

SPECIALISED HAULIERS (T) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2021



Certified Public Accountants and Tax Consultants

*Samora Tower, Mezzanine 2nd floor (M2),
Corner of Bridge and Mansfield Street,
P.O. Box 7286, Dar Es Salaam*
TEL.: +255(22) 2114081/2115688, FAX: +255 (22) 2131036

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Company information

Board of directors	Names	Nationality
	SivaRama Krishna Gottipati	Indian
	Arun Krishna Gottipati	Indian
	Sharath Krishna Gottipati	Tanzanian
	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 : 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	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 2021 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
SivaRama Krishna Gottipati	Director
Arun Krishna Gottipati	Director
Sharath Krishna Gottipati	Director
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
Arun Gottipati	30	19%
SivaRama Krishna Gottipati	40	26%
Sharath Krishna Gottipati	80	52%
Nishtha Arora	5	3%
	155	100%

REPORT OF THE DIRECTORS (CONTINUED)

RESULTS

	2021 T.SHS	2020 T.SHS
Profit before tax	4,303,335,075	2,898,282,853
Tax charge	(1,291,000,523)	(629,170,615)
Profit for the year	<u>3,012,334,553</u>	<u>2,269,112,238</u>

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2020: 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 2021 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 2021. 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 2022 will be put in the Annual General Meeting.

BY ORDER OF THE BOARD



Sharath Krishna Gottipati
Director

_____ 2022



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 for Small and Medium-Sized entities (IFRS for SME's) 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 for Small and Medium-Sized Entities (IFRS for SME's) 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 2022 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 2021 and of its profit and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Tanzania Companies Act 2002.

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



.....
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 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Specialised Hauliers (T) Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: Mathew

Position: outsourced consultant

NBAA Membership No: Acpa 2839



Assad
ASSOCIATES

Certified Public Accountants, Authorized Auditors and Tax Consultants

**INDEPENDENT PRACTITIONER'S COMPILATION REPORT
TO THE MEMBERS OF SPECIALISED ENGINEERING (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 2021, 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 for Small and Medium-Sized Entities (IFRS for SME's) 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 for Small and Medium-Sized Entities (IFRS for SME's)

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

Place : Dar es Salaam

20.05.2022
Date

STATEMENT OF PROFIT OR LOSS

	Notes	2021 T.SHS	2020 T.SHS
Revenue	1	41,397,843,145	25,983,355,226
Cost of sales	2	<u>(23,582,697,013)</u>	<u>(14,072,898,993)</u>
Gross profit		17,815,146,131	11,910,456,233
Other income	3	<u>465,468,011</u>	<u>282,469,117</u>
		18,280,614,142	12,192,925,350
Administrative cost	4	(12,488,244,900)	(8,060,568,418)
Selling and distribution cost	5	(140,351,720)	(84,983,651)
Finance cost	6	<u>(1,348,682,446)</u>	<u>(1,149,090,428)</u>
Profit before tax		4,303,335,075	2,898,282,853
Tax charge	7	<u>(1,291,000,523)</u>	<u>(629,170,615)</u>
Profit for the year		<u>3,012,334,553</u>	<u>2,269,112,238</u>

STATEMENT OF FINANCIAL POSITION

	Notes	2021 T.SHS	2020 T.SHS
ASSETS			
Non-current assets			
Property and equipment	8	32,624,214,097	11,155,131,088
		<u>32,624,214,097</u>	<u>11,155,131,088</u>
Current assets			
Inventory	9	1,012,147,300	271,028,809
Taxation	10	(8,240,131)	288,419,135
Trade and other receivables	11	3,729,444,485	3,286,095,757
Financial asset	12	1,448,504,941	178,007,750
Cash and cash equivalents	13	551,161,590	525,418,734
		<u>6,733,018,185</u>	<u>4,546,970,185</u>
TOTAL ASSETS		<u><u>39,357,232,282</u></u>	<u><u>15,702,101,273</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14	15,500,000	15,500,000
Retained earnings		4,978,458,138	2,306,446,391
		<u>4,993,958,138</u>	<u>2,321,946,391</u>
Non current liabilities			
Deferred tax	15	1,051,073,596	-
Borrowings	16	20,674,818,884	9,439,269,424
Trade payables	18	8,296,852,128	747,162,085
		<u>30,022,744,608</u>	<u>10,186,431,509</u>
Current liabilities			
Borrowings	17	876,140,494	-
Trade and other payables	18	3,464,389,041	3,193,723,372
		<u>4,340,529,535</u>	<u>3,193,723,372</u>
TOTAL EQUITY AND LIABILITIES		<u><u>39,357,232,282</u></u>	<u><u>15,702,101,273</u></u>

