

SPECIALISED HAULIERS (T) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022



Certified Public Accountants and Tax Consultants

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Company information

Board of directors	Names	Nationality
	Mr.SivaRama Krishna Gottipati	Indian
	Mr.Arun Krishna Gottipati	Indian
	Mr.Sharath Krishna Gottipati	Tanzanian
	Ms.Nishtha Arora	Indian
Registered office	Plot No. 12, Block D, Nyerere Road, Temeke, P. O. Box 222 Dar es Salaam Tanzania	
Principal bankers	ABSA Bank Tanzania Ltd P.O.Box : 5137 Ohio Street branch Dar Es Salaam Tanzania	NCBA Bank P.O.Box : 20268 Ohio street , Amani plaza Dar Es Salaam Tanzania
	Canara Bank (Tanzania) Limited P. O. Box 491 Elia Complex, Ground Floor Dar Es Salaam Tanzania	CRDB Bank Plc P.O.Box : 268 Nyerere road Dar Es Salaam Tanzania
	Diamond Trust Bank Tanzania Ltd P. O. Box 115 Harbour view towers Dar Es Salaam Tanzania	Exim Bank (Tanzania) Limited P. O. Box 1431 Exim Tower, Ghana Avenue Dar Es Salaam Tanzania
Independent Practitioner	Assad Associates Certified Public Accountants Mansfield/ Bridge street P. O. Box 7286 Dar es Salaam Tanzania	
Company Secretary	Mr.Arun Gottipati Plot No. 12, Block D, Nyerere Road, Temeke, P. O. Box 222 Dar es Salaam Tanzania	

REPORT OF THE DIRECTORS

The directors submit their annual report together with the financial statements for the year ended 31 December 2022 which disclose the state of affairs of the company.

INCORPORATION

The company is domiciled in Tanzania where it is incorporated as a private company limited by shares. The address of the registered office is set out on page 1.

PRINCIPAL ACTIVITIES

The principal activity of the company is transport, carriage and haulage contractors.

COMPOSITION OF THE BOARD OF DIRECTORS

The directors who held office during the year and at the date of this report are shown as follows:

Names	Position
Mr.SivaRama Krishna Gottipati	Director
Mr.Arun Krishna Gottipati	Director
Mr.Sharath Krishna Gottipati	Director
Ms.Nishtha Arora	Director

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

CORPORATE GOVERNANCE

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

The company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability to ensure high standards of corporate governance throughout the company.

SHARE CAPITAL

The authorised and issued share capital of the company is shown on Note 14 of the financial statements. The shareholders of the company with their respective shareholdings is as follows:

Name of the shareholders	No of shares held	Shareholding
Mr.Arun Gottipati	30	19%
Mr.SivaRama Krishna Gottipati	40	26%
Mr.Sharath Krishna Gottipati	80	52%
Ms.Nishtha Arora	5	3%
	155	100%

REPORT OF THE DIRECTORS (CONTINUED)

RESULTS

	2022 T.SHS	2021 T.SHS
Profit before tax	9,486,062,041	4,303,335,075
Tax charge	<u>(2,845,818,612)</u>	<u>(1,291,000,523)</u>
Profit for the year	<u>6,640,243,429</u>	<u>3,012,334,553</u>

DIVIDEND

The directors do not recommend the declaration of a dividend for the current year (2021: Nil).

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 31 December 2022 and is of the opinion that they met the expected criteria.

The Board carries risk and internal control assessment through board meetings and the Senior Management meetings, on regular basis.

GOING CONCERN AND SOLVENCY STATUS

The board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The board of directors has reasonable expectation that Specialised Hauliers (T) Limited has adequate resources to continue in operational existence for the foreseeable future.

RELATED PARTY BALANCES

Details of balances with related parties are disclosed in Note 19 of the financial statements.

EMPLOYEES' WELFARE

Management and employees' relationship

There was continued good relationship between employees and management for the year ended 31 December 2022. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and employees.

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

REPORT OF THE DIRECTORS (CONTINUED)

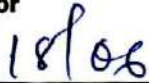
INDEPENDENT PRACTITIONER

The company's independent practitioner, Assad Associates have expressed their willingness to continue in office in accordance with Section 170 of the Companies Act 2002 and are eligible for re-appointment. A resolution proposing the re-appointment for the year ended 31 December 2023 will be put in the Annual General Meeting.

