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**KISMA TRANSPORT COMPANY LIMITED DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2019**

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1. **Principal Activities**  
The company's principal activities are...

2. **Directors' Responsibility**  
Under the Companies Act, the directors are responsible for preparing accurate accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and to ensure that the financial statements comply with the Companies Act 2002. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

3. **Corporate Governance**  
The Board of Directors has overall responsibility for the Company, including responsibility for identifying key risk areas, reviewing and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management against plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies is applied and compliance with all relevant corporate governance principles.

The Board also has a duty to ensure that the system of internal control is designed to ensure that the company is able to identify and manage the risks of its activities. The Board is also responsible for ensuring that the company's financial statements are prepared in accordance with the applicable accounting standards and that the company's financial statements are true and fair.

**KISMA TRANSPORT COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

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**KISMA TRANSPORT COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

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**DIRECTORS' REPORT**

**1. Introduction**

In compliance with Section 133 (1) (b) of the Companies Act, 2002 and the Tanzania Financial Reporting Standard No. 1 on Directors' Report, the Directors submit their report and audited financial statements of KISMA TRANSPORT COMPANY LIMITED, for the year ended 31<sup>st</sup> December, 2019.

**2. Incorporation**

The company is incorporated in Tanzania.

**3. Principal Activities**

The company's principal business consists of fuel transit Transportation Services.

**4. Directors responsibility**

Under the Companies Act, the directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Ordinance Act 2002. They are also responsible for safeguarding the assets of the company and hence for taking responsible steps for the prevention of fraud and other irregularities.

**5. Corporate Governance**

The Board of Directors has 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 management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies is operative, and for compliance with sound corporate governance principles.

The Board delegates the day to day management of the business to the General Manager assisted by senior management team. The Company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

**KISMA TRANSPORT COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

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**DIRECTORS' REPORT (CONTINUED)**

- 6. Capital Structure**  
The Company's capital structure for the year under review is shown in the statement of financial position.
- 7. Risk Management and Internal Control**  
The Company has a risk management policy, which was duly approved by the Board. Every individual within the Company is required to appreciate risks inherent at his/her place of work.
- 8. Solvency**  
The Directors have reviewed the current financial position of the Company and the short term borrowings. On the basis of this review, the Directors are of the opinion that the Company is solvent.
- 9. Relationships with Stakeholders**  
The Company's operations cut across several stakeholders' interests. The Company enjoys good and cooperative support from almost all stakeholders. Key to this relationship has been prompt and informed communication system.
- 10. Financial Position & Cash Flows**  
The financial position, operating results, changes in equity and cash flows are as shown in the set of financial statements attached to this report.
- 11. Statement of Directors' Responsibilities**  
The Companies Act 2002 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its comprehensive income for that year. It also requires the Directors to ensure that the Company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors accept responsibility for the preparation and presentation of financial statements that are free from material misstatement whether due to fraud or error.

Nothing has come to the attention of the Board to indicate that the Company will not remain a going concern for the foreseeable future.

**KISMA TRANSPORT COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

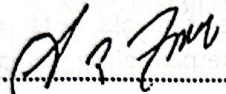
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**DIRECTORS' REPORT (CONTINUED)**

**12. AUDITORS**

J.M consultancy service have expressed their willingness to continue in office and are eligible for re-appointment as auditors for the year ending 31<sup>st</sup> December 2020.

**BY ORDER OF THE BOARD**

  
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**DIRECTOR**

10-09-2021.

**DATE**

CPA JAMES ZACHARIA MASS/MAKERI - ACCT # 11434

For J.M CONSULTANCY SERVICES  
P.O. BOX 31235  
DUBAI-SALAM.

**KISMA TRANSPORT COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

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**DECLARATION OF THE ACCOUNTANT**

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 as stated under the Board of Directors' Responsibility statement on page 4 above.

I Kiiza Stadius, the outsourced accountant who supervised the preparation of these financial statements do hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31<sup>st</sup> December, 2019 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 in all material respect, the financial position, financial performance and cash flows of the KISMA TRANSPORT COMPANY LIMITED as at 31<sup>st</sup> December 2019, in accordance with the International Financial Reporting Standards (IFRS) for Medium and Small Entities and that they have been prepared based on properly maintained financial records.

