

CHITEMBELE ENTERPRISES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2021



P.O. BOX 30133, Kibaha
Coast Region - Tanzania

REPORTS AND ACCOUNTS FOR THE YEAR ENDED 31st December, 2021

The reports and statements set out below comprise of the report and accounts presented to the shareholders:

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DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER, 2021

The Directors present their report and audited financial statements for the period of 12 months effective from 1st January, 2021 to 31st December, 2021

1. Incorporation

CHITEMBELE ENTERPRISES LIMITED was incorporated under the Tanzanian Companies Act No.12 of 2002, as a Company limited by shares.

2. Principal activities

The company has been established with the objectives of conducting the business of sales and supplies of domestic consumption goods in sub-whole bases.

3. Statement of responsibility

Sections 153 and 154 of the Tanzanian Companies Act, No.12, of 2002 requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the operating results of the Company for that period . They are also responsible for safeguarding the assets of the Company.

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 and in the manner required by the Tanzanian companies Act, No 12 of 2002. The directors further accept the responsibility for maintenance of accounting records.

4. Going Concern

Nothing has come to the attention of the members to indicate that the firm will not remain a going concern for at least the next twelve months from the date of this statement

5. Financial results

The results of the company and the state of its affairs are set out in the attached financial statements and do not, in our opinion require further comments.

6. Dividends

There was no dividend neither declared nor paid during the reporting period.

7. Share Capital

There was no changes in share capital during the year

8. Property Plant and Equipment

There was additional in Property plant and Equipment during the period under review.

9. Events subsequent to the year end

There have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this report.

10. Corporate Governance

CHITEMBELE ENTERPRISES LIMITED through its Board of Directors and Management uphold and practices the principles of sound corporate governance. To this end, CHITEMBELE ENTERPRISES LIMITED Memorandum and Articles of Association together with the Tanzania Company's Act No. 12 of 2002 and other policies established by the board have provided a framework for ensuring application of sound corporate governance principles and best practices by the CHITEMBELE ENTERPRISES LIMITED Board and its management in managing the day to day affairs of the company.

The directors of the company served during the accounting period and up to the date of this report were as follows:

NAME	STATUS	NATIONALITY
1. Majaliwa Sagumo Chitembele	Director	Tanzania
2. Mariam Anaki Chityeli	Director	Tanzanian

11. Auditors

PanAfrican Auditors, a firm of Certified Public Accountants were the statutory auditors of CHITEMBELE ENTERPRISES LIMITED for the audit of accounts for the year ended 31st December 2021 having being appointed by Board, PanAfrican Auditors have expressed their willingness to continue in office and are eligible for reappointment. A resolution proposing the reappointment of Pan African Auditors as auditors of the company will be put to the annual General Meeting.

12. Approval of report and accounts.

The report and accounts which appear on pages 8 to 18 were approved by the Board of directors and signed on their behalf by:



Majaliwa Sagumo Chitembele
Director

Date: *10/04/2022*

DECLARATION OF THE HEAD OF ACCOUNTING

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 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.

I **DEOGRATIUS DAFI** being the registered Accountants outsourced by **CHITEMBELE ENTERPRISES LIMITED** hereby acknowledge my responsibility of ensuring that financial statements for the year ended **31st December 2021** have been prepared in compliance with applicable accounting standards and statutory requirements. I thus confirm that the financial statements give a true and fair view position of **CHITEMBELE ENTERPRISES LIMITED** as on that date and that they have been prepared based on properly maintained financial records.

Signed: 

Position: ACCOUNTANT

NBAA Membership No.: **ACPA 3607**

Date: 05/04/2022

REPORT OF THE INDEPENDENT AUDITORS

TO: THE MEMBERS OF CHITEMBELE ENTERPRISES LIMITED

Report on the Financial Statements

OPINION

We have audited the financial statements of **CHITEMBELE ENTERPRISES LIMITED**, set out on pages 8 to 18 which comprise the statement of financial position as at 31st December 2021, the statement of comprehensive income, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion despite the weakness stated in the emphasis of matter's segment of this report, the financial statements give a true and fair view of the state of financial affairs of the Company as at 31st December 2021 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Tanzania Laws.

Basis for Opinion

We conducted our audit in accordance with international standards on Auditing (ISAs). Our responsibility under those standards is further described in the Auditor's responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements 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.