BY ORDER OF THE BOARD



Mr. Sharath Krishna Gottipati
Director



2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 2002, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year the results of its operation and cash flows for the year then ended, in conformity with the International Financial Reporting Standards and the requirement of Tanzania Companies Act .2002 that they are free from material misstatement whether due to fraud or error.

The financial statements are prepared in accordance with the International Financial Reporting Standard and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.


The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

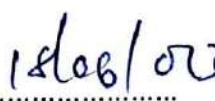
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or loss.

The directors have reviewed the company's cashflow forecast for the year ended 31 December 2023 and in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2022 and of its profit and cash flows for the year then ended in accordance with the International Financial Reporting Standard and the requirements of the Tanzania Companies Act 2002.

Approved by the board of directors and signed on its behalf by:


.....
Mr. Sharath Krishna Gottipati
Director


.....
Date

DECLARATION OF THE HEAD OF ACCOUNTING OF SPECIALISED HAULIERS (T) LIMITED

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors under Directors Responsibility statement on an earlier page.

I Newton Mathew being the Head of Accounting of Specialised Hauliers (T) Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2022 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 Specialised Hauliers (T) Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: Newton Mathew

NAME	NEWTON MATHEW
Position:	PROFESSIONAL ACCOUNTANT
POSITION	PROFESSIONAL ACCOUNTANT
NBAA Membership No	2839



Assad
ASSOCIATES

Certified Public Accountants, Authorized Auditors and Tax Consultants

**INDEPENDENT PRACTITIONER'S COMPILATION REPORT
TO THE MEMBERS OF SPECIALISED HAULIERS (T) LIMITED**

Report on the financial statements

We have compiled the accompanying financial statements of Specialised Hauliers (T) Limited based on information you have provided. These financial statements comprise the statement of financial position of Specialised Hauliers (T) Limited as at 31st December 2022, the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

We performed this compilation engagement in accordance with International Standards on Related Services 4410 (revised), Compilation engagements.

The directors are responsible for maintaining the books of accounts that give a true and fair view in accordance with the International Financial Reporting Standard and the requirements of the Tanzania Companies Act 2002.

These financial statements and the accuracy, authenticity and completeness of the information used to compile them are director's responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy, authenticity or completeness of the information provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements have been accurately prepared in accordance with International Financial Reporting Standard.

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

**FOR : ASSAD ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

Signed by: *Sajjad Jusab*
FCPA 216 ASSOCIATES

Certified Public Accountants and Tax Consultants

Place : Dar es Salaam

Date

19/06/2023

STATEMENT OF PROFIT OR LOSS

	Notes	2022 <u>T.SHS</u>	2021 <u>T.SHS</u>
Revenue	1	167,740,400,144	41,397,843,145
Cost of sales	2	<u>(126,155,679,350)</u>	<u>(23,582,697,013)</u>
Gross profit		41,584,720,794	17,815,146,131
Other income	3	<u>1,387,819,921</u>	<u>465,468,011</u>
Gross income		42,972,540,715	18,280,614,142
Administrative cost	4	(30,624,630,723)	(12,488,244,900)
Selling and distribution cost	5	(156,427,881)	(140,351,720)
Finance cost	6	<u>(2,705,420,069)</u>	<u>(1,348,682,446)</u>
Profit before tax		9,486,062,041	4,303,335,075
Tax charge	7	<u>(2,845,818,612)</u>	<u>(1,291,000,523)</u>
Profit for the year		<u>6,640,243,429</u>	<u>3,012,334,553</u>