  
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Date 10-09-2021

CPA Kiiza Stadius

ACCOUNTANT GA 7869

**KISMA TRANSPORT COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

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**AUDITORS' REPORT TO THE MEMBERS**

We have audited the accompanying financial statements of KISMA TRANSPORT COMPANY LIMITED, which comprise the Statement of Financial Position as at 31<sup>st</sup> December 2019, the Statement of Comprehensive Income, Statement of Change in Equity and the statement cash flows for the year then ended and the Summary of Significant Accounting Policies and other explanatory notes. The financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities (SMEs) and on the basis of the accounting policies in note 1 to the financial statements.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit on those financial statements and to report our opinion to you.

**BASIS OF OPINION**

We conducted our audit in accordance with the International Standards on Auditing. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and judgments made by the directors in the preparation of the financial statements and whether the accounting policies are appropriate to the company's circumstance, consistently applied and adequately disclosed.

We planned the performance of our audit so as to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements whether caused by fraud, error or other irregularities.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**OPINION**

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> December 2019 and its results and cash flow for the year then ended in accordance with the requirements of the International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities (SMEs) and the requirements of the Companies Act 2002.

  
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CPA JAMES ZACHARIA MASSAKERI - ACPA PP 424  
For J.M CONSULTANCY SERVICES,  
P.O.BOX 31235,  
DAR-ES-SALAAM.

10-09-2021

Date



**KISMA TRANSPORT COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

**STATEMENT OF FINANCIAL POSITION AS AT 31<sup>st</sup> DECEMBER 2019**

	NOTES	31/12/2018	31/12/2019
		TSH	TSH
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	2	6,966,837,130	6,059,498,951
<b>CURRENT ASSETS</b>			
Trade and Other receivables	6	3,335,656,490	797,929,605
Cash and Bank balance		492,413,986	89,128,910
Stock		-	97,886,010
<b>TOTAL ASSETS</b>		<b>10,794,907,606</b>	<b>8,940,618,211</b>
<b>EQUITY AND LIABILITIES</b>			
Issued share Capital		1,139,325,000	1,139,325,000
Retained profit/(loss)		3,071,651,296	971,494,609
Other Comprehensive income		2,014,783,000	4,634,219,000
Drawings		-	-
<b>TOTAL SHAREHOLDER'S FUND</b>		<b>6,225,759,296</b>	<b>6,745,038,609</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term Loan		1,233,491,820	-
<b>CURRENT LIABILITIES</b>			
Trade and other Payables	5	3,335,656,490	2,195,579,602
<b>TOTAL LIABILITIES</b>		<b>4,569,148,310</b>	<b>2,195,579,602</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,794,907,606</b>	<b>8,940,618,211</b>

Note 1 to 9 form part of these financial statements

Auditors' report on page 6



DIRECTOR

10-09-2021

DATE

**KISMA TRANSPORT COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

**INCOME STATEMENT FOR THE YEAR ENDED ON 31<sup>st</sup> DECEMBER, 2019**

	31/12/2018	31/12/2019
	TSH	TSH
Sales	19,199,499,300	4,632,241,449
Cost of Services	12,046,057,312	3,857,225,562
<b>Gross Profit</b>	<b>7,153,441,989</b>	<b>775,015,887</b>
Administrative and General expenses	3,166,867,102	2,777,625,693
Finance Cost	79,989,730	85,033,713
Depreciation Expenses	385,103,243	12,513,168
<b>TOTAL EXPENDITURE</b>	<b>3,631,960,075</b>	<b>2,875,172,574</b>
Net Profit/(Loss) for the year	3,521,481,914	(2,100,156,687)
Provision for Taxation	(1,056,444,574)	-
Net Profit/Loss after Tax(NPAT)	2,465,037,340	(2,100,156,687)
Retained Earnings Brought Forward	606,613,956	3,071,651,296
<b>NET PROFIT/(LOSS)</b>	<b>3,071,651,296</b>	<b>971,494,609</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Exchange differences on Translation	2,014,783,000	2,619,436,000
Total Comprehensive income for the year	2,014,783,000	2,619,436,000

Note 1 to 9 form part of these financial statements

Auditors' report on page 6

  
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DIRECTOR

10-09-2021  
 .....

