	33,274,086
Leave Encashment	1,935,713	-
Medical to Staff	5,062,500	4,109,000
Staff Welfare	72,452,312	35,591,140
Staff Welfare	35,909,794	18,930,705
Terminal Benefits	21,735,341	24,852,036
Workmen Compensation Fund		
<b>TOTAL</b>	<b>1,586,629,964</b>	<b>2,962,306,136</b>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)	2020 <u>T.SHS</u>	2019 <u>T.SHS</u>
<b>6 Finance cost</b>		
Foreign exchange loss unrealised	13,100,000	-
Interest expenses	<u>1,301,618,392</u>	<u>1,752,499,481</u>
	<u><u>1,314,718,392</u></u>	<u><u>1,752,499,481</u></u>
<b>7 Tax expense</b>		
Current tax	-	-
Deferred tax charge (Note 12)	-	-
	<u>-</u>	<u>-</u>
<b>Tax charged</b>	<u><u>-</u></u>	<u><u>-</u></u>
 <b>Reconciliation of tax expense</b>		
Loss before tax	(4,200,369,276)	(1,181,768,744)
Tax calculated at a tax rate of 30% (2019: 30%)	(1,260,110,783)	(354,530,623)
Tax effect of:		
Deferred tax not recognized	1,260,110,783	354,530,623
	<u>-</u>	<u>-</u>
<b>Tax charge</b>	<u><u>-</u></u>	<u><u>-</u></u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8a Property & equipment

	Building	Land	Computer & Accessories	Furniture and Fittings	Truck & Trailers	Weighbridge	Total
	T.SHS	T.SHS	T.SHS	T.SHS	T.SHS	T.SHS	T.SHS
<b>Year ended 31 December 2020</b>							
<b>Cost</b>							
As at start of the year	3,385,915,342	324,000,000	308,693,827	133,389,124	56,994,601,248	110,006,646	61,256,606,187
Additions	-	-	4,917,465	21,951,399	-	610,000	27,478,863
<b>As at end of the year</b>	<b>3,385,915,342</b>	<b>324,000,000</b>	<b>313,611,292</b>	<b>155,340,523</b>	<b>56,994,601,248</b>	<b>110,616,646</b>	<b>61,284,085,050</b>
<b>Depreciation</b>							
As at start of the year	544,823,372	-	147,256,971	74,426,475	15,853,989,938	40,723,092	16,661,219,848
Charge for the year	142,054,599	-	62,382,870	10,114,256	2,057,030,566	8,736,694	2,280,318,984
<b>As at end of the year</b>	<b>686,877,971</b>	<b>-</b>	<b>209,639,841</b>	<b>84,540,731</b>	<b>17,911,020,504</b>	<b>49,459,786</b>	<b>18,941,538,832</b>
<b>Net Book Value</b>							
As at 31 December 2021	2,699,037,372	324,000,000	103,971,451	70,799,792	39,083,580,745	61,156,860	42,342,546,218
<b>Year ended 31 December 2019</b>							
<b>Cost</b>							
As at start of the year	3,385,915,342	324,000,000	301,522,927	131,173,191	56,708,584,935	108,609,161	60,959,805,556
Additions	-	-	7,170,900	2,215,933	286,016,313	1,397,485	296,800,631
<b>As at end of the year</b>	<b>3,385,915,342</b>	<b>324,000,000</b>	<b>308,693,827</b>	<b>133,389,124</b>	<b>56,994,601,248</b>	<b>110,006,646</b>	<b>61,256,606,187</b>
<b>Depreciation</b>							
As at start of the year	396,659,374	-	50,394,857	66,003,239	13,409,707,369	30,825,441	13,953,590,280
Charge for the year	148,163,998	-	96,862,114	8,423,236	2,444,282,569	9,897,651	2,707,629,568
<b>As at end of the year</b>	<b>544,823,372</b>	<b>-</b>	<b>147,256,971</b>	<b>74,426,475</b>	<b>15,853,989,938</b>	<b>40,723,092</b>	<b>16,661,219,848</b>
<b>Net Book Value</b>							
As at 31 December 2019	2,841,091,970	324,000,000	161,436,856	58,962,649	41,140,611,310	69,283,554	44,595,386,339