.....
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 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	<u>15,500,000</u>	<u>4,978,458,138</u>	<u>4,993,958,138</u>
Year ended 31 December 2020			
At start of year	15,500,000	223,511,278	239,011,278
Total profit for the year	-	2,269,112,238	2,269,112,238
Prior year taxes	-	(186,177,124)	(186,177,124)
At end of year	<u>15,500,000</u>	<u>2,306,446,391</u>	<u>2,321,946,392</u>

STATEMENT OF CASH FLOW

	Notes	2021 T.SHS	2020 T.SHS
Cash flow from operating activities			
Profit for the year		4,303,335,075	2,898,282,853
Adjustment for:			
Depreciation	8	5,471,651,376	2,420,781,411
Profit before changes in working capital		9,774,986,452	5,319,064,264
<i>Changes in working capital</i>			
Inventory		(741,118,491)	(161,564,124)
Trade and other receivables		(443,348,728)	(841,463,434)
Trade and other payable		7,820,355,712	106,362,846
<i>Cash generated from operations</i>		16,410,874,944	4,422,399,552
Tax paid for prior year		(51,903,671)	(186,177,124)
Tax paid for current year		(231,686,796)	(998,769,460)
Net cash used in operating activities		16,127,284,478	3,237,452,968
Cash flow from investing activities			
Cash paid for purchase of equipment	8	(27,032,708,068)	(5,450,578,136)
Cash paid for financial instrument		(1,272,497,191)	-
Proceeds from disposal		91,973,683	181,242,182
Net cash used in investing activities		(28,213,231,576)	(5,269,335,954)
Cash flow from financing activities			
Bank overdraft		876,140,494	(1,733,029,149)
Proceeds/ (repayment) of long term loan		11,235,549,460	4,160,983,395
Net cash used in financing activities		12,111,689,954	2,427,954,246
<i>Net increase in cash and cash equivalents</i>		<i>25,742,857</i>	<i>396,071,259</i>
Cash and cash equivalents at start of year		525,418,733	129,347,474
Cash and cash equivalents at end of year	13	551,161,590	525,418,733

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%
Office equipment	12.50%
Computers and printers	37.50%
Generator	25.00%
Storage cointainer	12.50%
Tools and tool Boxes	12.50%
Machinery equipment	25.00%
Motor cycle	25.00%
Goods vehicle	37.50%
Motor vehicle	25.00%
Trailers	25.00%
Trucks	25.00%
Weigh bridge	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 I) 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 2021

NOTES TO THE FINANCIAL STATEMENTS		2021	2020
		T.SHS	T.SHS
1 Revenue			
Sale of aggregates		741,432,932	1,581,144,966
Transport income		40,347,835,109	24,281,838,278
Other service income		308,575,104	120,371,982
		<u>41,397,843,145</u>	<u>25,983,355,226</u>
2 Direct cost			
2a Aggregates			
Opening inventory		-	-
Purchase of aggregates		698,215,723	1,509,014,092
Cost of goods available for sale		<u>698,215,723</u>	<u>1,509,014,092</u>
Closing inventory		-	-
		<u>698,215,723</u>	<u>1,509,014,092</u>
2b Motor vehicle maintenance			
Opening inventory		138,007,809	80,041,585
Import expenditure (spares)		245,382,285	175,094,246
Purchases and other direct related costs		3,584,831,094	1,909,558,838
Cost of goods available for consumption		<u>3,968,221,188</u>	<u>2,164,694,669</u>
Closing inventory		(754,210,000)	(138,007,809)
		<u>3,214,011,188</u>	<u>2,026,686,860</u>
2c Motor vehicle fuel and lubricants			
Opening inventory		7,542,100	10,117,770
Purchases and other direct related costs		18,998,933,737	9,256,562,615
Cost of goods available for consumption		<u>19,006,475,837</u>	<u>9,266,680,385</u>
Closing inventory		(68,413,300)	(7,542,100)
		<u>18,938,062,537</u>	<u>9,259,138,285</u>
2d Tyres and tubes			
Opening inventory		125,478,900	19,305,330
import expenditure (tyres)		36,508,865	92,815,814
Purchases and other direct related costs		759,943,800	1,291,417,511
Cost of goods available for consumption		<u>921,931,565</u>	<u>1,403,538,655</u>
Closing inventory		(189,524,000)	(125,478,900)
		<u>732,407,565</u>	<u>1,278,059,755</u>
Total		<u>23,582,697,013</u>	<u>14,072,898,992</u>
3 Other income			
Insurance claim		340,804,603	241,893,651
Interest from unsecured loans		51,947,960	-
Interest on fixed deposit		13,897,500	13,897,500
Vehicle leasing income		54,580,660	847,458
Sale of asset		4,237,288	25,830,508
		<u>465,468,011</u>	<u>282,469,117</u>