STATEMENT OF FINANCIAL POSITION

	Notes	2022 <u>T.SHS</u>	2021 <u>T.SHS</u>
ASSETS			
Non-current assets			
Property and equipment	8	70,154,219,749	32,624,214,097
		<u>70,154,219,749</u>	<u>32,624,214,097</u>
Current assets			
Inventory	9	1,096,600,580	1,012,147,300
Trade and other receivables	11	12,258,339,216	3,682,255,030
Financial asset	12	880,728,750	1,448,504,941
Cash and cash equivalents	13	1,584,524,585	598,351,045
		<u>15,820,193,131</u>	<u>6,733,018,185</u>
TOTAL ASSETS		<u><u>85,974,412,880</u></u>	<u><u>39,357,232,282</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14	15,500,000	15,500,000
Retained earnings		11,346,754,216	4,978,458,138
		<u>11,362,254,216</u>	<u>4,993,958,138</u>
Non current liabilities			
Deferred tax	15	2,735,223,342	1,051,073,596
Borrowings	16	24,098,821,729	20,674,818,884
Trade payables	18	33,737,045,942	8,296,852,128
		<u>60,571,091,013</u>	<u>30,022,744,608</u>
Current liabilities			
Borrowings	17	3,558,000,000	876,140,494
Trade and other payables	18	10,463,768,070	3,464,389,041
Taxation	10	19,299,579	8,240,131
		<u>14,041,067,649</u>	<u>4,340,529,535</u>
TOTAL EQUITY AND LIABILITIES		<u><u>85,974,412,880</u></u>	<u><u>39,357,232,282</u></u>


.....
Mr. Sharath Krishna Gottipati
Director


.....
Date

STATEMENT OF CHANGES IN EQUITY

	Share Capital <u>T.SHS</u>	Retained Earnings <u>T.SHS</u>	Total <u>T.SHS</u>
Year ended 31 December 2022			
At start of year	15,500,000	4,978,458,137	4,993,958,137
Total profit for the year	-	6,640,243,429	6,640,243,429
Prior year taxes	-	(271,947,349)	(271,947,349)
At end of year	15,500,000	11,346,754,216	11,362,254,216
Year ended 31 December 2021			
At start of year	15,500,000	2,306,446,391	2,321,946,391
Total profit for the year	-	3,012,334,553	3,012,334,553
Prior year taxes	-	(340,322,806)	(340,322,806)
At end of year	15,500,000	4,978,458,137	4,993,958,138

STATEMENT OF CASH FLOW

	Notes	2022 T.SHS	2021 T.SHS
Cash flow from operating activities			
Profit for the year		9,486,062,041	4,303,335,075
<i>Adjustment for:</i>			
Depreciation	8	13,558,516,319	5,471,651,376
Profit before changes in working capital		23,044,578,360	9,774,986,452
<i>Changes in working capital</i>			
Inventory		(84,453,280)	(741,118,491)
Trade and other receivables		(8,576,084,186)	(396,159,273)
Trade and other payable		32,439,572,844	7,820,355,712
<i>Cash generated from operations</i>		46,823,613,738	16,458,064,399
Tax paid for prior year		(280,187,480)	(51,903,671)
Tax paid for current year		(1,142,369,287)	(231,686,796)
Net cash used in operating activities		45,401,056,971	16,174,473,933
Cash flow from investing activities			
Cash paid for purchase of equipment	8	(51,270,891,563)	(27,032,708,068)
Cash paid for financial instrument		567,776,191	(1,272,497,191)
Proceeds from disposal		182,369,591	91,973,683
Net cash used in investing activities		(50,520,745,781)	(28,213,231,576)
Cash flow from financing activities			
Bank overdraft		2,681,859,506	876,140,494
Proceeds/ (repayment) of long term loan		3,424,002,845	11,235,549,460
Net cash used in financing activities		6,105,862,351	12,111,689,954
<i>Net increase in cash and cash equivalents</i>		986,173,540	72,932,311
Cash and cash equivalents at start of year		598,351,045	525,418,733
Cash and cash equivalents at end of year	13	1,584,524,585	598,351,045

SIGNIFICANT ACCOUNTING POLICIES

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

1a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium sized Entities, and the requirements of the Companies Act of United Republic of Tanzania. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. These financial statements are presented in Tanzanian Shillings.

1b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of discounts and volume rebates.

1c) Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax movement for the current period. The tax currently payable is based on taxable profit for the year.

1d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Tanzanian Shillings (the functional currency), at the rates ruling at the transaction dates.

At the end of each reporting period:

- i) Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
- ii) Non monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.
- iii) Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1e) Property and equipment

Property and equipment are tangible items that:

- i) Are held for use in the supply of services and for administrative purpose.
- ii) Are expected to be used for more than one period.

Items of property and equipment are initially recognised at cost. Costs include all costs incurred to bring the asset to the condition necessary for it to be capable of operating in the manner intended by

Subsequent costs are included in the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance is charged to the statement of comprehensive income in the year to which it relates.