Auditors' Responsibility

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of

the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the Company 's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the Company 's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

EMPHASIS OF MATTER

During the audit we fail to confirm some debtors as there was available since previous period before our engagements and their responses was not supportive during request for confirmation period until the last date before signing this report. We also not participated during stocktaking rather relying on given ledger of stock which was physically taken on 31st Dec 2021.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

Signed by,



Saidi Yusuph
ACPA (T) 2758

Signed on:
Partner,



22/04/2022

PanAfricanAuditors PF 308

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2021

	Note	31.12.2021 Tshs	31.12.2020 Tshs
Revenue	4	10,563,241,702	4,579,043,739
Cost of Sales	9	10,338,143,649	4,389,984,842
GROSS PROFIT		225,098,053	189,058,897
Financial Charges	10	35,808,235	11,705,254
Operating Expenses	11	147,466,800	128,332,388
		183,275,035	140,037,643
Profit from Operating Activities Before Taxation		41,823,018	49,021,254
Tax 30%		12,546,905	14,706,376
Profit from Operating Activities After Taxation		29,276,112	34,314,878

Chitembele Enterprises Limited
 Reports and Financial Statement For the year
 Ended 31st December 2021

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021

	Note	31.12.2021 Tshs	31.12.2020 Tshs
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	7	185,171,682	188,556,195
CURRENT ASSETS			
Stock		251,282,995	167,658,730
Trade and Other Receivables		602,697,835	545,388,828
Cash and Bank Balances	6	64,868,276	7,969,102
Total Current Assets		918,849,105	721,016,660
Total Assets		<u>1,104,020,787</u>	<u>909,572,855</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Capital	7	800,000,000	800,000,000
Advanced to share capital		10,968,780	10,968,780
Accumulated Profit/(Loss)		84,046,223	58,412,053
Total Equity		895,015,003	869,380,833
Current Liabilities			
Trade and Other Payables		5,028,635	23,941,000
Accountancy and Audit fees payable		1,000,000	1,000,000
Bank Overdraft		201,925,043	12,039,446
Tax liability	5	1,052,106	3,211,576
Total Current Liabilities		209,005,784	40,192,022
Total Equity and Liabilities		<u>1,104,020,787</u>	<u>909,572,855</u>

The Directors are responsible for the preparation and presentation of these financial statements.


 Director

16/06/2022
 DATE

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

	Share Capital Tshs.	Accumulated Profit Tshs.	Total Tshs.
Balance as at 1st January 2020	810,968,780	24,097,175	835,065,955
Profit/(Loss) for the Year ended 31st December 2020	-	34,314,878	34,314,878
Balance as at 31st December 2020	810,968,780	58,412,053	869,380,833
Balance as at 1st January 2021	810,968,780	58,412,053	869,380,833
Profit/(Loss) for the Year ended 31st December 2021	-	29,276,112	29,276,112
Adjustments for prior year tax		(3,641,942)	(3,641,942)
Balance as at 31st December 2021	810,968,780	84,046,223	895,015,003

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2021

	Note	31.12.2021 Tshs	31.12.2020 Tshs
Cash Flows From/(Used in) Operating Activities			
Profit before Income Tax Expenses and Extraordinary Items		41,823,018	49,021,254
Adjustment for Depreciation	8	61,375,986	62,454,456
Operating Profit before Working Capital Changes		103,199,004	111,475,710
(Increase)/Decrease in Stock		(83,624,265)	83,055,270
(Increase)/Decrease in Trade and Other Receivables		(57,309,006)	14,638,463
Increase/(Decrease) in Accountancy and Audit fees payable		-	320,000
Increase/(Decrease) in Trade and Other Payables		(18,912,365)	(60,810,900)
		(159,845,636)	37,202,832
Tax Paid		(18,348,318)	(11,494,800)
Cash Generated from Operations		(74,994,950)	137,183,743
Cash Flows from/(Used in) Investing Activities			
Purchases of Fixed Assets	8	(57,991,474)	(173,000,000)
		<u>(57,991,474)</u>	<u>(173,000,000)</u>
Cash Flows from/(Used in) Financing Activities			
Increase/(Decrease) in Advanced to Capital		-	-
Increase/(Decrease) in Loan/Overdraft		189,885,597	12,039,446
		189,885,597	12,039,446
Net Increase/Decrease in Cash and Cash Equivalents		56,899,174	(23,776,811)
Cash and Cash Equivalents at the beginning of the Year		7,969,122	31,745,933
Cash and Cash Equivalents at the end of the Year		64,868,296	7,969,122

NOTES TO THE STATEMENTS FOR THE YEAR ENDED 31st December, 2021

NOTE 1.0: GENERAL INFORMATION

1.1 Establishment

CHITEMBELE ENTERPRISES LIMITED is a company limited by shares and for profit organization registered in Tanzania for the objective of conducting Merchandise business of sales and supplies of domestic consumption goods

Its registered business office and the address of its principal place of business is

Chitembele Enterprises Limited,
P.o.box 73
Gairo.

