



CMTL GROUP LIMITED
(Registration number 59802)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2020

CMTL GROUP LIMITED

**CONTENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Contents	Page
General Information	2
The Report by Those Charged with Governance	3 - 7
Statement of Responsibilities by Those Charged with Governance	8
Declaration of the Head of Accounting and Finance	9
Independent Auditors' Report	
Financial Statements:	
Statement of Profit or Loss and Other Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Accounting Policies	14 - 21
Notes to the Financial Statements	22 -26

CMTL GROUP LIMITED

**GENERAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

COUNTRY OF INCORPORATION AND DOMICILE : United Republic of Tanzania

	Name	Nationality
DIRECTORS	: Mr. Fredrick Aleita Swai	Tanzanian
	Ms. Grace Sophia Maeda	Tanzanian
	Mrs. Pamela Swai	Tanzanian

REGISTERED OFFICE : CMTL Group Limited
Ubungo Plaza
P. O. Box 79910
Dar es Salaam, Tanzania

AUDITORS : Esq Financial Services
P.O.BOX 75115
Dar es salaam.

BANKERS : STANBIC BANK
P. O. Box 72647
Dar es Salaam
Tanzania

: ABSA BANK
P.O Box 5137
Dar es Salaam
Tanzania

: NMB Plc
P.O. Box 9213
Dar es Salaam
Tanzania

CMTL GROUP LIMITED

GENERAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2020

1. Introduction

The Directors have pleasure to present the report and the audited financial statements of CMTL Group Limited (the “Company”) for the financial year ended 31st December 2020, which disclose the state of affairs of the Company.

2. Incorporation and Registration

The Company was established in 2007 as a Limited Liability Company with registration number 59802. The Company was incorporated in Tanzania under the Companies Act 2002 of the laws of Tanzania. The Company obtained a certificate of compliance in accordance with the Tanzanian Companies Act, 2002.

3. Our principal activities

The following are the principal activities of the Company;

- **Overland logistics:**

We provide fast, cost effective and dependable ground delivery. Our customers can rely on our over-land transport solutions that work harder for their businesses. Our team has a full range of capabilities to support you in handling customs clearance, storage and transportation to ensure your goods are delivered expediently and cost effectively.

- **Moving:**

Offers business-to-business moving and relocation within Tanzania. We also serve residence moves through our moving services. Our customers can count on our straightforward approach to the complexities of local and intercontinental moving. Whatever the size, you can count on us to draw on our local insight to deliver value for your personal and corporate requirements.

- **Archives and record management:**

We always think from our customer's perspective, so we try to anticipate our clients' needs in an ever-changing business environment. That is why we have invested in the development of the largest records centre in Dar es Salaam, adhering to international records management and security standards.

4. Our Company outlooks

Vision statement

"To be the leading logistics services Company in Sub Saharan Africa"

Mission statement

To offer innovative and integrated services which maximizes our customer's investment

5. Composition of the board of directors

The directors of the Company at the date of this report and who have served since 1st January 2020, except where otherwise stated, are;

Name	Position	Type of director	Nationality	Age	Date appointed
Mr. Fredrick Aleita Swai	Chairperson	Executive Director	Tanzanian	46	27/3/2007
Mrs. Pamela Swai	Member	Executive Director	Tanzanian	48	27/3/2007

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Corporate Governance

The directors believe that high standards of corporate governance directly influence the confidence of the Company's stakeholders, including clients and investors. In keeping with this commitment, the Company has established appropriate mechanisms and policies.

The Board of directors consists of 3 Directors. The Board of Directors ('the Board') of the Company takes overall responsibility for the Company, including the responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Directors are also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and that the Company complies with sound corporate governance principles.

The Board of directors consists of 3 Directors. The Board takes overall responsibility for the company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of 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.

7. Share capital structure

Authorized capital is 2000 shares and issued share capital is 93 shares with the nominal value of TZS 10,000,000 per share.

The distributions of issued shares among the shareholders are as indicated at the table below;

Name	Share	Number of shares	Value of shares in TZS'000'
Mr. Fredrick Aleita Swai	97%	90	900,000,000
Mrs Pamela Apasimbo Swai	3%	3	30,000,000
Total	100%	93	930,000,000

8. Management

The Management of the Company is under the Chief Executive Officer and is organized in the following departments;

- Operations department;
- Commercial department; and,
- Finance and Administration department.

