

**KISMA TRANSPORT COMPANY
LIMITED**

**ANNUAL REPORT AND FINANCIAL
STATEMENT FOR THE YEAR ENDED
31ST DECEMBER 2021**

DECEMBER 2022

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

TABLE OF CONTENTS

Contents	Page
List of abbreviations	ii
Company Information	1
The report of those charged with governance	2 - 7
Statement of directors' responsibilities	8
Declaration of Head of Finance	9
Independent auditor's report	10 -12
Financial Statements:	
The statement of profit or loss and other comprehensive income	13
The statement of financial position	14
The statement of change in equity	15
The statement of cash flows	16
Notes to the financial statements	17-27

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

LIST OF ABBREVIATIONS

ACPA	Associate Certified Public Accountant
AGM	Annual General Meeting
CPA	Certified Public Accountant
IAS	International Accounting Standards
IESBA	International Ethics Standards Board for Accountants
IFRS(SMEs)	International Financial Reporting Standards for SMEs
SME	Small and Medium Enterprises
ISA	International Standards on Auditing
NBAA	National Board of Accountants and Auditors
NSSF	National Social Security Fund
SDL	Skills Development Levy
TFRS	Tanzania Financial Reporting Standards

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

COMPANY INFORMATION

Name of Company Kisma Transport Company Limited

Company Registered Number 54789

Registered Office P.O. Box 22097,
Dar es salaam
Tanzania

Auditors Ecla Africa Consult,
Certified Public Accountants

Mikocheni-Mwalimu Nyerere Street,
Rose garden Road
P. O Box 61216
Dar es Salaam
Email: info@eclaafrica.com
Web: www.eclaafrica.co.tz

Bankers Bank of Africa
P. O. Box
Dar es salaam
Tanzania

Equity Bank Tanzania
Kariakoo Branch
P. O. Box
Dar es salaam
Tanzania

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

THE REPORT OF THOSE CHARGED WITH GOVERNANCE

1 INTRODUCTION

The Board of Directors of the Kisma Transport Company Limited has the pleasure to present their annual report and the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of the Company. The report of those Charged with governance has been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No. 1, *The Report of Those Charged with Governance*.

2 INCORPORATION

Kisma Transport Company Limited was incorporated in the United Republic of Tanzania under Company Act 2002 and is domiciled in Tanzania. The address of the registered office is:

P.O. Box 22097,
Toangoma Dar es salaam,
Tanzania.

3 PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activity of the company is engaging in Transportation.

4 THE VISION AND MISSION STATEMENT

4.1 THE VISION

“To be the best and best quality Transporter in worldwide”

4.2 THE MISSION STATEMENT

“We aspire to be the worldwide leader in delivering the best Transportation services”

5 BOARD OF DIRECTORS

The Board of Directors of the Company who served during the year and up to the date of this report was: -

S/n	Name	Position	Age (Years)	Qualification	Nationality	Appointment
1	Ali Ahmed Saeed	Executive director	68	Businessman	Swedish	1-Dec-2005
2	Saida Gure	Director	56	Business Woman	Canadian	1-Dec-2005

All the Board members are Executives.

THE STATEMENT OF DIRECTOR'S RESPONSIBILITY

5 CORPORATE GOVERNANCE

The Directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing the Directors therefore confirm that:

- The Board of Directors met regularly throughout the year;
- They retain full and effective control over the Company and monitor executive management;
- There are management committees in place for critical functions such as quality management, marketing and strategic planning;
- There are regular reviews of financial and operational results;
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

The Company is committed to the principles of effective corporate governance. The management also recognize the importance of integrity, transparency and accountability.

Risk Management

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an on-going basis in order to provide reasonable assurance regarding:

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board of Directors assessed the internal control systems throughout the year ended 31 December 2021 and is of the opinion that they met accepted criteria.