NOTE 2.0: BASIS OF PREPARATION

2.1 Basis for financial statements preparation

The financial statements have been prepared under the historical cost convention in accordance with, and comply with, International Financial Reporting Standards (IFRSs) and all applicable interpretations issued by the International Accounting Standards Board (IASB).

2.2 Statement of Compliance

The financial statements of CHITEMBELE ENTERPRISES LIMITED have been prepared in accordance with International Financial Reporting Standards and interpretations applicable to the company

2.3 Continued application of TFAS issued by NBAA

The following Tanzania Financial Reporting Standards, having no equivalent IFRS continued to be used during the year:

TFAS: No 1 Directors' report

2.4 Functional currency and Presentation currency

The functional currency of the company which is also the presentation currency is Tanzania Shillings.

NOTE 3.0: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, Plant and Equipment (P.P.E)

Owned assets

Property, plant and Equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

3.2 Depreciation

Depreciation of an asset begins when it is available for use, i.e when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date is recognized.

Depreciation on assets is calculated using the Straight line method to reduce the cost of each asset to its residual value over its estimated useful life at a given rate per annum as detailed below:

Description	Rate p.a
Motor Vehicle & Trailer	25%
Furniture and fittings	12.5%
Tools and Machinery	12.5%

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount December not be recoverable.

3.3 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost based on the first in first out (FIFO) principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The FIFO principle has been consistently applied.

3.4 Provision for impairment of Receivables

Receivables are recognized initially at fair value and subsequently measured at fair value less provision for impairment of receivables. No specific provision for impairment has been made in the financial statements against receivables considered to be doubtful of recovery in this year under review.

3.5 Foreign currency translations

Foreign currency translations are translated into Tanzania shillings at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities at the yearend expressed in foreign currencies are translated in Tanzania Shilling at the rates of exchange ruling the year end. The resulting gains/ losses on exchange rate translations are treated in the statement of profit or loss.

3.6 Cash and cash equivalents

CHITEMBELE ENTERPRISES LIMITED cash comprises of cash in hand and demand deposits with banks. Cash equivalents comprise of short term bank deposits and bank overdrafts. The carrying amounts of these assets approximate their fair value.

3.7 Income Recognition

Income is recognized to the extent that it is probable that economic benefit will flow to the Company and income can be measured reliably.

3.8 Expenses Recognition

All expenses are recognized on accrual basis, when incurred in running the operation of the company. Functional classification of expenses is adopted by the company. The inventory costs include all costs of purchase, transportation, and other related costs until the inventory are in the sales point.

3.9 Impairment of Assets

Assets that have an indefinite life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount at December not be recoverable.

An impairment loss is recognized for the amount by which the assets' 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 level for which there is separately identifiable cash flows (cash generating units).

3.10 Risk management

Risk is an inherent feature of the activities of any entity. CHITEMBELE ENTERPRISES LIMITED endeavors to manage risk by having in place appropriate functional structures, systems and procedures. These structures, systems and procedures evolve continuously in response to changes in the environment in which the Company operates. The following are the main types of risks the Company is exposed to in the course of executing its operations:

- Operation Risk
- Liquidity Risk
- Credit risk

3.10.1 Operational Risk

Managing operational risk in the Company is an integral part of the day to day operations by the management. This risk is closely monitored by the Board of Directors. Operational risk is the risk of loss both financial and non-financial resulting from inadequate systems, management failures, ineffective internal control processes, fraud, theft, and human errors. CHITEMBELE ENTERPRISES LIMITED addresses this risk inter alia through ensuring existence of a sound internal control system.

3.10.2 Liquidity Risk

Liquidity risk is the risk that the Company faces by not having adequate funds to settle day to day obligations as they fall due. Liquidity risk management by the Company includes forward planning and close monitoring by the Directors. The Company has a prudent liquidity risk management through which it maintains sufficient cash to cover committed credit facilities received working capital as well as capital project requirements.