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8b Right-of-use assets

Year ended 31 December 2020	Truck /Trailer & Tanker TShs	Total TShs
<b>Cost</b>		
As start of year	-	-
Additions	2,928,965,932	2,928,965,932
As end of year	2,928,965,932	2,928,965,932
<b>Accumulated Depreciation</b>		
As start of year	-	-
Charges for the year	146,448,297	146,448,297
As end of year	146,448,297	146,448,297
<b>Net book value as at 31.12.2020</b>	<b>2,782,517,635</b>	<b>2,782,517,635</b>
	<b>2020</b>	<b>2019</b>
	<b>T.SHS</b>	<b>T.SHS</b>
<b>9 Inventories</b>		
Consumables	3,980,288,221	4,894,875,548
	<b>3,980,288,221</b>	<b>4,894,875,548</b>
<b>10 Trade and other receivables</b>		
Trade Receivables	5,131,340,891	5,286,987,382
Deposit, prepayment and advances	23,710,574	722,969,002
Amount due from related parties (Note 18a)	9,780,031,791	321,663,429
Other receivables	2,635,649,651	575,178,799
Vat Recoverable	-	378,885,511
	<b>17,570,732,907</b>	<b>7,285,684,123</b>
<b>11 Cash and cash equivalents</b>		
Cash in hand and cash at bank	125,705,445	185,116,956
	<b>125,705,445</b>	<b>185,116,956</b>
<b>12 Share capital</b>		
<b>Authorised:</b>		
1,000,000(2019:1,000,000 shares) ordinary shares of TShs 1,000 each	1,000,000,000	1,000,000,000
<b>Issued and fully paid:</b>		
1,000,000(2019:1,000,000 shares) ordinary shares of TShs 1,000 each	1,000,000,000	1,000,000,000
<b>13 Borrowing -Non Current Liability</b>		
KCB	5,759,509,670	6,978,066,241
Alios Finance Tz Ltd	194,291,468	557,105,108
Banc ABC	325,920,849	1,022,237,634
UBA	4,343,886,352	4,060,402,996
	<b>10,623,608,340</b>	<b>12,617,811,979</b>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)	2020 <u>T.SHS</u>	2019 <u>T.SHS</u>	
<b>14 Deferred tax</b>			
Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2019: 30%). The movement on the deferred tax account is as follows:			
At start of year	-	-	
Deferred tax charged (Note 7)	-	-	
At end of year	-	-	
Deferred tax (asset), deferred tax (credit) in the statement of profit or loss are attributable to the following items:			
	<u>At start T.SHS.</u>	<u>Credit/charge to T.SHS.</u>	<u>At end of year T.SHS.</u>
<b>Year ended 31 December 2020</b>			
Deferred tax liability			
Excess capital allowances over depreciation	-	2,707,367,117	2,707,367,117
Tax losses	-	(3,967,477,900)	(3,967,477,900)
<b>Net deferred tax (asset)</b>	-	(1,260,110,783)	(1,260,110,783)
Deferred tax not recognised	-	1,260,110,783	1,260,110,783
<b>Net deferred tax</b>	-	-	-

**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.

**15 Lease finance facility**

GRW Engineering	1,037,976,147	
Scania Finance	1,345,071,331	
	<u>2,383,047,478</u>	<u>0</u>

**Details relating to the lease finance facility**

- i) Purpose - Purchases 64\*used 2013/2015 Scania Truck Tractors and tankers
  - 8units -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
  - c) Post-dated cheques in favour of Scania Finance Southern Africa (Pty) Ltd from Middle East Ready Mix Concrete (LLC) for all 48 outstanding leasing payments.
  - d)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Borrowing -Current Liability