Name	Position
Martin Kinyaha	Chief Operating Officer
Pamela Swai	Human Resource Officer
Oscar Cuthbert Swai	Revenue Assurance Operations

9. Future development plans

Due to the ongoing increase in trade between East and Central Africa, CMTL is looking to increase its presence in Rwanda, Zambia and Mozambique in the next five years.

It is envisaged that there will be a continued upward trend in the following sectors in Tanzania: mining, infrastructure, and construction. Therefore, CMTL Group plans to participate in this opportunity by investing in equipment hire and oversized cargo transport, given that the demand for such services has yet to be met.

10. Risk management and internal control

The Shareholders accept 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:

- Effectiveness and efficiency of operations;
- Safeguarding of the company's assets;
- Compliance with applicable laws and regulations;
- Reliability of the 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.

11. Results and dividend

During the year the Company made a net profit of TZS 216.9 million (2019: TZS 210.4 million)
The Board of Directors declared no interest in provision of dividend. (2019: NIL)

12. Review of business performance

The financial performance of the Company has been analysed in the following areas:

Statement of Profit/Loss and Other Comprehensive income

The revenue of the Company has increased by TZS 122.2m million which is equivalent to 2.9%. The increase was largely due to an increase in transportation customers, large consignments and increase in containers at the port that needed handling and clearing.

The expense of the Company has increased by TZS 4.1million which is equivalent to 0.9%. The increase was largely due to an increase in the cost of sales.

Statement of financial position

During the year there was a decrease in non-current assets whereby it was determined that the PPE had gone down due to the depreciation charge during the year.

13. Solvency and going concern

The directors confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The directors have reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. With the exception of the Coronavirus outbreak, as explained below, nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this financial statement.

The directors have also confirmed that they are committed to the Company and shall not cause the closing of the Company in the foreseeable future. The Directors consider the Company to be solvent within the meaning ascribed by the Tanzanian companies Act,2002.

14. Employees Welfare

(a) Management and employees' relationship

There was a 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 the worker's union.

The Company is an equal opportunity employer. It 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 such as gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

(b) Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and appropriate training is arranged. It is the policy of the Company that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

(c) Medical Assistance

All members of staff with a maximum number of four beneficiaries for each employee were availed medical insurance guaranteed by the Company. Currently these services are provided by NHIF.

Health and safety

The Company takes reasonable and practicable steps to safeguard the health, safety and welfare of its employees. A safe working environment is ensured for employees and customers by providing adequate and proper personal protective equipment, training and supervision as necessary.

(d) Employees Benefit Plan

The Company contributes to the National Social Security Fund (NSSF) on a mandatory basis. The Company's liability is limited to 10% of employee gross salaries.

15. Gender parity

During the year ended 31 December 2020, the Company had 39 employees, out of whom 5 were female and 34 were male (2019: 6 female 33 male).

16. Related party transactions

All related party transactions and balances are disclosed in note 18 to these financial statements. All transactions with related parties were carried out on an arm's length basis.

17. Political and charitable donations

The Company made neither political donations nor charitable donations during the year under review.

18. Environmental control programme

During the year under review, the Company participated in activities to promote environmental control.

19. Auditors

Esq Financial Services, Tanzania were appointed as the auditors of the company's financial statements for the period ended 31st December 2020. They express their willingness to continue in the office and are eligible for reappointment.

20. Acknowledgements

The members charged with governance accept responsibility for preparing these financial statements which show a true and fair view of the Company to the date of approval of the audited financial statements, in accordance with the applicable standards, rules, regulations and legal provisions. The members also confirm compliance with the provisions of the requirements of TFRS 1 and all other statutory legislations relevant to the Company.

By Order of the Board;



Fredrick Aleita Swai
Director

**STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Tanzanian Companies Act 2002 requires the directors to prepare financial statements for each financial year that present fairly the state of financial affairs of the Company as at the end of the financial year, and of its profit or loss. It also requires the directors to ensure that the Company keeps 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 and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and in the manner required by the Tanzanian Companies Act, 2002. The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

The directors are of the opinion that the financial statements present fairly the state of the financial affairs of the Company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as an adequate system of internal financial control.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Approved by the Board of Directors and Signed on its behalf by:



Fredrick Aleita Swai
Director

Date: 30/06/2021

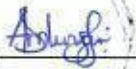
**DECLARATION OF THE HEAD OF ACCOUNTING AND FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 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 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/Governing Body as under Directors Responsibility statement on an earlier page.