NOTES TO THE FINANCIAL STATEMENTS	2021 <u>T.SHS</u>	2020 <u>T.SHS</u>
4 Administrative expenses		
Accountancy fees	6,000,000	6,500,000
Business and other licences	922,400	142,000
City service levy	125,391,977	78,755,825
Depreciation	5,471,651,376	2,420,781,411
Electricity and water	22,436,558	13,185,079
Employment costs (Note 4a)	1,932,326,835	1,649,841,641
Fire and rescue expenses	2,809,160	755,000
Garage maintenance	363,591,908	306,878,167
Inspection fees	5,177,880	9,938,520
Insurance	833,877,015	287,864,515
Legal Fees	11,249,500	2,450,533
Loading and off loading charges	68,219,576	22,697,324
Medical expenses	12,235,372	23,974,132
Office expenses	51,619,426	30,733,717
OSHA license	1,560,000	3,910,000
Printing and stationery	30,636,842	8,764,000
Rent and other related costs	286,082,439	203,300,685
Security expenses	91,075,093	32,668,240
Severance expenditure	-	2,934,596
Staff welfare expenses	76,413,708	96,117,531
Stamp duty	2,638,864	1,155,998
Telephones, postages and internet charges	43,233,189	18,876,557
Toll gate pass	14,852,932	15,772,580
Towing and breakdown charges	12,054,715	34,061,347
Transport and travelling expenses	198,714,136	128,851,616
Trip expenditure	1,891,074,255	1,855,961,773
Truck tracking charges (GPS)	94,191,567	67,105,891
Vehicle maintenance	20,260,381	68,650,405
Vehicles licences and other costs	91,480,913	54,391,039
Vehicle parking fees	6,589,074	2,516,211
Vehicle washing charges	27,328,348	36,871,435
Village fee	228,849,208	282,230,769
Visa and permits	59,323,410	17,000,000
Weigh bridge balancing charges	175,223,131	35,682,504
Weights and measurements	94,637,755	46,923,400
Withholding tax	6,701,917	4,599,600
Written off Assets	91,973,683	181,242,178
Total administrative expenses	<u>12,488,244,900</u>	<u>8,060,568,418</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2021 <u>T.SHS</u>	2020 <u>T.SHS</u>
4a Employment costs		
Directors remuneration	240,000,000	240,000,000
Directors fees	300,000,000	300,000,000
NHIF contribution	27,171,570	21,780,566
NSSF contribution	139,821,231	115,048,580
Salaries, wages and other related costs	1,158,211,309	912,685,880
Skills and development levy	55,928,492	48,743,224
Workmen's compensation fund	11,194,233	11,583,391
	<u>1,932,326,835</u>	<u>1,649,841,641</u>
5 Selling and distribution cost		
Advertisement	140,351,720	84,983,651
	<u>140,351,720</u>	<u>84,983,651</u>
6 Finance cost		
Bank charges	196,412,154	59,158,907
Interest	790,671,467	269,503,380
Interest on overdraft	240,494	65,932,953
Unsecured loan interest	345,585,544	102,381,168
Loss on foreign exchange	13,664,461	515,208,445
Unrealized exchange variations	2,108,326	136,907,575
	<u>1,348,682,446</u>	<u>1,149,090,428</u>
7 Tax expense		
Current tax	239,926,927	629,170,615
Deferred tax charge	1,051,073,596	-
Tax charge	<u>1,291,000,523</u>	<u>629,170,615</u>
Reconciliation of tax expense		
Profit before tax	4,303,335,075	2,097,235,382
Tax calculated at a tax rate of 30%	<u>1,291,000,523</u>	<u>629,170,615</u>
Tax charge	<u>1,291,000,523</u>	<u>629,170,615</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Property and equipment