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

Depreciation is provided using the reducing balance method to write down the cost less estimated residual value over the useful life of property and equipment. The following annual rates are used for the depreciation of property and equipment.

Items	Rates
Land	0.00%
Buildings	10.00%
Transformer	12.50%
Office equipment	12.50%
Computers and printers	37.50%
Generator	25.00%
Storage container	12.50%
Tools and tool boxes	12.50%
Machinery equipment	25.00%
Motor cycle	25.00%
Goods vehicle	37.50%
Motor vehicle	37.50%
Trailers	25.00%
Trucks and tractors	25.00%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

1f) Impairment of asset

At each reporting date, the company assesses whether there is any indication that any asset (or group of related assets) may be impaired. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, this does not apply to impairment losses allocated to goodwill, the reversal of which is prohibited by the standard.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1g) Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (this includes transaction cost except in the initial measurement of financial assets and liabilities that will be measured at fair value through profit or loss). If however the arrangement constitutes a financing transaction it is then measured at the present value of the future payments, discounted at a market related interest rate.

Trade and other receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

Trade and other payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Trade and other payables denominated in a foreign currency are translated into functional currency using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

1h) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and at bank.

1i) Share capital

Ordinary shares are classified as equity.

1j) Employee benefits

Short term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution plans are expensed as they fall due. The company and its employees contribute to National Social Security Fund (NSSF) a statutory defined contribution scheme registered under the NSSF Act.

1j) Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably.

Contingent assets and contingent liabilities are not recognised.

1k) Inventory

Inventories are stated at the lower of cost or net realisable value. Costs comprise direct cost for the purchase of medicines. Cost is determined by the first in first out (FIFO) method. Net realisable value is the estimated selling price less any other costs necessary to make the sale. The value of inventory is determined by the directors of the Company.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1) Borrowings

Borrowings are initially recognised at fairvalue, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired and its costs are expensed in the year in which they are incurred.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

1 m) Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

2) Key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(I) Property and equipment

Critical estimates are made by the directors in determining depreciation rates for property and equipment. The depreciation rates used are set out in the respective accounting policy under property and equipment.

(II) Income taxes

Estimates made in determining the income tax expense for transactions for which the ultimate determination of the income tax expense is uncertain in the ordinary course of business.

Specialised Hauliers (T) Limited
Annual report and financial statements
For the year ended 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS	2022 T.SHS	2021 T.SHS
1 Revenue		
Sale of aggregates	178,291,570	741,432,932
Transport income	127,508,933,200	40,347,835,109
Other service income	40,053,175,375	308,575,104
	167,740,400,144	41,397,843,145
2 Direct cost		
2a Aggregates		
Opening inventory	-	-
Purchase of aggregates	233,025,724	698,215,723
Cost of goods available for sale	233,025,724	698,215,723
Closing inventory	-	-
	233,025,724	698,215,723
2b Motor vehicle maintenance		
Opening inventory	754,210,000	138,007,809
Import expenditure (spares)	326,823,294	245,382,285
Purchases and other direct related costs	3,525,531,285	3,584,831,094
Cost of goods available for consumption	4,606,564,578	3,968,221,188
Closing inventory	(773,963,041)	(754,210,000)
	3,832,601,538	3,214,011,188
2c Motor vehicle fuel and lubricants		
Opening inventory	68,413,300	7,542,100
Purchases and other direct related costs	118,293,190,496	18,998,933,737
Cost of goods available for consumption	118,361,603,796	19,006,475,837
Closing inventory	(121,742,339)	(68,413,300)
	118,239,861,457	18,938,062,537
2d Tyres and tubes		
Opening inventory	189,524,000	125,478,900
Import expenditure (tyres)	248,552,005	36,508,865
Purchases and other direct related costs	3,613,009,828	759,943,800
Cost of goods available for consumption	4,051,085,832	921,931,565
Closing inventory	(200,895,200)	(189,524,000)
	3,850,190,632	732,407,565
Total	126,155,679,350	23,582,697,013
3 Other income		
Insurance claim	1,035,034,665	340,804,603
Interest from unsecured loans (Note 19(c))	288,967,297	51,947,960
Interest on fixed deposit	772,959	13,897,500
Vehicle leasing income	63,045,000	54,580,660
Sale of asset	-	4,237,288
	1,387,819,921	465,468,011