I DIGNA P. BAMPIKYA being the Head of Finance of CMTL Group Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st 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 CMTL Group 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: GA 8493

Date: 30 June 2021



ESQ.

Financial Services

- Accountants
- Auditors
- Tax Consultants

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CMTL GROUP LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **CMTL GROUP LIMITED** as set out below which comprise the statement of financial position as at **31 December 2020** and statement of comprehensive income, 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.

In our opinion, these financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Tanzanian 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 of the Financial Statements section of our report. We are independent of the company in accordance with International Ethics Standards Board for Accountant's code of Ethics for Professional Accountants (IESBA code) together with the ethical requirement that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

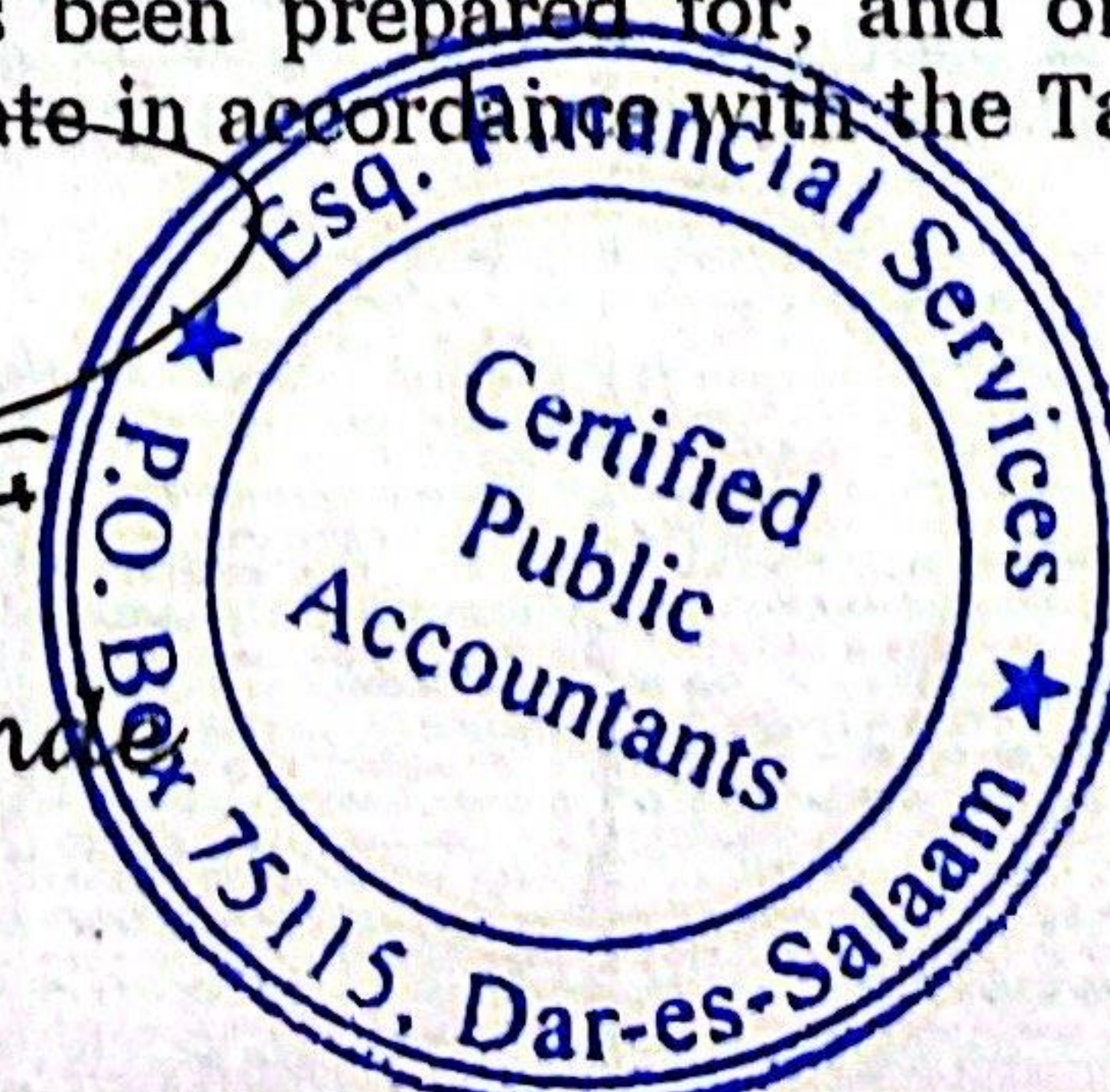
The directors are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

