

Lake Cement Limited
(Registration number 56500)
Financial statements
for the year ended March 31, 2021

Lake Cement Limited

(Registration number 56500)

Financial Statements for the year ended March 31, 2021

General Information

Country of incorporation and domicile	United Republic of Tanzania
Nature of business and principal activities	Manufacturing and trading in cement
Directors	Mr. Vimal K Patel Mr. Kiran S Patel Mr. Kush V Patel Mr Laxmikant Shaarma Mr. Halidi A Kiluvia Mr. Satish V Poojary Mr Samir K Patel
Registered office	First Floor, ATC House Plot No 773/40 Ohio/Garden Street Avenue Dar-es-Salaam, Tanzania
Bankers	I&M Bank (T) Limited KCB Bank (T) Limited Absa Bank (T) Limited
Auditors	Balakrishna Sreekumar & Co. Certified Public Accountants P O Box 948 Dar es Salaam Tanzania
Tax reference number	104-708-811

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Financial Statements for the year ended March 31, 2021

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Financial Statements for the year ended March 31, 2021

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Lake Cement Limited for the year ended March 31, 2021.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002. The accounting policies have been applied consistently compared to the prior year.

The company recorded a net profit after tax for the year ended March 31, 2021 of TSh('000) 20,848,688. This represented a decrease of 11% from the net profit after tax of the prior year of TSh('000) 23,471,800. The decrease in profit was due to significant increase in cost of sales due to purchasing of Clinkers as a result of plant shutdown for repairs and maintenance purposes.

2. Nature of business

Lake Cement Limited was incorporated in United Republic of Tanzania with interests in the manufacturing industry. The company is engaged in manufacturing and trading in cement. The company operates in United Republic of Tanzania.

The company has been awarded with a status of strategic investor and is entitled for various tax incentives. The plant is located at Kimbiji Village in Temeke District (45kms South of Dar-es-Salaam's central business district).

There have been no material changes to the nature of the company's business from the prior year.

3. Directorate

The directors in office at the date of this report are as follows:

Directors	Date of birth	Nationality	Changes
Mr. Vimal K Patel	21.03.1953	British	
Mr. Kiran S Patel	21.06.1955	British	
Mr. Kush V Patel	03.09.1983	British	
Mr Laxmikant Shaarma	20.05.1969	Indian	Appointed Friday, January 15, 2021
Mr. Halidi A Kiluvia	14.07.1950	Tanzanian	
Mr. Pawan K Khandelwal	19.03.1972	Indian	Resigned Thursday, June 24, 2021
Mr. Satish V Poojary	21.06.1973	Indian	
Mr Samir K Patel	25.03.1960	British	Appointed Thursday, June 24, 2021

4. Corporate Governance

The Board of directors consists of 7 Directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of 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 Board is required to meet at least four times a year. The company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability.

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Directors' Report

5. 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 year ended March 31, 2021 and is of the opinion that they met accepted criteria.

6. Administrative efficiency

Significant administrative matters affecting the company's performance are summarised below:

(a) Payment of all statutory dues such as Pay as You Earn, National Social Security Fund, Skill and Development Levy were generally made on time.

(b) There has not been any major court action against the company or the management during the year which significantly affected the normal operations of the company.

7. Employees welfare

a) Management/ Employee relationship

The management/ employees relationship was cordial throughout the year. There were no unresolved complaints received by the management from the employees during the year.

b) Financial assistances

Financial assistance is available to all employees depending on the need and the ability of the company to offer the financial assistance.

8. Share capital

Refer to note 12 of the financial statements for detail of the movement in authorised and issued share capital.

9. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

10. Dividends

Final dividend of Tshs 42,256,610,000 relating to financial years 2019/2020 and 2020/2021 was approved by the board of directors in the year ended March 31, 2021.

11. Impact of COVID 19

As a result of the pandemic outbreak, we are continuously assessing the impact of COVID 19 on the company's strategies together with internal policies for managing principal risks and as on the date of this report, we are confident that the outbreak has no material quantitative (or financial) or qualitative impact on the entity's finance and operations activities.

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Financial Statements for the year ended March 31, 2021

Directors' Report

12. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.