CBA	11,026,405	169,420,533
GT Bank -IPF	190,952,434	-
NCBA	101,705,026	-
Bank overdraft	<u>2,076,967,678</u>	<u>2,080,353,612</u>
	<u>2,380,651,542</u>	<u>2,249,774,145</u>

Bank Loan Details as below

Banks	Interest Rate(PA)	Repayment Period(months)	Facility in USD
KCB USD	8.73%	36	6,550,687
BANC ABC USD	10.00%	36	1236000
UBA USD	9.50%	36	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

-To facilitate discounting of invoice

**Securities**

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

17 Trade and other payables

Trade payables	5,972,356,129	6,150,879,475
Amount due to associated company (Note 18b)	59,320,044,494	45,718,186,247
Other payables and accruals	1,050,680,512	94,112,135
Accruals	<u>16,701,321</u>	<u>393,506,547</u>
	<u>66,359,782,456</u>	<u>52,356,684,404</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**18 Related party balances**

The following was the balances held with related parties

**a) Amount due from related parties**

African inland container depot	180,231,147	71,189,720
Aluminium Trailers Limited	885,670,024	73,197,537
Gulf Concrete	143,921,186	143,921,186
Lake Carriers limited	6,948,475,830	-
Lake steel & allied product	623,772,061	13,525,000
Lake Gas	903,302,257	-
Lake Trans Mozambique ltd	74,829,299	-
Amount Due from shareholder	19,829,986	19,829,986
	<u>9,780,031,791</u>	<u>321,663,429</u>

**b) Amount due to related parties**

Lake Group limited	58,962,745,323	45,718,186,247
DRC Petroleum	357,299,171	-
	<u>59,320,044,494</u>	<u>45,718,186,247</u>

**19 Contingent liability**

As at 31 December 2020, 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 2020, the Company had no capital expenditure contracted or accrued.

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TAX COMPUTATION	2020 <u>T.SHS</u>
Loss before tax as per accounts	(4,200,369,276)
<b>Add: Non-allowable expenses</b>	
Depreciation	2,426,767,281
	<u>(1,773,601,996)</u>
<b>Less: Allowable deductions</b>	
Depreciation allowance	(11,142,375,131)
Building allowance	(162,500,910)
	<u>(11,304,876,041)</u>
	<u>(13,078,478,037)</u>
Adjusted Loss for the year	<u>(13,078,478,037)</u>
Less: Corporation tax at 30%	-
Less: Provisional tax paid for the year	75,000,000
Tax Recoverable	<u>(75,000,000)</u>

**A: DEPRECIATION ALLOWANCES SCHEDULE FOR THE YEAR 2020**

	CLASS I 37.5% T.SHS	CLASS II 25.0% T.SHS	CLASS III 12.5% T.SHS	TOTAL T.SHS
WDV as at 1.1.2020	161,436,856	41,140,611,309	478,222,204	41,780,270,369
Additions	4,917,465	2,928,965,932	22,561,399	2,956,444,795
Disposal	166,354,321	44,069,577,241	500,783,603	44,736,715,164
	-	-	-	-
Wear & Tear allowances	166,354,321 (62,382,870)	44,069,577,241 (11,017,394,310)	500,783,603 (62,597,950)	44,736,715,164 (11,142,375,131)
	103,971,450	33,052,182,931	438,185,652	33,594,340,034
Add: Qualifying Expenditure C/F	-	-	-	-
WDV as at 31.12.2020	103,971,450	33,052,182,931	438,185,652	33,594,340,034

	Cost T.SHS	WDV CLASS VI 5% T.SHS	Total T.SHS
As at 1.01.2020	3,250,018,205	2,815,115,970	2,815,115,970
Additions	-	-	-
Disposal	3,250,018,205	2,815,115,970	2,815,115,970
	-	-	-
	3,250,018,205	2,815,115,970	2,815,115,970
LESS: Annual Allowance	-	162,500,910	162,500,910
As at 31.12.2020	3,250,018,205	2,652,615,060	2,652,615,060

TOTAL ANNUAL ALLOWANCE

11,304,876,041