NOTES TO THE FINANCIAL STATEMENTS	2022 <u>T.SHS</u>	2021 <u>T.SHS</u>
4 Administrative expenses		
Accountancy fees	9,000,000	6,000,000
Business and other licences	872,000	922,400
City service levy	506,515,439	125,391,977
Depreciation	13,558,516,319	5,471,651,376
Electricity and water	93,757,631	22,436,558
Employment costs (Note 4a)	3,081,490,450	1,932,326,835
Fire and rescue expenses	5,073,559	2,809,160
Garage maintenance	376,575,035	363,591,908
Inspection fees	42,414,814	5,177,880
Insurance	1,883,873,023	833,877,015
Legal Fees	18,017,351	11,249,500
Loading and off loading charges	71,282,115	68,219,576
Medical expenses	22,806,515	12,235,372
Office expenses	121,763,316	58,321,343
OSHA license	12,417,000	1,560,000
Printing and stationery	42,006,925	30,636,842
Rent and other related costs	281,898,464	286,082,439
Security expenses	163,240,092	91,075,093
Severance expenditure	1,778,427	-
Staff welfare expenses	172,506,337	76,413,708
Stamp duty	-	2,638,864
Telephones, postages and internet charges	83,520,495	43,233,189
Toll gate pass	27,026,200	14,852,932
Towing and breakdown charges	34,202,952	12,054,715
Transport and travelling expenses	1,340,585,383	198,714,136
Trip expenditure	7,910,823,336	1,926,914,614
Truck tracking charges (GPS)	26,355,443	94,191,567
Vehicle maintenance	17,724,702	20,260,381
Vehicles licences and other costs	194,438,600	91,480,913
Vehicle parking fees	6,159,440	6,589,074
Vehicle washing charges	23,219,670	27,328,348
Village fee	19,975,385	228,849,208
Visa and permits	125,810,718	59,323,410
Weigh bridge balancing charges	105,541,718	175,223,131
Weights and measurements	159,294,000	94,637,755
Written off Assets	84,147,868	91,973,683
Total administrative expenses	<u>30,624,630,723</u>	<u>12,488,244,900</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2022	2021
	<u>T.SHS</u>	<u>T.SHS</u>
4a Employment costs		
Directors remuneration	240,000,000	240,000,000
Directors fees	360,000,000	300,000,000
NHIF contribution	33,082,068	27,171,570
NSSF contribution	231,244,252	139,821,231
Salaries, wages and other related costs	2,110,573,803	1,158,211,309
Skills and development levy	93,999,152	55,928,492
Workmen's compensation fund	12,591,175	11,194,233
	<u>3,081,490,450</u>	<u>1,932,326,835</u>
5 Selling and distribution cost		
Advertisement	156,427,881	140,351,720
	<u>156,427,881</u>	<u>140,351,720</u>
6 Finance cost		
Bank charges	375,828,295	196,412,154
Interest on loan	1,609,641,895	790,671,467
Interest on overdraft	8,635,259	240,494
Unsecured loan interest	656,003,298	345,585,544
Loss on foreign exchange	44,950,022	13,664,461
Unrealized exchange variations	10,361,300	2,108,326
	<u>2,705,420,069</u>	<u>1,348,682,446</u>
7 Tax expense		
Current tax	1,161,668,866	239,926,927
Deferred tax charge	1,684,149,746	1,051,073,596
Tax charge	<u>2,845,818,612</u>	<u>1,291,000,523</u>
Reconciliation of tax expense		
Profit before tax	9,486,062,041	4,303,335,075
Tax calculated at a tax rate of 30%	<u>2,845,818,612</u>	<u>1,291,000,523</u>
Tax charge	<u>2,845,818,612</u>	<u>1,291,000,523</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Property and equipment