6 FUTURE DEVELOPMENT PLANS

The Business will continue to improve its profitability through the introduction of product varieties, focusing on value-added customer services and selective expansion of its lines of

THE STATEMENT OF DIRECTOR'S RESPONSIBILITY

business while carefully managing both costs and risks. The Business will continue to focus on improving productivity and strengthening existing products and services

7 RESULTS FOR THE YEAR

During the year under review the company had made a net loss of TZS 1,015,687,503 as compared to a net loss 5,458,674,660 for the year ended 31 December 2021. The Directors are not proposing payment of dividend.

8 RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations
- The safeguarding of the company's assets
- Compliance with applicable laws and regulations
- The reliability of accounting records
- Business sustainability under normal as well as adverse conditions
- Responsible behaviors 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's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

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

The risk management includes:

Delegation

Overall objectives of the Company are agreed by the Board of Directors, which delegates the day-to-day operations to management for execution. There is a clear Company structure, detailing lines of authority and reporting

Budgets

Detailed annual budgets are prepared by the management and they are reviewed and approved by the Board.

Competence

THE STATEMENT OF DIRECTOR'S RESPONSIBILITY

Staff skills are maintained both by a formal recruitment process and a performance appraisal system, which identifies training needs. Also, necessary training both in house and externally, helps to consolidate existing staff skills and competences.

9 RELATED PARTY TRANSACTIONS AND BALANCES

Transactions during the year with related parties were conducted at terms and conditions similar to those offered to other clients and in the normal course of business. Details of related party transactions and balances with related parties are included in Note 18 to the financial statements.

10 GENDER PARITY

KISMA TRANSPORT COMPANY LIMITED 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.

11 ENVIRONMENTAL CONTROLS

The Company being the tenant of the building where its offices are located is committed to the prevention of environmental pollution and is in compliance with relevant environmental laws in the area we operate at a minimum standard and seek to implement best practices whenever possible.

12 ACCOUNTING POLICIES AND CRITICAL JUDGEMENT AND ESTIMATES

Results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the financial statements. When preparing the financial statements, it is the management responsibility to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent. The accounting policies that are deemed critical to our results and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of judgment involved, including the use of assumptions and estimation, are described in Notes 1 and 2 to the financial statements.

13 FIDUCIARY RESPONSIBILITIES

Board members as stewards of public trust always acted for the good of the Company rather than for the benefit of themselves throughout the period. Reasonable care was exercised in all decisions taken by the Board without placing the Board under unnecessary risks.

14 SERIOUS PREJUDICIAL ISSUES

In the opinion of the Board, there are no serious prejudicial issues that may affect the Company.

15 EVENTS AFTER REPORTING PERIOD

THE STATEMENT OF DIRECTOR'S RESPONSIBILITY

There are no material events, adjusting or non-adjusting, which have occurred between the reporting date and the date when the financial statements are authorized for issue.

16 SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. Moreover, the Board attests that, there were no short- or long-term claims on the assets of the Company and the solvency of the Company as at 31 December 2021 is set out on page 13 of these financial statements.

17 EMPLOYEES WELFARE

a) Management and employees' relationship

The relationship between the management and employees of the Kisma Transport Company Limited during the year was good. Staff meetings and performance appraisal were used to highlight areas which need to be improved in order to improve employee's welfare and which will result into improving their performance in order to meet objective of the Company.

b) Health and safety

Kisma Transport Company Limited values a healthy and safe working environment. It thus maintains as much a well maintained office environment with hygienic and safety gears.

c) Employees benefit plan

The Company pays contribution to the National Social Security Fund (NSSF) on a mandatory basis. The employer contributes 10% while the employees contribute 10% to the pension schemes respectively.

d) Workers Compensation Fund

The Company pays monthly contributions to the Fund on a mandatory basis.

e) Financial help

The company provides financial assistance to employees depending on the assessment of the need and the current liquidity position of the company.

f) Disabled Persons

The company does not segregate against disabled employees and facilitates easy operation of disabled persons in the organization

18 RELATIONSHIP WITH STAKEHOLDERS

KISMA TRANSPORT COMPANY LIMITED continued to maintain a good relationship with all stakeholders including regulators.