DATE

**KISMA TRANSPORT COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 31<sup>st</sup> DECEMBER, 2019**

	SHARE CAPITAL	RETAINED EARNINGS	OTHER COMPREHENSIVE INCOME	DRAWINGS	TOTAL
	TSH	TSH			TSH
At the beginning of year	1,139,325,000	3,071,651,296	2,014,783,000	-	6,225,759,296
Addition during the year	-		2,619,436,000	-	2,619,436,000
Profit/(loss) for the year		(2,100,156,687)			(2,100,156,687)
At end of year	1,139,325,000	971,494,609	4,634,219,000	-	6,745,038,609

Note 1 to 9 form part of these financial statements

Auditors' report on page 6



DIRECTOR

10-09-2021

DATE

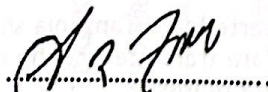
**KISMA TRANSPORT COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>st</sup> DECEMBER, 2019**

	NOTES	31/12/2018	31/12/2019
		TSH	TSH
Cash flows from operating activities			
Profit/(loss) for the year		3,521,481,914	(2,100,156,687)
Adjustment for Non Cash item			
Depreciation Expenses		385,103,243	12,513,168
Loss on Disposal			-
Profit/(loss) before working capital changes	A	3,906,585,157	(2,087,643,519)
Change in working capital			
(Increase)/Decrease in Trade & Other receivables		(3,335,656,490)	2,626,855,795
(Increase)/Decrease in Stock		(4,443,368)	(97,886,010)
Increase/(Decrease) in Trade and other Payables		412,436	(831,334,557)
Net changes in Working Capital	B	(3,339,687,422)	1,697,635,228
Taxation paid during the year	C	-	-
Net cash (used)/generated in/from operating activities	A+B+C	566,897,735	(390,008,291)
Cash flows from investing activities			
Purchase of Property, plant and equipment		(13,102,238)	(13,276,785)
Net cash generated from investing activities		(13,102,238)	(13,276,785)
Cash flows from financing activities			
Share Capital		-	-
Drawings		-	-
Net cash generated from financing activities		-	-
Cash and cash equivalents for the year		553,795,498	(403,285,076)
Cash and cash equivalents at the beginning of the year		262,687,329	492,413,986
Effects of currency translation			
Cash and cash equivalents at the end of the year		492,413,986	89,128,910

Note 1 to 9 form part of these financial statements

Auditors' report on page 6



DIRECTOR

10-09-2021

DATE

**KISMA TRANSPORT COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

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**ACCOUNTING POLICIES AND EXPLANATORY NOTES**

**NOTE 1.0 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**1.1 Basis of Preparation**

The financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. They are presented in Tanzanian Shillings (TSHS) and all values are in TSHS except where otherwise indicated.

**1.2 Revenue Recognition**

Revenue is recognized when service is delivered. Revenue is measured at fair value of the consideration received or receivable, net of discounts.

**1.3 Property Plant and Equipment**

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

Depreciation shall be calculated on reducing balance method at annual rates estimated to write off the assets over their expected useful life.

The annual rates to be used are:

Asset	Percentage
Office Computers	12.5%
Furniture, Fixtures & Equipment	12.5%
Machineries & Tools	12.5%
Motor Vehicles	12.5%

**1.4 Trade and Other receivables**

Trade and other receivables are made on the basis of normal credit terms, and the receivables do not bear interest. 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 a provision for impairment is made in the financial statements.

**1.5 Trade Payables**

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

**1.6 Foreign Currency Translations**

Transactions during the year denominated in foreign currencies are converted into Tanzania shillings at the exchange rates ruling at the transaction date. Assets and liabilities are translated at the exchange rates ruling at the balance sheet date. Gains or losses are charged to profit or loss.

ACCOUNTING POLICIES AND EXPLANATORY NOTES (CONTINUED)

NOTE 2: PROPERTY, PLANT AND EQUIPMENT MOVEMENT FOR THE YEAR ENDED ON 31st DECEMBER 2019

	MOTOR VEHICLE	COMPUTER & ACCESSORIES	FURNITURE & FITTINGS	TOOLS & EQUIPMENT	TOTAL
DEPRECIATION RATES	0.125	0.125	0.125	0.125	
COST	TSH	TSH	TSH	TSH	TSH
BALANCE AT 01/01/2019	7,342,974,804	-	-	8,668,120	7,351,642,924
ADDITION	-	3,460,500	6,932,535	2,883,750	13,276,785
DISPOSAL	-	-	-	-	-
BALANCE 31/12/2019	7,342,974,804	3,460,500	6,932,535	11,551,870	7,364,919,709
DEPRECIATION					
ACCUMULATED DEPRECIATION AT 01/01/2019	384,351,545	-	-	454,250	384,805,794
CHARGE FOR THE YEAR	917,871,850	432,563	866,567	1,443,984	920,614,964
DISPOSAL	-	-	-	-	-
ACCUMULATED DEPRECIATION AT 31/12/2019	1,302,223,395	432,563	866,567	1,898,233	1,305,420,758
NET BOOK VALUE AT 31/12/2018	6,958,623,259	-	-	8,213,871	6,966,837,130
NET BOOK VALUE AT 31/12/2019	6,040,751,408	3,027,938	6,065,968	9,653,637	6,059,498,951