DETAILS	RATE	BALANCE AS AT 01.01.2022	ADDITIONS	DISPOSALS	SUB-TOTAL	DEPRECIATION	BALANCE AS AT 31.12.2022
Land	0.00%	349,384,420	-	-	349,384,420	-	349,384,420
Buildings	10.00%	398,340,005	1,126,000,706	-	1,524,340,711	108,128,403	1,416,212,307
Transformer	12.50%	12,500,000	-	-	12,500,000	1,562,500	10,937,500
Office equipment	12.50%	20,399,638	57,447,858	-	77,847,496	6,937,375	70,910,121
Computers and printers	37.50%	12,485,440	33,408,039	-	45,893,479	10,946,047	34,947,432
Generator	25.00%	62,777,811	36,403,000	-	99,180,811	19,486,432	79,694,379
Storage container	12.50%	40,651,477	-	-	40,651,477	5,081,435	35,570,042
Tools and tool boxes	12.50%	1,131,951,962	1,011,514,000	-	2,143,465,962	157,310,121	1,986,155,841
Machinery equipment	25.00%	149,422,007	126,299,327	-	275,721,334	47,542,168	228,179,166
Motor cycle	25.00%	16,895,449	-	-	16,895,449	4,223,862	12,671,587
Goods vehicle	37.50%	8,642,656	-	-	8,642,656	3,240,996	5,401,660
Motor vehicle	37.50%	349,380,215	-	-	349,380,215	131,017,581	218,362,634
Trailers	25.00%	12,862,276,895	19,414,102,921	-	32,276,379,816	5,433,008,894	26,843,370,922
Trucks and tractors	25.00%	17,209,106,120	29,465,715,712	(182,369,591)	46,492,452,241	7,630,030,505	38,862,421,736
		32,624,214,096	51,270,891,563	(182,369,591)	83,712,736,068	13,558,516,319	70,154,219,749

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2022	2021
	T.SHS	T.SHS
9 Inventories		
Motor vehicle spares	773,963,041	754,210,000
Motor vehicle fuel and lubricants	121,742,339	68,413,300
Tyres and tubes	200,895,200	189,524,000
	1,096,600,580	1,012,147,300
10 Taxation		
Balance brought forward	(8,240,131)	288,419,135
Tax paid for 2021	8,240,131	-
Tax credit written off due to TRA assessment	-	(288,419,135)
Tax payable for current year	(19,299,579)	(8,240,131)
	(19,299,579)	(8,240,131)
11 Trade and other receivables		
Deposit, prepayment and advances	126,501,191	58,616,550
Vat receivable	7,413,186,102	1,185,444,445
Amount due from related parties (Note 19(a))	3,465,807,363	821,947,940
Trade receivables	1,252,844,560	1,616,246,095
	12,258,339,216	3,682,255,030
12 Financial asset		
Fixed deposit	880,728,750	1,448,504,941
13 Cash and cash equivalents		
Cash in hand	11,527,529	4,910,154
Mobile money	209,374,230	47,189,455
Cash at bank	1,363,622,826	546,251,436
	1,584,524,585	598,351,045
14 Share capital		
Authorised:		
5,000 (2021: 5,000 shares) ordinary shares of TShs 100,000 each	500,000,000	500,000,000
Issued and fully paid:		
155 (2021: 155 shares) ordinary shares of TShs 100,000 each	15,500,000	15,500,000

	2022	2021
	<u>T.SHS</u>	<u>T.SHS</u>
15 Deferred tax		
Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30%. The movement on the deferred tax account is as follows:		
At start of year	1,051,073,596	-
Deferred tax charge (Note 7)	1,684,149,746	1,051,073,596
At end of year	<u>2,735,223,342</u>	<u>1,051,073,596</u>

Deferred tax (liability), deferred tax (charge) in the statement of profit or loss are attributable to the following items:

	At start of year	Credit/charge to SPL	At end of year
	<u>T.SHS.</u>	<u>T.SHS.</u>	<u>T.SHS.</u>
Year ended 31 December 2022			
Deferred tax liability			
Excess capital allowances over depreciation	<u>1,051,073,596</u>	<u>1,684,149,746</u>	<u>1,684,149,746</u>
Net deferred tax liability	<u>1,051,073,596</u>	<u>1,684,149,746</u>	<u>1,684,149,746</u>

	2022	2021
	<u>T.SHS</u>	<u>T.SHS</u>
16 Borrowings		
Amount due to related parties (Note 19(b))	4,444,428,500	5,721,335,050
Bank loan	19,654,393,229	14,593,074,888
Loans payable	-	360,408,946
	<u>24,098,821,729</u>	<u>20,674,818,883</u>

Note to Bank loan

Bank name : Canara Bank Tanzania Limited
Interest : 8% per annum.

Bank name : ABSA Bank Tanzania Limited
Interest : 8% per annum.

Bank name : DTB Bank Tanzania Limited
Interest : 7.5% per annum.