DETAILS	RATE	BALANCE AS AT 01.01.2021	ADDITIONS	DISPOSALS	SUB-TOTAL	DEPRECIATION	BALANCE AS AT 31.12.2021
Land	0.00%	36,511,820	312,872,600	-	349,384,420	-	349,384,420
Buildings	10.00%	115,473,600	309,387,830	-	424,861,430	14,021,425	410,840,005
Office equipment	12.50%	17,772,094	5,124,492	(1,497,598)	21,398,988	2,547,936	18,851,052
Computers and printers	37.50%	12,801,363	9,128,780	(3,779,195)	18,150,948	5,665,508	12,485,440
Generator	25.00%	38,510,056	28,875,000	-	67,385,056	4,607,245	62,777,811
Storage container	12.50%	29,168,727	16,898,143	-	46,066,870	5,090,805	40,976,064
Tools and tool boxes	12.50%	28,216,294	1,107,980,778	(718,073)	1,135,478,999	3,437,278	1,132,041,721
Machinery equipment	25.00%	19,246,685	14,400,000	(427,148)	33,219,537	5,173,402	28,046,135
Motor cycle	25.00%	14,126,371	6,933,898	-	21,060,269	4,164,820	16,895,449
Goods vehicle	37.50%	13,828,250	-	-	13,828,250	5,185,594	8,642,656
Motor vehicle	25.00%	317,932,969	113,290,712	-	431,223,680	81,843,465	349,380,215
Trailers	25.00%	4,396,711,888	10,772,166,031	-	15,168,877,920	2,301,914,411	12,866,963,509
Trucks and tractors	25.00%	6,114,630,970	14,198,894,305	(85,551,669)	20,228,173,606	3,023,754,121	17,204,419,485
Weigh bridge	25.00%	-	136,755,500	-	136,755,500	14,245,365	122,510,135
		11,155,131,088	27,032,708,068	(91,973,683)	38,095,865,473	5,471,651,376	32,624,214,097

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2021 <u>T.SHS</u>	2020 <u>T.SHS</u>
9 Inventories		
Motor vehicle maintenance	754,210,000	138,007,809
Motor vehicle fuel and lubricants	68,413,300	7,542,100
Tyres and tubes	189,524,000	125,478,900
	<u>1,012,147,300</u>	<u>271,028,809</u>
10 Taxation		
Balance brought forward	288,419,135	-
Tax credit written off due to TRA assessment	(288,419,135)	-
Tax (payable)/ recoverable for current year	(8,240,131)	288,419,135
	<u>(8,240,131)</u>	<u>288,419,135</u>
11 Trade and other receivables		
Deposit, prepayment and advances	105,806,005	154,950,538
Vat receivable	1,185,444,445	-
Amount due from related parties (Note 19(a))	821,947,940	-
Trade receivables	1,616,246,095	3,131,145,219
	<u>3,729,444,485</u>	<u>3,286,095,757</u>
12 Financial asset		
Fixed deposit	<u>1,448,504,941</u>	<u>176,007,750</u>
13 Cash and cash equivalents		
Cash in hand	4,910,154	5,011,162
Cash at bank	546,251,436	520,407,572
	<u>551,161,590</u>	<u>525,418,734</u>
14 Share capital		
Authorised:		
5,000 (2020: 5,000 shares) ordinary shares of TShs 100,000 each	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid:		
155 (2020: 155 shares) ordinary shares of TShs 100,000 each	<u>15,500,000</u>	<u>15,500,000</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	-	-
Deferred tax charge (Note 7)	1,051,073,596	-
At end of year	<u>1,051,073,596</u>	<u>-</u>