Although the indefinite continuation of the prevalence of COVID 19 may have an impact on the business as a going concern, nothing has come to the attention of the management that as on the date of the report, the company will not continue as a going concern for a period of 12 months from the date of the financial statements and hence the accounts have been prepared on a going concern basis.

13. Auditors

Balakrishnan Sreekumar & Co. were appointed as the auditors of the company's financial statements for the year ended March 31, 2021 in a duly constituted previous annual general meeting, and have expressed their willingness to continue in office and are eligible for re-appointment as external auditors for the year ended 31 March 2021.

The financial statements set out on pages 11 to 30, which have been prepared on the going concern basis, were approved by the board of directors on 11 6 SEP 2021, and were signed on its behalf by:

By Order of the Board



Director

Director

11 6 SEP 2021

Lake Cement Limited

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Financial Statements for the year ended March 31, 2021

Directors' Responsibilities and Approval

The directors are required in terms of the Tanzanian 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 and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards 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 board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the 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 minimise 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 cash flow forecast for the year to March 31, 2022 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 8 to 10.

The financial statements set out on pages 11 to 30, which have been prepared on the going concern basis, were approved by the board of directors on 10.6 SEP 2021 and were signed on their behalf by:

By Order of the Board



Director

Director

16 SEP 2021

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Financial Statements for the year ended March 31, 2021

Declaration of Head of Finance/Preparer of Financial Statements

Declaration of the Preparer of Financial Statements/Head of finance/accounting of Lake Cement 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 Preparer of Financial Statements/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/Governing Body/ Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I WILLIAM MTANI being the Head of Finance/Accounting of Lake Cement Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended March 31, 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 Lake Cement Limited as on March 31, 2021 and that they have been prepared based on properly maintained financial records.

Signed by: William Mtani

Position: CHIEF ACCOUNTANT

NBAA Membership No: 6953

11 6 SEP 2021

Independent Auditor's Report

To the shareholder of Lake Cement Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lake Cement Limited set out on pages 11 to 29, which comprise the Statement of Financial Position as at March 31, 2021, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lake Cement Limited as at March 31, 2021, and of its profit after tax and deferred tax of TSh('000) 20,848,688 and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002.

Basis for opinion

In line with the prevailing environment due to COVID 19 pandemic we have also relied on the confirmation from the directors as mentioned in the para "Going concern" of the director's report, due to which the company's accounts have been prepared on a going concern basis.

We conducted our audit in accordance with International Standards on Auditing. 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 company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in United Republic of Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in United Republic of Tanzania. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Audit Committee's Report as required by the Tanzanian Companies Act, 2002 of United Republic of Tanzania, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

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

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.

Independent Auditor's Report

Responsibilities of the 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 and the requirements of the Tanzanian Companies Act, 2002, 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.

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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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 directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- 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.

Independent Auditor's Report

Report on other legal and regulatory requirements

As required by the Tanzania Companies Act, 2002 and subject to basis for opinion para above, we report to you bases on our audit that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion, proper books of accounts have been kept by the company, so far as appears from our examination of those books; and
- the company's statement of financial position and profit and loss account are in agreement with the books of account.

Dr. B.S. Sreekumar
Managing Partner
Balakrishna Sreekumar & Co.
Certified Public Accountants

Dar es Salaam

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Financial Statements for the year ended March 31, 2021

Statement of Financial Position as at March 31, 2021

	Note(s)	2021 TSh '000	2020 TSh '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	132,382,302	139,768,384
Capital work-in-progress	4	831,306	771,148
Intangible assets	5	494,937	647,225
Investments in subsidiaries	6	18,900	9,900
Pre-operative expenses	8	401,622	525,199
		134,129,067	141,721,856
Current Assets			
Inventories	9	23,058,584	22,920,426
Trade and other receivables	10	8,834,744	7,306,184
Cash and cash equivalents	11	1,176,566	4,015,217
		33,069,894	34,241,827
Total Assets		167,198,961	175,963,683
Equity and Liabilities			
Equity			
Share capital	12	38,565,100	38,385,100
Retained income		75,858,104	97,266,026
		114,423,204	135,651,126
Liabilities			
Non-Current Liabilities			
Deferred tax	7	22,338,448	22,469,022
Current Liabilities			
Trade and other payables	13	11,383,762	10,845,252
Current tax payable	21	597,743	768,233
Bank overdraft	11	18,455,804	6,230,050
		30,437,309	17,843,535
Total Liabilities		52,775,757	40,312,557
Total Equity and Liabilities		167,198,961	175,963,683

The financial statements and the notes on pages 11 to 29, were approved by the board of directors on the 11.6 SEP 2021 and were signed on its behalf by:



Director

Director

The accounting policies on pages 15 to 22 and the notes on pages 23 to 29 form an integral part of the financial statements.