This report, including the opinion, has been prepared for, and only for, the **CMTL GROUP LIMITED**'s members as a body corporate in accordance with the Tanzania Companies Act, 2002 and for no other purposes.

Signed by: *CPA. Mbonde S. Mbonde*
ACPA-PP 1595



CMTL GROUP LIMITED

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

	Notes	2020 TZS	2019 TZS
Income			
Sales	5	4,074,421,608	3,952,188,960
Cost of sale	6	<u>2,991,000,660</u>	<u>2,936,475,237</u>
Gross Profit		1,083,420,948	1,015,713,723
Other Income		-	-
Total Gross income		<u>1,083,420,948</u>	<u>1,015,713,723</u>
Operating overheads	9	137,659,333	133,529,553
Employment Cost		<u>276,324,241</u>	<u>276,324,241</u>
Operating profit/(loss)		<u>669,437,373</u>	<u>605,859,929</u>
Depreciation	14	- 457,745,715	- 400,527,501
Profit/ (Loss) before tax & interest		<u>211,691,658</u>	<u>205,332,428</u>
Interest Expenses		98,255,891	95,308,214
Profit before tax		<u>309,947,549</u>	<u>300,640,642</u>
Taxation		92,984,265	90,192,193
Net profit/ (Loss) for the year		<u>216,963,284</u>	<u>210,448,449</u>

CMTL GROUP LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 TZS	2019 TZS
ASSETS			
Non-Current Assets			
Property, Plants and Equipment	14	3,896,236,252	4,169,235,799
		<u>3,896,236,252</u>	<u>4,169,235,799</u>
Current Assets			
Stock		244,486,799	244,486,799
Cash and cash equivalents		525,600,987	200538255.9
Receivables and prepayments	11	1,231,424,757	923,568,568
		<u>2,001,512,544</u>	<u>1,368,593,623</u>
Current Liabilities			
Bank overdraft		163,677,989	160404429.6
Creditors and accruals	12	112,876,493	84,657,370
Tax payable		4,649,213	-
		<u>281,203,696</u>	<u>245,061,800</u>
Working Capital		<u>1,720,308,848</u>	<u>1,123,531,823</u>
Total		<u>5,616,545,099</u>	<u>5,292,767,622</u>
Financed by:			
Capital and Reserves			
Share Capital		230,000,000	230,000,000
Retained Earnings		4,961,447,556	4,743,944,465
Loans	13	425,097,543	318,823,157
Total		<u>5,616,545,099</u>	<u>5,292,767,622</u>

The financial statements and notes on pages 14 to 26 have been approved for issue by the Board of Directors and signed on 30/06/2021 in its behalf by:



Fredrick Aleita Swai
Director

CMTL GROUP LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	TZS	TZS
Share Capital		
As at 1 January 2020	230,000,000	230,000,000
Changes during the period		
Shareholders Fund		
As at 31 December 2020	<u>230,000,000</u>	<u>230,000,000</u>
Retained Earnings		
As at 1 January 2020	4,743,944,465	2,274,438,425
Net profit	216,963,284	210,448,449
Adjustments	- 25,191,728	-
As at 31 December 2020	<u>4,961,447,556</u>	<u>4,743,944,465</u>
Total owners' equity at the end	<u>5,191,447,556</u>	<u>4,973,944,465</u>