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

THE STATEMENT OF DIRECTOR'S RESPONSIBILITY

19 CAPITAL STRUCTURE

The company capital structure for the year under review is shown below.

Shareholders of the company

The total number of shareholders during the year were 3 shareholders (previous year: 3 shareholders) Directors whom consist the entire list of shareholders holding shares are listed below. The total authorized shares were 200 shares (2020: 1000 shares), the total issued and paid up was 200 shares (2020: 200 shares)

Sn	Name	Nationality	No. Of ordinary shares	Price/share (TZS)	Total share value (TZS)
1	Ali Ahmed saeed	Sweden	50	10,000	500,000
2	Saïda Gure	Canadian	100	10,000	1,000,000
3	Hashim Said Ali	Sweden	50	10,000	500,000
	Total		200		2,000,000

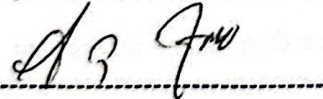
20 POLITICAL AND CHARITABLE DONATIONS

The Company neither made charitable donations nor political donations.

21 AUDITORS

The auditors, Ecla Africa Consult, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment of Ecla Africa Consult as auditors of the Company for the year ended 31 December 2022 will be tabled at the Board of Directors meeting.

By order of the board of directors



Ali Ahmed Saeed

Chairperson

Date 07/10/2022

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**


THE STATEMENT OF DIRECTOR'S RESPONSIBILITY

The Board of Directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement profit or loss, the statement of financial position as at 31 December 2021, the statement of changes in equity and statement of cash flow for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs) and in the manner required by Tanzania Companies Act, 2002

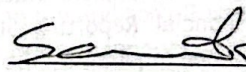
The Directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or errors; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors' have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Approved by the Board for issue on 07/12.....2022 and signed on its behalf by:



Ali Ahmed Saeed
Chairperson



Director

KISMA TRANSPORT CO. LTD.
P.O. Box 22097
DAR-ES-SALAAM

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

DECLARATION OF HEAD OF FINANCE

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 Kisma Transport Company Limited to discharge the responsibility of preparing financial statements showing true and fair view of the entity financial position and performance in accordance with International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs)-and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of directors of Kisma Transport Company Limited as indicated under the statement of directors' responsibilities.

I, JUSTINE JOVIN, being the Head of Finance of Kisma Transport Company Limited hereby acknowledges my responsibility of ensuring that financial statements for the year ended 31st December 2021 have been prepared in compliance with International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs) and the manner required by the Companies Act 2002.

I, thus confirm that the financial statements of Kisma Transport Company Limited comply with International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs)andthe manner required by the Companies Act 2002as on that date and they have been prepared based on properly maintained financial records.

Signed by Jovin

Position: Head of Finance

NBAA Membership No: GA: 3717

Date 7:12:2022

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF KISMA TRANSPORT COMPANY LIMITED

Report on the audit of the financial statements

We have audited the financial statements of Kisma Transport Company Limited (the Company) which comprise the statement of Profit or Loss, and the statement of financial position as at 31 December 2021, and statement of changes in owners' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Our Opinion

In our opinion, the accompanying financial statements of the Kisma Transport Company Limited presents fairly, in all material respects, the financial position of the Company as at 31 December, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs) and in compliance with the requirements of the 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 Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Kisma Transport Company Limited 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 the audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code and Ethical requirement of the NBAA.

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

Other information

The other information comprises the Company Information, The report of those charged with governance; Statement of Directors' Responsibilities and the Declaration by the Head of Finance.

The other information does not include the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance thereon.



INDEPENDENT AUDITOR'S REPORT (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board 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 for Small and Medium Enterprises 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 Company's 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 Company financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.



INDEPENDENT AUDITOR'S REPORT (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the board members as a body in accordance with International Financial Reporting Standards for Small and Medium Enterprises and for no other purposes.