Report of the Auditors' - Pages 8 to 10

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Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2021 TSh '000	2020 TSh '000
Revenue	14	130,944,438	118,374,357
Cost of sales	15	(82,388,718)	(67,181,986)
Gross profit		48,555,720	51,192,371
Other operating income	16	23,988	57,750
Other operating gains (losses)	17	95,305	223,090
Other operating expenses		(16,799,444)	(16,179,828)
Operating profit		31,875,569	35,293,383
Finance costs	19	(607,742)	(1,784,054)
Profit before taxation		31,267,827	33,509,329
Taxation	20	(10,419,139)	(10,037,529)
Profit for the year		20,848,688	23,471,800
Other comprehensive income		-	-
Total comprehensive income for the year		20,848,688	23,471,800

The accounting policies on pages 15 to 22 and the notes on pages 23 to 29 form an integral part of the financial statements.

Report of the Auditors' - Pages 8 to 10

Lake Cement Limited

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Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Retained income	Total equity
	TSh '000	TSh '000	TSh '000	TSh '000	TSh '000
Balance at April 1, 2019	38,385,100	-	38,385,100	73,794,226	112,179,326
Profit for the year	-	-	-	23,471,800	23,471,800
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	23,471,800	23,471,800
Balance at April 1, 2020	38,385,100	-	38,385,100	97,266,026	135,651,126
Profit for the year	-	-	-	20,848,688	20,848,688
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	20,848,688	20,848,688
Issue of shares	60,000	120,000	180,000	-	180,000
Dividends	-	-	-	(42,256,610)	(42,256,610)
Total contributions by and distributions to owners of company recognised directly in equity	60,000	120,000	180,000	(42,256,610)	(42,076,610)
Balance at March 31, 2021	38,445,100	120,000	38,565,100	75,858,104	114,423,204
Note(s)	12	12	12		

The accounting policies on pages 15 to 22 and the notes on pages 23 to 29 form an integral part of the financial statements.

Report of the Auditors' - Pages 8 to 10

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Statement of Cash Flows

	Note(s)	2021 TSh '000	2020 TSh '000
Cash flows from operating activities			
Profit before taxation		31,267,827	33,509,329
Adjustments for:			
Depreciation and amortisation		8,705,424	8,651,302
Losses (gains) on disposals		(95,305)	(223,090)
Finance costs		607,742	1,784,054
Changes in working capital:			
Inventories		(138,158)	1,478,966
Trade and other receivables		(1,528,560)	(2,472,085)
Trade and other payables		538,512	(1,053,343)
Cash generated from operations		39,357,482	41,675,133
Finance costs		(607,742)	(1,784,054)
Tax paid	21	(10,720,203)	(10,251,733)
Net cash from operating activities		28,029,537	29,639,346
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1,699,598)	(3,250,388)
Sale of property, plant and equipment	3	1,723,297	569,278
Increase in capital work-in-progress	4	(1,155,608)	(489,993)
Movement in investments		(9,000)	-
Write off of pre-operative expenses		123,577	123,576
Net cash from investing activities		(1,017,332)	(3,047,527)
Cash flows from financing activities			
Proceeds on share issue	12	180,000	-
Secured loans		-	17,400,200
Dividends paid		(42,256,610)	-
Net cash from financing activities		(42,076,610)	(17,400,200)
Total cash movement for the year		(15,064,405)	9,191,619
Cash at the beginning of the year		(2,214,833)	(11,406,452)
Total cash at end of the year	11	(17,279,238)	(2,214,833)

The accounting policies on pages 15 to 22 and the notes on pages 23 to 29 form an integral part of the financial statements.