CMTL GROUP LIMITED

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

	2020	2019
	TZS	TZS
Operating activities		
Profit before tax	211,691,658	205,332,428
Tax paid	(88,335,052)	(85,682,583)
Adjustment for:		
Depreciation	457,745,715	400,527,501
(Increase)/Decrease in stock	81,025,127	(195,589,439)
(Increase)/Decrease in receivables	(307,856,189)	(184,713,714)
Increase/(Decrease) in creditors and accruals	28,219,123	(67,725,896)
Adjustments	46,023,174	-
Net cash generated/(utilized) in operations	428,513,558	72,148,297
Investing activities		
(Additions)/Disposals of non - current assets	(450,000)	-
Net cash generated/(utilized) in investing activities	428,063,558	72,148,297
Financing activities		
Adjustment on non cash items	-	-
Prior year		
Loan -Re payment	(106,274,386)	(38,258,779)
Bank Overdraft	3,273,560	32,080,886
Net cash generated/(utilized) by financing activities	325,062,732	65,970,404
Cash and cash equivalents		
At the beginning of the year	200,538,256	134,567,852
At the end of the year	525,600,987	200,538,256

CMTL GROUP LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

CMTL Group Limited is a Company incorporated in Tanzania. The Company is carrying on business in Tanzania after complying with the requirements of the Companies Act, 2002 of Tanzania.

The address of the registered office and principal place of business of the Company are disclosed in this report. The principal activities of the Company are described in the report by those charged with governance.

2. Summary of significant accounting policies

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

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by International Accounting Standard Board (IASB).

The financial statements have been prepared under the historical cost convention except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzania Shillings (TZS) rounded to the nearest ones.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b) Foreign currency translation

i. Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Tanzania Shillings (TZS) and figures are stated in nearest shilling unless otherwise stated.

ii. Transactions and balances

Transactions in foreign currencies during the year are converted into Tanzania Shillings at rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation are recognized in the statement of profit or loss and other comprehensive income.

**ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2020**
c) Changes in accounting policy and disclosures
(i) New standards, amendments and interpretations adopted by the Company

During the year ended 31st December 2020, there was neither standard nor interpretation that became effective and relevant to the Organisation in preparation and presentation of these Financial statements.

(ii) New standards, amendments and interpretations not effective and have not been early adopted by the Company

A number of new standards, amendments and interpretations have been issued and not effective for annual period beginning/after 1st January 2020 and have not been early adopted by the Organisation in preparation of these Financial Statements.

Title	Description	Effective Date
<u>IAS 1 – Presentation of Financial Statements</u>	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	Effective January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The amendments are effective for reporting periods beginning on or after January 1, 2024. The amendments are applied retrospectively in accordance with IAS 8 and earlier application is permitted.
<u>IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors</u>	IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.	Effective January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

**ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2020**

Title	Description	Effective Date
<u>IFRS 16 – Leases</u>	IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.	Effective January 1, 2019, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.
<u>IFRS 17 – Insurance Contracts</u>	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2020.[The IASB has also published 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to defer the fixed expiry date of the amendment also to annual periods beginning on or after January 1, 2023.]Effective January 1, 2021. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

d) Revenue recognition

The main sources of revenue are transportation, moving, storage and clearing and forwarding. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates and Value Added Tax (VAT).

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

**ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2020**

f) Property and Equipment**Recognition and measurement**

Items of Property, Plant and Equipment are measured at historical cost less accumulated depreciation and accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing are allocated. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of Property, Plant and Equipment. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow and its cost can be measured reliably.

Depreciation

Depreciation is calculated using the straight-line method to recognize the consumption of economic benefits of an asset over its useful life as follows:

Description	Rate (%)
Motor Vehicle	25%
Office furniture and fittings	12.5%
Office equipment	12.5%
Computer equipment	33.3%
Trailers	25%
Trucks	25%
Generators	12.5%
Containers	12.5%

g) Accounts payables

Accounts Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

h) Long term loans

Long term loans are recognized initially at the transaction price (that is, the present value of cash payable to the lender, including transaction costs). They are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs. Long term loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

i) Impairment of non-financial assets

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. No non-financial assets were impaired for the year ending 31 December 2020.

j) Financial Instruments

Financial assets

i. Classification

The Company's financial asset is account receivables. Management determines the appropriate classification of its financial assets at initial recognition. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. For the purpose of this financial statement receivables arise when a Company provides money, goods or services directly to a debtor. The Company does not have any intention of trading the receivables.

ii. Recognition and measurement

The receivables are initially recognized at transaction price and subsequently carried at amortized cost while reviewed for impairment. They are expected to be recoverable within twelve months.