As required by the Company's Act 2002, we are also required to report to you if, in our opinion, the report of those charged with governance is not consistent with the financial statements, if the Company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

The engagement partner on the audit resulting in this independent auditor's report is Lauden Cheyo.

Lauden Cheyo

ACPA PP 3972

For and on behalf of Ecla Africa Consult

Certified Public Accountants

Dar es Salaam

Date: 07/12/2022

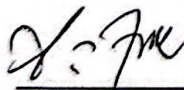


**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

THE STATEMENT OF PROFIT/(LOSS)

	Note	31-Dec-21	31-Dec-20
Revenue	4	9,254,960,044	4,648,304,705
cost of sales	5	6,867,469,872	6,288,262,280
Gross Profit		<u>2,387,490,171</u>	<u>(1,639,957,575)</u>
Admisnitrative Costs	6	637,000,931	1,432,641,035
Operating expenses	7	638,164,819	1,284,774,070
Depreciation and amortisation expense	8	902,615,194	1,022,071,105
Finance Cost	9	1,193,396,744	79,230,875
Total Expenses		<u>3,371,177,689</u>	<u>3,818,717,085</u>
Profit before income tax		(983,687,517)	(5,458,674,660)
Income tax (expense) credit	10	46,274,800	-
Profit for the year		<u>(1,029,962,317)</u>	<u>(5,458,674,660)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(1,029,962,317)</u>	<u>(5,458,674,660)</u>

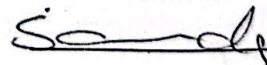
The notes to the financial statements are integral part of these financial statements. The financial statements approved and authorized for issue by the Board of Directors on 07/12/2022 and were signed on its behalf by:



Ali Ahmed Saeed

Chairperson

Date 07/12/2022



Director

Date 07/12/2022

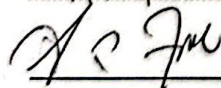
KISMA TRANSPORT CO. LTD.
P.O. Box 22097
DAR-ES-SALAAM

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

THE STATEMENT OF FINANCIAL POSITION

	Note	31-Dec-2021	31-Dec-2020
ASSETS			
Non current assets			
Property, plant and equipment	11	243,144,898	1,140,564,063
		<u>243,144,898</u>	<u>1,140,564,063</u>
Current assets			
Trade and other receivables	12	1,173,100,107	1,015,356,685
Cash and bank balances	13	1,326,242	127,875,970
Stock		-	98,225,450
		<u>1,174,426,349</u>	<u>1,241,458,105</u>
Total assets		<u>1,417,571,247</u>	<u>2,382,022,168</u>
EQUITY			
Share capital	14	2,000,000	2,000,000
Advance worth Share capital	14	1,155,000,000	1,155,000,000
Retained earnings	15	(4,235,708,463)	(3,300,617,094)
Shareholder's equity		<u>(3,078,708,463)</u>	<u>(2,143,617,094)</u>
LIABILITIES			
Non current liabilities			
Long term Portion of Loans	17	818,527,274	752,263,718
Current liabilities			
Current Portion of LT Loans	17	2,916,877,843	3,735,405,118
Tax payable	10	30,274,807	
Trade and other payables	16	730,599,786	37,970,426
		<u>3,677,752,436</u>	<u>3,773,375,544</u>
Total liabilities		<u>4,496,279,710</u>	<u>4,525,639,262</u>
Total equity and liabilities		<u>1,417,571,248</u>	<u>2,382,022,168</u>

The notes to the financial statements are integral part of these financial statements. The financial statements approved and authorized for issue by the Board of Directors on 07/12/2022 and were signed on its behalf by:

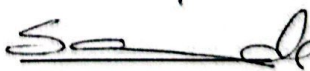


Ali Ahmed Saeed
Chairperson

Date.....07/12/2022

KISMA TRANSPORT CO. LTD.