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

	At start of year <u>T.SHS.</u>	Credit/charge to SPL <u>T.SHS.</u>	At end of year <u>T.SHS.</u>
Year ended 31 December 2021			
Deferred tax liability			
Excess capital allowances over depreciation	-	1,051,073,596	1,051,073,596
Net deferred tax liability	<u>-</u>	<u>1,051,073,596</u>	<u>1,051,073,596</u>

16 Borrowings

Amount due to related parties (Note 19(b))	5,721,335,050	4,281,685,585
Bank loan	14,593,074,888	5,145,726,238
Loans payable	360,408,946	11,857,602
	<u>20,674,818,884</u>	<u>9,439,269,424</u>

Note to Bank loan

Bank name : Canara Bank Tanzania Limited
Interest : 8- 9% per annum.

Bank name : ABSA Bank Tanzania Limited
Interest : 14% per annum.

Bank name : DTB Bank Tanzania Limited
Interest : 14% 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	876,140,494	-
	<u>876,140,494</u>	<u>-</u>

18 Trade and other payables

Non current liabilities

Trade payables	8,296,852,128	747,162,085
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Current liabilities

Accruals and other payables	291,279,682	846,854,891
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Amount due to related parties (Note 19(b))	22,758,731	-
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Trade payables	3,150,350,627	2,346,868,481
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	3,464,389,041	3,193,723,372
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Total Trade and other payables	11,761,241,169	3,940,885,457
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19 Related party balances

(a) Amount due from related parties

Specialised IT Solutions Limited	232,847,840	-
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Specialised Rentals Limited	589,100,100	-
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	821,947,940	-
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(b) Amount due to related parties

Gottipati Siva Ramakrishna	5,631,335,050	4,281,685,585
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Sharath Krishna Gottipati	90,000,000	-
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Specialised Engineering (T) Ltd	22,758,731	-
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	5,744,093,781	4,281,685,585
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(c) Interest received from related party

Specialised IT Solutions Limited	12,455,142	-
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Specialised Rentals Limited	39,492,818	-
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	51,947,960	-
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20 Contingent liability

As at 31 December 2021, 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 2021, the company had no capital expenditure contracted or accrued.

TAX COMPUTATION	2021 T.SHS
Profit before tax as per accounts	4,303,335,075
Add: Non-allowable expenses	
Depreciation	5,471,651,376
	<u>5,471,651,376</u>
Less: Allowable deductions	
Wear and tear allowance	(8,975,230,029)
	<u>(8,975,230,029)</u>
Adjusted income for the year	799,756,423
POSITION OF TAXATION	
Balance brought forward	288,419,135
Add: Tax credit written off due to TRA assessment	(288,419,135)
Less: Corporation tax at 30%	239,926,927
	<u>239,926,927</u>
Less: Provisional tax paid for the year	(225,000,000)
Less: Withholding tax withheld	(6,686,796)
	<u>(231,686,796)</u>
Tax payable	<u>8,240,131</u>

WEAR AND TEAR ALLOWANCES SCHEDULE FOR THE YEAR 2021

	CLASS I 37.5% T.SHS	CLASS II 25.0% T.SHS	CLASS III 12.5% T.SHS	CLASS VI 5% T.SHS	TOTAL T.SHS
WDV as at 1.1.2021	25,290,355	9,966,308,645	93,381,824	154,262,909	10,239,243,733
Additions	9,128,780	25,271,315,448	1,130,003,412	309,387,830	26,719,835,468
Disposal	34,419,135 (3,779,195)	35,237,624,091 (85,978,817)	1,223,385,236 (2,215,671)	463,650,739 -	36,959,079,201 (91,973,683)
Wear and tear allowances	30,639,940 (11,489,978)	35,151,645,274 (8,787,911,319)	1,221,169,565 (152,646,196)	463,650,739 (23,182,537)	36,867,105,518 (8,975,230,029)
WDV as at 31.12.2021	19,149,963	26,363,733,956	1,068,523,369	440,468,202	27,891,875,489