Financial liabilities

Financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. The Financial liabilities include only account payables.

iii. De-recognition financial assets and liabilities

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have been transferred, the Company tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent de-recognition).

Financial liabilities are derecognized from statement of financial position when, and only when, the obligation specified in the contract is either discharged or cancelled or expires.

k) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

l) Employee benefits

Defined contribution plan

The Company pays contribution to the National Social Security Fund (NSSF), which is a publicly administered pension plan, on a mandatory basis. Defined contribution plan is a pension plan under which the Company pays fixed contribution into a separate entity.

The Company has no legal or collective obligation to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company contributions are recognized as employees' benefits expenses when they are due.

m) Impairment of financial assets

The Company normally makes an assessment at the end of each financial year to determine whether there is any objective evidence of impairment of its financial asset or group of assets. If any such evidence exists, the Company makes a detailed impairment calculation to determine an impairment loss that should be recognized in the statement of profit or loss and other comprehensive income.

**ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2020**

A financial asset is impaired, and impairment losses are recognized, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of profit or loss and other comprehensive income.

n) Current and deferred income tax

Current tax

Income tax expense is the aggregate of the charge to profit or loss 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 period determined in accordance with the Tanzanian Income Tax Act, 2004, subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The current rate of corporation tax is 30% (2021: 30%).

Deferred tax

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognized outside statement of profit or loss and other comprehensive is also recognized outside statement of profit or loss and other comprehensive income. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognized at amounts net of value added tax except where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or part of the expense item as applicable. Receivables and payables are stated with the amount of value added tax (VAT) included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

3. Critical judgements and estimates

The preparations of the Company's financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of the future.

Taxation

The Company is subjected to numerous taxes and levies by the government. Significant judgment is required in determining the Company's overall income tax provision or estimated future recovery of income tax losses.

The directors have assessed the appropriateness of the recognition of deferred tax asset and have concluded that it is appropriate to recognize a deferred tax asset in the current year because they are certain that the company will make sufficient taxable profits to utilize the tax losses in the foreseeable future.

Determination of Useful Life of Assets

The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. Management reviews the useful lives and residual values of the items of property, plant, and equipment on a regular basis. During the financial year, the Directors determined no significant changes in the useful lives and residual value.

4. Financial risk management

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk, foreign currency risk and operational risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's risk management framework is designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management framework to reflect changes in markets, products and emerging best practice.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As part of its governance structure, the Board of Directors has embedded a comprehensive risk management framework for identifying, measuring, controlling (setting risk mitigations) and monitoring of the Company's risks.

CMTL GROUP LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2020

The most important types of risks are:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Company by failing to discharge an obligation. Credit risk is one of the most important risks for the Company's business; management therefore carefully manages its exposure to credit risk.

The table below analyses the Company's receivables that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position.

Liquidity risk

Liquidity risk is the risk of failing to meet obligations when they fall due. The consequences may be the failure to meet obligations to pay benefit expenses to the members. The Company is exposed to daily calls on its available cash for meeting the Company's daily expenses.

Market risk

Market risk is the risk that arises from changes in market prices, such as foreign exchange rates, interest rates and related risks that are bound to affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

	2020	2019
Revenue	TZS	TZS
5 Transport Income	3,066,438,741	2,974,445,579
Archiving Revenue	95,304,286	92,445,158
Moving Revenue	191,275,496	185,537,231
Storage Revenue	273,669,928	265,459,830
Equipment Hire	693,340	672,539
Cleaning & Forwarding	447,039,818	433,628,623
	<u>4,074,421,608</u>	<u>3,952,188,960</u>