P.O. Box 22097
DAR-ES-SALAAM



Director

Date.....07/12/2022

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

THE STATEMENT OF CHANGES IN OWNER'S EQUITY

	CAPITAL FUND	ACCUMULATED SURPLUS/(DEFICIT)	TOTAL NET ASSETS
Balance as at 1 January 2020	2,000,000	971,494,609	973,494,609
Advance worth Share capital	1,155,000,000	-	1,155,000,000
Prior Year Adjustment	-	1,186,562,957	1,186,562,957
Surplus/(deficit) for the year	-	(5,458,674,660)	(5,458,674,660)
Balance as at 31 December 2020	1,157,000,000	(3,300,617,094)	(2,143,617,094)
Balance as at 1 January 2021	1,157,000,000	(3,300,617,094)	(2,143,617,094)
Prior Year Adjustment	-	94,870,949	94,870,949
Surplus/(deficit) for the year	-	(1,029,962,317)	(1,029,962,317)
Balance as at 31 December 2021	1,157,000,000	(4,235,708,463)	(3,078,708,463)

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

STATEMENT OF CASH FLOW

	31.12.2021	31.12.2020
	TZS.	TZS.
Profit/(loss) for the year	(983,687,517)	(5,458,674,660)
Non cash adjustments		-
Prior year adjustment	94,870,949	5,096,703,525
Depreciation and amortization	902,615,194	1,022,071,105
	<u>13,798,626</u>	<u>660,099,970</u>
Working capital movements		
(Increase) or decrease in Tax receivable		-
(Increase) or decrease in account and other receivables	(157,743,422)	(217,427,080)
(Increase) or decrease in stock	98,225,450	201,629,377
Increase or (decrease) in account and other payables	692,629,360	(592,278,422)
Net movement in working capital	<u>633,111,387</u>	<u>(608,076,125)</u>
Cash flows from operations	<u>646,910,013</u>	<u>52,023,845</u>
Tax paid	(15,999,993)	
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	<u><u>630,910,020</u></u>	<u><u>52,023,845</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment	(5,196,030)	(13,276,785)
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)	<u><u>(5,196,030)</u></u>	<u><u>(13,276,785)</u></u>
CASH FLOW FROM FINANCING ACTIVITIES		
Share capital		-
Loan repayment	(752,263,718)	
NET CASH FLOWS FROM INVESTING ACTIVITIES (C)	<u><u>(752,263,718)</u></u>	<u><u>-</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<u><u>(126,549,728)</u></u>	<u><u>38,747,060</u></u>
CASH AND CASH EQUIVALENTS:BEGINNING OF THE YEAR	<u>127,875,970</u>	<u>89,128,910</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>1,326,242</u></u>	<u><u>127,875,970</u></u>

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Kisma Transport Company Limited is incorporated in the United Republic of Tanzania under the Company Act of 2002 and is domiciled in Tanzania. The address of the registered office is:

KISMA TRANSPORT COMPANY LIMITED
P.O. Box 22097,
Dar es salaam,
Tanzania.

The Company's financial statements for the year ended 31 December 2021 have been approved for the issue by the Board of Directors on 02/12 2022. Neither the entity's owners nor others have the power to amend the financial statements after issue.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value

(c) Functional and presentation currency

These financial statements are presented in Tanzanian Shillings, which is the Foundation's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs for SMEs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all period presented in these financial statements:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3.1 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. It comprises income from provision business as engineering company where by the company engaging on construction.

Revenue is recognized from provision of civil works and Building works in the ordinary course of the company's activities.

3.1 Cash and cash equivalents

Cash and bank balances in the balance sheet comprise cash at banks and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

3.2 Property and equipment

i) Recognition and measurement

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

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 labor, any other costs directly attributable to bringing the asset to the working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets is capitalized as incurred.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in profit or loss.

ii) Subsequent costs

The cost of replacing part of an item of property 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 to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost,

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. During the year, the Board assessed the useful lives of motor vehicles, computers accessories and office equipment as shown in the table below:

Items of property and equipment	Rate
Motor vehicles & Motor cycle	37.5%
Computers	37.5%
Furniture and fittings	12.5%
Plant & Machinery	12.5%
Intangible	20%

3.3 Receivable and prepayments

Receivable consist of funds deposited to vendors and employees in the normal course of KISMA TRANSPORT COMPANY LIMITED activities. Advance and prepaid expenses are recognized upon payment and derecognized when service has been rendered.