Report of the Auditors' - Pages 8 to 10

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Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Tanzanian Companies Act, 2002.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Tanzanian Shillings, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

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Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.3 Capital work-in-progress

Capital work-in-progress is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the capital work-in-progress, the carrying amount of the replaced part is derecognised.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Annual Rate (%)
Buildings	Straight line	2.5%
Plant and machinery	Straight line	5%
Furniture and fixtures	Straight line	25%
Motor vehicles	Straight line	20%
Office equipment	Straight line	25%
IT equipment	Straight line	25%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Lake Cement Limited

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Accounting Policies

1.4 Property, plant and equipment (continued)

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Mineral exploration & analysis	10 years

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Accounting Policies

1.6 Financial instruments

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.7 Tax

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.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

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Accounting Policies

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability..

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.9 Inventories

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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Financial Statements for the year ended March 31, 2021

Accounting Policies

1.10 Impairment of assets (continued)

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.12 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 paid vacation leave 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.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The company contributes to the Parastatal Pension Fund/National Social Security Fund. This is a statutory contribution scheme registered under the Parastatal Pension Fund Act, 1978/National Social Security Fund Act, 1997. The company's obligations under the scheme are limited to specific contributions from time to time. The company's contributions to the scheme are charged to the income statement in the period in which they relate.

1.13 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

1.14 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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Accounting Policies

1.14 Revenue (continued)

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

1.15 Turnover

Turnover comprises of sales to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.16 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

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Accounting Policies

1.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Tanzanian Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Tanzanian Shillings by applying to the foreign currency amount the exchange rate between the Tanzanian Shilling and the foreign currency at the date of the cash flow.

1.19 Cash and cash equivalents

Cash and cash equivalents for the purpose of Cash flow statement comprise of cash at bank and cash in hand and short term investments with a maturity of three months or less.

1.20 Trade receivables and Trade payables

Trade and other receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

Trade and other payables

Trade payables are initially measured at fair value.

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Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Definition of a business - Amendments to IFRS 3

The amendment:

- a) confirmed that a business must include inputs and a processes, and clarified that the process must be substantive and that the inputs and process must together significantly contribute to creating outputs.
- b) narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- c) added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The effective date of the amendment is for years beginning on or after January 1, 2020.

The company has adopted the amendment for the first time in the 2020 financial statements.

The impact of the amendment is not material.

Presentation of Financial Statements: Disclosure initiative

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after January 1, 2020.

The company has adopted the amendment for the first time in the 2020 financial statements.

The impact of the amendment is not material.

Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after January 1, 2020.

The company has adopted the amendment for the first time in the 2020 financial statements.

The impact of the amendment is not material.

2.2 Standards and Interpretations early adopted

The company did not early adopt any new or amended standards and interpretations in the year ended March 31, 2021.

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Notes to the Financial Statements

2. New Standards and Interpretations (continued)

2.3 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after April 1, 2021 or later periods;

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

Insurance Contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The effective date of the standard is for years beginning on or after January 1, 2023.

The company expects to adopt the standard for the first time in the 2023 financial statements.

The impact of this standard is currently being assessed.

The impact of this amendment is currently being assessed.

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Financial Statements for the year ended March 31, 2021

Notes to the Financial Statements

2021
TSh '000

2020
TSh '000

3. Property, plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	6,485,017	-	6,485,017	6,882,128	-	6,882,128
Buildings	54,972,019	(8,747,336)	46,224,683	53,987,750	(7,394,480)	46,593,270
Plant and machinery	113,801,073	(36,326,775)	77,474,298	113,801,073	(30,636,574)	83,164,499
Furniture and fixtures	716,142	(687,913)	28,229	687,569	(633,416)	54,153
Motor vehicles	8,684,290	(6,646,205)	2,038,085	8,513,875	(5,541,507)	2,972,368
Office equipment	460,262	(441,825)	18,437	438,475	(404,641)	33,834
IT equipment	667,447	(553,894)	113,553	537,963	(469,831)	68,132
Total	185,786,250	(53,403,948)	132,382,302	184,848,833	(45,080,449)	139,768,384