CMTL GROUP LIMITED

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

	31.12.2020 TShs	31.12.2019 TShs
6 Cost of sales		
Batteries	1,715,747	1,664,275
C-65	1,561,045	1,514,214
Calibration expenses	12,727,796	12,345,962
Transit trucking devices	810,167	785,862
Hiring of trucks & Trailers	476,668,330	462,368,280
Fuel & Lubricants	1,760,229,818	1,742,627,520
Painting charges	3,730,457	3,618,543
Tires & Tubes	222,102,244	215,439,177
M/Vehicles Repairs, Spare and Maintenance	357,013,593	346,303,185
M/vehicles Registration and renewal	1,734,340	1,682,310
Travel expenses	123,776,474	120,063,180
Other related Direct Cost	28,930,649	28,062,730
	<u><u>2,991,000,660</u></u>	<u><u>2,936,475,237</u></u>
7 Finance Costs		
Bank Charges	4,304,428	4,175,295
Interest on Loan	93,951,463	91,132,919
Total	<u><u>98,255,891</u></u>	<u><u>95,308,214</u></u>
8 Employment Cost		
Salaries & wages	181,038,882	175,607,716
Employers Contribution	46,999,966	45,589,967
Medical Expenses	614,623	596,184
Staff Welfare Expenses	2,947,179	2,858,763
Directors Emolument	34,091,458	33,068,715
Casual labour	2,342,407	2,272,135
Total	<u><u>276,324,241</u></u>	<u><u>276,324,241</u></u>

CMTL GROUP LIMITED

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

	2020	2019
	TZS	TZS
9 Operating overheads		
Electricity and water	10,063,130	9,761,236
Fuel Shortage	2,294,636	2,225,797
Garage Expenses	5,082,889	4,930,402
Insurance	64,266,906	62,338,899
Licenses and Tax	2,109,594	2,046,306
Printing & Stationery expenses	1,955,465	1,896,801
Repair maintenance-office equipment	1,219,425	1,182,842
Repair maintenance-office machines	1,627,199	1,578,383
Security Services machines	11,375,073	11,033,821
Travelling & accommodation Expenses	4,272,647	4,144,467
Postage, telephone & internet charges	5,565,529	5,398,563
Business Promotion Expenses	4,737,982	4,595,842
City Service Levy	1,265,344	1,227,384
Donation and contributions	1,433,317	1,390,318
Entertainment	1,182,669	1,147,189
Membership and Subscriptions	1,250,375	1,212,864
News papers and Magazines	1,165,794	1,130,820
Office maintenance	2,768,061	2,685,019
Loading and off-loading expenses	6,399,923	6,207,925
Office expenses	4,664,236	4,524,309
Audit fees	2,959,139	2,870,364
Total other operating expenses	137,659,333	133,529,553
10 Inventory Assets		
Stock of fuel and Lubs	18,611,948	13,958,961
Stock at cost -Spares	76,112,029	57,084,022
Others	-	-
	244,486,799	244,486,799
11 Debtors and prepayments		
Trade debtors	622,855,455	467,141,591
Directors current accounts	225,000,000	168,750,000
Other account receivable	383,569,302	287,676,977
	1,231,424,757	923,568,568

CMTL GROUP LIMITED

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

12 Creditors and accruals

	2020	2019
	TZS	TZS
Trade creditors	112,876,493	84,657,370
	<u>112,876,493</u>	<u>84,657,370</u>

13 Loans

Stanbic Tanzania Ltd	425,097,543	318,823,157
	<u>425,097,543</u>	<u>318,823,157</u>

CMTL GROUP LIMITED

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

14. Property, plant and equipment

	Computer & Accessories	Motor Vehicles & Trailers	Furniture & Fitting	Tools & Equipment	Total
Cost					
As at 1 January 2020	27,108,090	3,783,904,992	22,685,163	335,537,554	4,169,235,799
Additions		875,000,000		-	875,000,000
As at 31 December 2020	27,108,090	4,658,904,992	22,685,163	335,537,554	5,044,235,799
Depreciation					
As at 1 January 2020	24,742,433	387,067,570	14,070,146	165,716,989	591,597,138
Charge for the year	118,283	533,979,678	1,076,877	21,227,571	556,402,408
As at 31 December 2020	24,860,716	921,047,248	15,147,023	186,944,560	1,147,999,546
Net book value					
As at 31 December 2020	2,247,374	3,737,857,744	7,538,140	148,592,994	3,896,236,252
As at 31 December 2019	27,108,090	3,783,904,992	22,685,163	335,537,554	4,169,235,799

15. Contingent liabilities

As at end of the year 2020, there were no contingent liabilities.

16. Currency

These financial statements are presented in Tanzanian Shillings (TZS '000).

17. Comparatives

The previous year's figures have been re-instated and classified whenever considered necessary to conform to the current year's presentation.

18. Event after the reporting period

The directors confirm that there were no subsequent events as at 31st December 2020.