3.4 Cash and cash equivalents

Cash and cash equivalent include, cash on hand, deposit held by banks

3.5 Income tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity and not in the income statement. Management periodically evaluates positions take in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

3.6 Account payable

Account payable is obligation to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are presented as current liabilities unless payment is not due to within twelve months after year-end. If not, they are presented as non-current liabilities.

3.7 Provisions for liabilities

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.8 Employee benefits

(i) Retirement benefit obligations

The Company has a statutory requirement to contribute to the pension fund preferred by employees, which is a defined contribution scheme. Kisma Transport Company Limited contributes 10% of the required 20% of gross emoluments to the scheme and the contributions are recognized as an expense in the period to which they relate. The remaining 10% is deducted from employees' emoluments

NOTE 4: REVENUE

	31.12.2021	31.12.2020
	TZS	TZS
REVENUE		
sales	9,254,960,044	4,648,304,705
	<u>9,254,960,044</u>	<u>4,648,304,705</u>

NOTE 5: COST OF SALES

Boarder Fees	1,194,863,916	1,073,944,705
Closing Stock	-	(98,225,450)
Mileage	504,994,882	751,912,000
Purchases of Fuel	3,603,537,406	2,466,016,710
Spareparts & Tires	1,564,073,669	2,094,614,315
	<u>6,867,469,872</u>	<u>6,288,262,280</u>

NOTE 6: ADMINISTRATIVE COSTS

	31.12.2021	31.12.2020
	TZS	TZS
Administrative Costs		
City service levy	27,764,880	3,009,500
Cleanliness	1,269,218	-
Communication and Internet	5,883,200	7,787,660
Consultation	5,830,000	7,563,105
Licences ¹	30,553,884	7,563,105
Loading costs	5,234,190	-

¹ Licences includes LATRA licenses, business licenses and all legal requirements for operating transit business

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	31.12.2021	31.12.2020
	TZS	TZS
Administrative Costs		
Provision for fuel loss ²	92,549,600	-
First aid kit	1,818,350	12,299,595
NSSF Employer's contribution	33,468,400	16,661,055
Printing and Stationeries	1,659,939	-
Rent	6,000,000	2,067,295
Salary and Wages	334,684,000	1,079,192,810
Sdl expenses	13,387,360	7,498,285
Security	15,698,798	17,420,375
Training costs ³	277,358	-
Travel allowance	-	60,840,515
Utilities	12,991,823	3,347,490
Wcf expenses	2,751,192	16,858,800
On premises cafeteria	3,195,106	24,062,110
Marketing expenses	-	8,884,970
General miscellaneous	-	67,989,235
Bank charges	38,983,633	89,595,130
Audit fee	3,000,000	-
	<u>637,000,931</u>	<u>1,432,641,035</u>

NOTE 7: OTHER OPERATING EXPENSES

Car service	41,303,530	-
Car tracking	69,177,935	-
Car wash	32,305,733	-
Comesa	54,803,000	-
Fines and Penalties	28,176,556	-
Haulage and Break down	6,715,596	-
Inspection	2,773,430	-
Insurance	228,152,864	406,460,755
Lubricants	93,058,779	-
Parking	7,618,607	-
Permits and Documentations	57,862,215	18,418,140
Repair and Mantainance	-	387,785,650
Motor vehicle expenses	-	413,229,815
Commissions expenses	-	21,670,715
Calibration	16,216,575	37,208,995
	<u>638,164,819</u>	<u>1,284,774,070</u>

² Provision for fuel loss. This is the loss occurred due to loss of fuel in transit. The loss can occur due to the evaporation of petrol or theft which might happens while transporting the fuel. As of 2021 of all fuel transported, 1% were lost in transit. Kisma pays the difference between fuel transported and the fuel delivered to the customer