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfer from (to) capital work-in-progress	Depreciation on disposals	Depreciation	Total
Land	6,882,128	1,102,889	(1,500,000)	-	-	-	6,485,017
Buildings	46,593,270	-	-	984,270	-	(1,352,857)	46,224,683
Plant and machinery	83,164,499	-	-	-	-	(5,690,200)	77,474,298
Furniture and fixtures	54,153	28,572	-	-	-	(54,496)	28,229
Motor vehicles	2,972,368	528,046	(357,631)	-	229,638	(1,334,336)	2,038,085
Office equipment	33,834	21,787	-	-	-	(37,184)	18,437
IT equipment	68,132	18,304	-	111,179	-	(84,062)	113,553
	139,768,384	1,699,598	(1,857,631)	1,095,449	229,638	(8,553,135)	132,382,302

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers	Depreciation on disposals	Depreciation	Total
Land	4,871,145	2,195,983	(185,000)	-	-	-	6,882,128
Buildings	47,942,964	-	-	-	-	(1,349,694)	46,593,270
Plant and machinery	87,239,480	17,577	-	1,558,319	-	(5,650,877)	83,164,499
Furniture and fixtures	97,631	7,805	-	-	-	(51,282)	54,154
Motor vehicles	3,475,336	1,011,003	(633,791)	-	468,588	(1,348,768)	2,972,368
Office equipment	61,070	7,177	-	-	-	(34,413)	33,834
IT equipment	121,268	10,843	-	-	-	(63,979)	68,132
	143,808,894	3,250,388	(818,791)	1,558,319	468,588	(8,499,013)	139,768,385

4. Capital work-in-progress

	2021			2020		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Capital work in progress	831,306	-	831,306	771,148	-	771,148

Reconciliation of capital work-in-progress - 2021

	Opening balance	Additions	Transfers	Total
Capital work in progress	771,148	1,155,608	(1,095,449)	831,306

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Financial Statements for the year ended March 31, 2021

Notes to the Financial Statements

	2021 TSh '000	2020 TSh '000
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4. Capital work-in-progress (continued)

Reconciliation of capital work-in-progress - 2020

	Opening balance	Additions	Transfers	Total
Capital work in progress	1,839,473	489,993	(1,558,318)	771,148

5. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Mineral exploration & analysis	1,522,881	(1,027,944)	494,937	1,522,881	(875,656)	647,225

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Mineral exploration & analysis	647,225	(152,288)	494,937

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Mineral exploration & analysis	799,513	(152,288)	647,225

6. Interests in subsidiaries

Name of company	Held by			Carrying amount 2021	Carrying amount 2020
		% holding 2021	% holding 2020		
Ultracem Cement Limited (99 shares)		99.00 %	99.00 %	9,900	9,900
Baraka Resources Limited (90 shares)		90.00 %	-	9,000	-
				18,900	9,900

7. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(22,338,448)	(22,469,022)
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Reconciliation of deferred tax asset / (liability)

At beginning of year	(22,469,022)	(22,001,043)
Taxable / (deductible) temporary difference movement	130,574	(467,979)
	(22,338,448)	(22,469,022)

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Notes to the Financial Statements

	2021 TSh '000	2020 TSh '000
8. Pre-operative expenses		
Pre-operative expenses will be written off over a period of 10 years beginning from July 2014 being the date of start of operations.		
Opening balance	525,199	648,775
Write off during the year	(123,577)	(123,576)
	401,622	525,199
9. Inventories		
Raw materials, consumables and stock	23,058,584	22,920,426
10. Trade and other receivables		
Trade receivables	1,809,033	3,040,889
Prepayments	503,316	540,585
Advance to suppliers	2,458,308	3,245,213
Other receivables	4,064,087	479,497
	8,834,744	7,306,184
11. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	34,114	105,411
Bank balances	1,142,452	3,909,806
Bank overdraft	(18,455,804)	(6,230,050)
	(17,279,238)	(2,214,833)
Current assets	1,176,566	4,015,217
Current liabilities	(18,455,804)	(6,230,050)
	(17,279,238)	(2,214,833)

The company has availed overdraft and other facilities to meet its working capital requirements as per following:

(a) From Absa Bank (T) Limited - Overdraft facility of TSh 20.90 billion at the interest rate fixed at 182 days Tbills plus 4.5% p.a. at half yearly reviews.