3.10.3 Credit Risk

The management of CHITEMBELE ENTERPRISES LIMITED managed risks associated with trade and other receivables includes prompt invoicing, claims, close follow up and requiring regular customers to deposit money in advance to cover for services to be rendered. Potential credit risk involves short term cash deposits and trade and other receivables. Risk relating to short term cash deposits is managed through ensuring that cash surpluses are deposited with banks of high credit standing.

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

	31.12.2021	31.12.2020
	Tshs	Tshs
4. REVENUE		
4.1 Summary		
Total Sales	10,547,458,802	4,579,043,739
4.2 OTHER OPERATING INCOME		
Transport Income	15,782,900	-
	<u>10,563,241,702</u>	<u>4,579,043,739</u>
4.3 PROFIT FROM OPERATING ACTIVITIES		
Stated after Charging/(Crediting)		
Auditors' Remuneration	1,000,000	1,000,000
Depreciation	61,375,986	62,454,456
5. INCOME TAX EXPENSES		
Balance B/Forward	3,211,576	-
Additions	12,546,905	14,706,376
Additional Assessments	3,641,942	-
Payments	(11,494,800)	(11,494,800)
Assesment payments	(3,641,942)	-
Prio year payments per return	(3,211,576)	-
	<u>1,052,106</u>	<u>3,211,576</u>
6. CASH AND BANK BALANCES		
Bank Balance: Crdb Acc no. 0150431456300	0	0
Nmb Acc no. 24010005837	63,503,556	612,452
Cash in hand	1,364,720	7,356,650
	<u>64,868,276</u>	<u>7,969,102</u>
7. SHARE CAPITAL		
AUTHORISED CAPITAL		
100,000 Ordinary Shares @	Tshs 10,000/=	<u>1,000,000,000/=</u>
ISSUED & PAID UP CAPITAL		
80,000 Ordinary Share of Tshs 10,000@	Tshs 10,000/=	<u>800,000,000/=</u>

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

8. PROPERTY, PLANT & EQUIPMENT

8.1 Gross Carrying amounts	Balance as at <u>1.1.2021</u> Tshs.	Additions Tshs.	Balance as at <u>31.12.2021</u> Tshs.
At Cost			
Motor vehicle	273,833,333	57,991,474	331,824,807
Furniture & Fittings	2,726,458		2,726,458
	<u>276,559,791</u>	<u>57,991,474</u>	<u>334,551,265</u>
8.2 Depreciation	Balance as at <u>1.1.2021</u> Tshs.	Charge for the <u>year</u> Tshs.	Balance as at <u>31.12.2021</u> Tshs.
Motor vehicle	87,364,583	61,115,056	148,479,639
Furniture & Fittings	639,013	260,931	899,944
	<u>88,003,596</u>	<u>61,375,986</u>	<u>149,379,583</u>
 Net Book Value	 <u>188,556,195</u>		 <u>185,171,682</u>

DETAILED EXPENDITURE STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2021

	31.12.2021	31.12.2020
	Tshs	Tshs
9. COST OF SALES		
Opening Stock	167,658,730	250,714,000
Purchases	10,421,767,914	4,306,929,572
Less: Closing Stock	(251,282,995)	(167,658,730)
	<u>10,338,143,649</u>	<u>4,389,984,842</u>
 10. FINANCIAL CHARGES		
Bank Charges	3,472,352	1,702,251
Overdraft interest charges	32,335,883	10,003,003
	35,808,235	11,705,254
 11. ADMINISTRATION EXPENSES		
Audit Fees	2,000,000	1,000,000
Depreciation	61,375,986	62,454,456
Transport & Travelling Charges	3,343,220	1,355,932
Motor vehicle repairs and spares	31,868,644	28,560,000
Salary & Wages	8,640,000	13,680,000
Telephone & Postage	56,200	45,600
Electricity & water bills	382,900	282,000
Insurance	8,525,500	6,372,000
Stationery and Printing	78,550	50,000
Security Guard	600,000	600,000
SDL	844,800	581,400
Business Licenses	301,000	151,000
Service Levy	650,000	1,200,000
Director's emoluments	12,000,000	12,000,000
Casual labours	16,800,000	
	147,466,800	128,332,388