³ Training costs included the cost for excel courses of which employees were enrolled

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 8 DEPRECIATION AND AMORTISATION

	31.12.2021	31.12.2020
	TZS	TZS
Computers Depreciation	898,221	632,500
Furniture Depreciation	963,750	971,875
Motor Vehicle Depreciation	887,645,000	1,005,474,917
Tools and Equipment Depreciation	13,108,224	14,991,813
	<u>902,615,194</u>	<u>1,022,071,105</u>

NOTE 9 FINANCE COST

Interest Expenses	352,488,576	79,230,875
Lease Repayment	840,908,168	-
	<u>1,193,396,744</u>	<u>79,230,875</u>

NOTE 10: TAXATION

	31.12.2021	31.12.2020
	TZS	TZS
Income tax payable/(receivable) at start	-	-
Alternative tax at 0.5% of gross revenue	46,274,800	-
Tax paid	(15,999,993)	-
(Under)/over provision	-	-
Income tax payable/(receivable) at End	<u>30,274,807</u>	<u>-</u>

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
NOTE 11: PROPERTY, PLANT AND EQUIPMENT**

Cost	Land TZS	Motor Vehicles TZS	Tools and Equipment TZS	Computer TZS	Furniture TZS	TOTAL TZS
As 1 January 2021	-	11,471,409,000	120,092,840	2,070,000	8,850,000	11,602,421,840
Additions	2,500,000	-	2,014,580	681,450	-	5,196,030
As 31 December 2021	<u>2,500,000</u>	<u>11,471,409,000</u>	<u>122,107,420</u>	<u>2,751,450</u>	<u>8,850,000</u>	<u>11,607,617,870</u>
Accumulated depreciation		3,550,580,000	128,942,840			
At 1 January 2021		10,377,261,250	78,539,340	632,500	5,424,688	10,461,857,778
Charge for the year		887,645,000	13,108,224	898,221	963,750	902,615,194
At 31 December 2021	-	<u>11,264,906,250</u>	<u>91,647,564</u>	<u>1,530,721</u>	<u>6,388,438</u>	<u>11,364,472,972</u>
Net book value						
At 31 December 2021	<u>2,500,000</u>	<u>206,502,750</u>	<u>30,459,856</u>	<u>1,220,729</u>	<u>2,461,563</u>	<u>243,144,898</u>
At 31 December 2020	-	<u>1,094,147,750</u>	<u>41,553,500</u>	<u>1,437,500</u>	<u>3,425,313</u>	<u>1,140,564,063</u>

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.1 PROPERTY, PLANT AND EQUIPMENT

Cost	Land TZS	Motor Vehicles TZS	Tools and Equipment TZS	Computer TZS	Furniture TZS	TOTAL TZS
As 1 January 2020	-	7,342,974,804	11,551,870	3,460,500	6,932,535	7,364,919,709
Additions	-	4,128,434,196	2,883,750	3,460,500	6,932,535	13,276,785
Restatement	-	11,471,409,000	105,657,220	(4,851,000)	(5,015,070)	4,224,225,346
As 31 December 2020	-	11,471,409,000	120,092,840	2,070,000	8,850,000	11,602,421,840
Accumulated depreciation						
At 1 January 2020		1,302,223,395	1,898,233	432,563	866,567	1,305,420,758
Depreciation Adjustment		250,380,991	13,424,640	(178,555)	(652,938)	262,974,138
Restatement		8,319,943,929	75,073,933	(611,117)	2,933,308	8,397,340,053
Charge for the year		1,005,474,917	14,991,814	632,499	971,875	1,022,071,105
At 31 December 2020		10,377,261,250	78,539,340	632,500	5,424,688	10,461,857,778
Net book value						
At 31 December 2020	-	1,094,147,750	41,553,500	1,437,500	3,425,313	1,140,564,063
At 31 December 2019	-	6,040,751,409	9,653,637	3,027,937	6,065,968	6,059,498,951