**KISMA TRANSPORT COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

ACCOUNTING POLICIES AND EXPLANATORY NOTES (CONTINUED)

NOTE 3: GENERAL AND ADMINISTRATIVE EXPENSES

	31/12/2018	31/12/2019
	TSH	TSH
Salaries and Wages	1,206,738,039	1,191,800,814
Directors allowance	41,170,725	40,464,780
NSSF and PPF contribution	21,152,308	21,432,030
Skills and Development Levy	54,303,827	9,643,260
WCF contribution	12,067,517	2,143,203
Meals and Drinks Expenses	21,880,913	23,056,158
Medical Expenses	11,184,084	11,784,156
Travelling Expenses	56,403,119	58,863,105
City Service Levy	36,202,551	1,388,814
Security Expenses	16,468,745	17,021,046
Rent Expenses	12,349,851	12,513,168
Tatoa Licence	2,033,263	2,060,151
Consultancy and Legal Cost	6,746,425	7,177,077
Sumatra Expenses	18,114,937	18,354,492
Calibration Expenses-WMA	36,596,453	37,080,411
Marketing Expenses	7,632,135	8,275,209
Repair and Maintenance	339,718,819	354,537,453
Communication Expenses	6,817,009	7,322,418
Insurance Premium	399,769,516	405,056,139
Motor Vehicle Expenses	354,989,920	384,862,968
Electricity and Water	2,823,344	3,089,073
General Miscellaneous	64,274,328	66,427,758
interest Expenses	418,813,423	73,090,374
Commissions Expenses	18,615,853	20,181,636
<b>TOTAL</b>	<b>3,166,867,102</b>	<b>2,777,625,693</b>

**KISMA TRANSPORT COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

**NOTE 4: COST OF SERVICES**

	31/12/2018	31/12/2019
	TSH	TSH
Purchases of Fuel	7,220,116,096	1,766,776,731
Tires and Tubes	1,189,028,388	-
Lubricants	485,371,472	-
Boarder Fees	870,983,285	926,627,313
Spares and Servicing	1,596,817,110	-
Drivers mileage allowance	683,740,959	720,494,556
Spares, servicing, tires, lubricant	-	541,212,972
Closing Stock	-	(97,886,010)
<b>TOTAL</b>	<b>12,046,057,312</b>	<b>3,857,225,562</b>

**NOTE 5: TRADE AND OTHER PAYABLES**

	31/12/2018	31/12/2019
	TSH	TSH
Sundry creditors	26,496,142	27,995,237
Corporate tax	49,697,357	-
Accrued Expenses	7,417,006	7,837,474
Current Portion of LT Loans	2,307,317,696	1,551,125,073
Short term Loan Equity Bank	944,728,290	608,621,818
<b>TOTAL</b>	<b>3,335,656,490</b>	<b>2,195,579,602</b>

**NOTE 6: TRADE AND OTHER RECEIVABLES**

	31/12/2018	31/12/2019
	TSH	TSH
Debtors	2,838,596,336	16,062,465
VAT	-	781,867,140
<b>TOTAL</b>	<b>2,838,596,336</b>	<b>797,929,605</b>

**KISMA TRANSPORT COMPANY LIMITED**  
**FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2019**

**NOTE 7: FINANCE EXPENSES**

	31/12/2018	31/12/2019
	TSH	TSH
Bank charges	79,989,730	85,033,713
<b>TOTAL</b>	<b>79,989,730</b>	<b>85,033,713</b>

**NOTE 8: TAXATION**

	31/12/2018	31/12/2019
	TSH	TSH
Current year tax as per income statement	-	-
Deferred tax asset/liability	-	-
less: advance tax(self-assessment)	-	-
Tax payable	-	-

**NOTE 9: TRANSLATION GAIN/LOSS**

	31/12/2018	31/12/2019
	TSH	TSH
Previous Rate	2,262	2,279
Current rate	2,279	2,293
Difference	17	14
Gain on translation	2,014,783,000	2,619,436,000