Bank name : NCBA Bank Tanzania Limited
Interest : 8% per annum.

Purpose of all bank loan: To finance the purchase of various truck and trailers.

Security of all the bank loans: Against the movable assets of the company and personal guarantee from directors of the company.

17 Bank overdraft		
Bank overdraft	<u>3,558,000,000</u>	<u>876,140,494</u>
	<u>3,558,000,000</u>	<u>876,140,494</u>

Specialised Hauliers (T) Limited
Annual report and financial statements
For the year ended 31 December 2022

	2022	2021
	<u>T.SHS</u>	<u>T.SHS</u>
18 Trade and other payables		
Non current liabilities		
Trade payables	33,737,045,942	8,296,852,128
Current liabilities		
Accruals and other payables	3,290,963,845	291,279,682
Amount due to related parties (Note 19(b))	-	22,758,731
Trade payables	7,172,804,225	3,150,350,627
	<u>10,463,768,070</u>	<u>3,464,389,041</u>
Total Trade and other payables	<u>44,200,814,012</u>	<u>11,761,241,169</u>
19 Related party balances		
(a) Amount due from related parties		
Specialised IT Solutions Limited	890,703,391	232,847,840
Specialised Rentals Limited	2,575,103,972	589,100,100
	<u>3,465,807,363</u>	<u>821,947,940</u>
(b) Amount due to related parties		
Mr.Gottipati Siva Ramakrishna	4,354,428,500	5,631,335,050
Mr.Sharath Krishna Gottipati	90,000,000	90,000,000
	<u>4,444,428,500</u>	<u>5,721,335,050</u>
Specialised Engineering (T) Ltd	-	22,758,731
	<u>-</u>	<u>22,758,731</u>
(c) Interest received from related party		
Specialised IT Solutions Limited	78,920,883	12,455,142
Specialised Rentals Limited	210,046,414	39,492,818
	<u>288,967,297</u>	<u>51,947,960</u>
20 Contingent liability		
As at 31 December 2022, the company had no litigations.		
21 Subsequent event		
There were no subsequent events after the year end, which requires adjustments or disclosures in the financial statements.		
22 Capital Commitments		
As at 31 December 2022, the company had no capital expenditure contracted or accrued.		

TAX COMPUTATION	2022 T.SHS
Profit before tax as per accounts	9,486,062,041
<u>Add: Non-allowable expenses</u>	
Depreciation	13,558,516,319
	13,558,516,319
<u>Less: Allowable deductions</u>	
Wear and tear allowance	(19,172,348,807)
	(19,172,348,807)
Adjusted taxable income for the year	3,872,229,553
<u>POSITION OF TAXATION</u>	
Corporate tax for the year 30%	1,161,668,866
Less: Provisional tax paid for the year	(1,126,028,475)
Less: Withholding tax withheld	(16,340,812)
Tax payable	19,299,579

WEAR AND TEAR ALLOWANCES SCHEDULE FOR THE YEAR 2022

	CLASS I 37.5% T.SHS	CLASS II 25.0% T.SHS	CLASS III 12.5% T.SHS	TOTAL T.SHS
WDV as at 1.1.2022	19,149,963	26,363,733,956	1,068,523,369	27,891,875,489
Additions	33,408,039	49,042,520,960	1,068,961,858	50,144,890,857
Disposal	52,558,002	75,406,254,915	2,137,485,227	78,036,766,346
	-	(182,369,591)	-	(182,369,591)
Wear and tear allowances	52,558,002	75,223,885,325	2,137,485,227	77,854,396,756
	(19,709,251)	(18,805,971,331)	(267,185,653)	(19,092,866,235)
WDV as at 31.12.2022	32,848,751	56,417,913,994	1,870,299,574	58,761,530,520

	Cost T.SHS	WDV CLASS VI 5% T.SHS	Total T.SHS
As at 01.01.2022	463,650,739	440,468,202	440,468,202
Additions	1,126,000,706	1,126,000,706	1,126,000,706
Disposal	1,589,651,445	1,566,468,908	1,566,468,908
	-	-	-
Wear and tear allowances	1,589,651,445	1,566,468,908	1,566,468,908
	-	(79,482,572)	(79,482,572)
WDV as at 31.12.2022	1,589,651,445	1,486,986,336	1,486,986,336