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
NOTE 12: TRADE AND OTHER RECEIVABLES**

	31.12.2021 TZS	31.12.2020 TZS
Dalbit	79,089,049	-
Debtors	-	16,216,575
VAT recoverable	1,094,011,059	999,140,110
	<u>1,173,100,107</u>	<u>1,015,356,685</u>

NOTE 13: CASH AND CASH EQUIVALENT

Bank	1,326,244	127,875,970
	<u>1,326,244</u>	<u>127,875,970</u>

NOTE 14: SHARE CAPITAL

At Start	2,000,000	2,000,000
Issue of shares	1,155,000,000	1,155,000,000
At end	<u>1,157,000,000</u>	<u>1,157,000,000</u>

NOTE 15: RETAINED EARNINGS

Retained Earnings at 01.01.2021	(3,300,617,094)	971,494,609
Profit for the year	(1,029,962,317)	(5,458,674,660)
Other Comprehensive income	-	8,019,041,607
Adjustment	94,870,949	(6,832,478,650)
At 31 December	<u>(4,235,708,463)</u>	<u>(3,300,617,094)</u>

NOTE 15.1: RETAINED EARNINGS RESTATEMENT

Short term Loan Equity Bank	-	(752,263,718)
Current Portion of LT Loans	-	(2,170,074,364)
Plant, Property & Equipment	-	(3,910,140,568)
VAT Refundable	94,870,949	
	<u>94,870,949</u>	<u>(6,832,478,650)</u>

NOTE 16: TRADE AND OTHER PAYABLES

Accrued Expenses	-	8,304,946
SDL Payable	13,387,360	-
Sundry creditors	-	29,665,480
WCF Payable	2,751,192	-
Other Payables	650,227,209	-
Audit fee payable	3,000,000	-
NSSF Payable	33,468,400	-
City Service levy Payable	27,765,625	-
	<u>730,599,786</u>	<u>37,970,426</u>

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 16.1: OTHER PAYABLES

	31.12.2021 TZS	31.12.2020 TZS
Oryx Tanzania	502,392,052	
AutoX	33,970,000	-
AmanaEA	4,381,340	-
AM-Auto	5,474,500	-
Basch	13,869,970	-
Doll	27,886,063	-
Guled	15,114,380	-
Habib	9,850,000	-
Hz	960,000	-
Hass	13,920,000	-
Intercept	3,176,559	
RamadaAut	200,000	
Super	9,075,144	
Techn	9,957,201	
	<u>650,227,209</u>	<u>-</u>

NOTE 17: BORROWINGS

Current Portion of LT Loans	2,916,877,843	3,735,405,118
Short term Loan Equity Bank	818,527,274	752,263,718
	<u>3,735,405,118</u>	<u>4,487,668,836</u>

NOTE 18: RELATED PARTY TRANSACTIONS

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company's key management is the Director.

NOTE 19: CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities during the year under review.

NOTE 20: COMPARATIVES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year, and to correct errors in prior years.

NOTE 21: THE DATE FOR AUTHORIZATION FOR ISSUE

**KISMA TRANSPORT COMPANY LIMITED
ANNUAL REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The financial statements for the year ended 31st December, 2021 were authorized for issue by the Board on 07/12 2022, no organ has the power to amend the financial statements after issue.

NOTE 22: CONTINGENT LIABILITY

Kisma Transport Company Limited has entered into a contractual agreement with ORXY OIL COMPANY LIMITED to purchase petroleum products from ORXY Retail Service Stations effectively from 28th July 2020. As part of the purchase agreement the supplier requires Kisma to obtain a bank guarantee as part of the contract.

Kisma has obtained a bank guarantee with Equity Bank for the total value amounting to TZS 450,000,000 with a commission of 1% in each quarter. In case the Company fails to fulfil its obligation with the supplier the bank is obliged to pay the supplier and the Company will be liable to the bank.