(b) From KCB Bank (T) Ltd. - Overdraft facility of USD 1.80 million at the interest rate fixed at USD Base Rate minus 1% per annum i.e. 8% p.a.

(c) From I&M Bank (T) Ltd. - Overdraft facility of USD 1.20 million at the interest rate fixed at USD Prime Lending Rate minus 2% per annum i.e. 8% p.a. and Letter of Credit cum Guarantee facility of USD 0.75 million.

The above facilities are secured by: (i) Debenture over fixed and floating present and future assets registered and stamped for the facilities and to be shared in pari passu by KCB Bank Kenya Limited, KCB Bank (T) Limited, I&M Bank Limited, I&M Bank Tanzania Limited and Absa Bank (T) Ltd. (ii) First priority legal mortgage over the property located on Plot No. 264, 265 and 266, Kimbiji Area, in Temeke Municipality, comprised under certificates of title in the name of the company, registered and stamped to cover the facilities and to be shared in pari passu by Kenya Commercial Bank Limited, KCB Bank (T) Limited, I&M Bank Limited, I&M Bank (T) Limited and Absa Bank (T) Ltd.

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Notes to the Financial Statements

	2021 TSh '000	2020 TSh '000
12. Share capital		
Authorised		
400,000 Ordinary shares of Tzs 100,000 each	40,000,000	40,000,000
Issued		
384,451 (2020:383,851)Ordinary shares of TZS 100,000 each	38,445,100	38,385,100
Share premium	120,000	-
	38,565,100	38,385,100
13. Trade and other payables		
Trade payables	9,094,966	7,827,109
VAT	608,125	833,252
Accrued expenses and deposits	1,680,671	2,184,891
	11,383,762	10,845,252
14. Revenue		
Sale of goods	130,944,438	118,374,357
15. Cost of sales		
Opening stock	22,920,426	24,399,392
Purchases and other direct expenses	82,526,876	65,703,020
Closing stock	(23,058,584)	(22,920,426)
	82,388,718	67,181,986
16. Other operating income		
Interest income	23,988	-
Transportation income	-	57,750
	23,988	57,750
17. Other operating gains (losses)		
Gains (losses) on disposals, scrapings and settlements		
Property, plant and equipment	95,305	223,090
18. Depreciation, amortisation and written-off of preliminary expenses		
Depreciation		
Property, plant and equipment - Cost of sales	5,690,200	5,650,877
Property, plant and equipment - Other operating expenses	2,849,967	2,848,137
	8,540,167	8,499,014
Amortisation		
Intangible assets - Other operating expenses	152,288	152,288
Impairment losses		
Pre-operative expenses written-off - Other operating expenses	123,576	123,576

Lake Cement Limited

(Registration number 56500)

Financial Statements for the year ended March 31, 2021

Notes to the Financial Statements

	2021 TSh '000	2020 TSh '000
18. Depreciation, amortisation and written-off of preliminary expenses (continued)		
Total depreciation, amortisation and impairment		
Depreciation	8,540,167	8,499,014
Amortisation	152,288	152,288
Preliminary expenses written-off	123,576	123,576
	8,816,031	8,774,878
19. Finance costs		
Bank interest	607,742	1,784,054
20. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	9,853,766	9,569,550
Local income tax - recognised in current tax for prior periods	695,947	-
	10,549,713	9,569,550
Deferred		
Originating and reversing temporary differences	(130,574)	467,979
	10,419,139	10,037,529
21. Tax payable/ (Recoverable)		
Balance at beginning of the year	(768,233)	(1,450,416)
Current tax for the year recognised in profit or loss	(10,549,713)	(9,569,550)
Balance at end of the year	597,743	768,233
Tax paid	(10,720,203)	(10,251,733)

22. Impact of COVID 19

As a result of the pandemic outbreak, we are continuously assessing the impact of COVID 19 on the company's strategies together with internal policies for managing principal risks and as on the date of this report, we are confident that the outbreak has no material quantitative (or financial) or qualitative impact on the entity's finance and operations activities.

23. Country of incorporation

The company was incorporated in Tanzania under the Companies Act, 2002.

24. Currency

These financial statements are presented in Tanzanian Shillings (TSh '000).

25. Comparatives

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

Lake Cement Limited

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Financial Statements for the year ended March 31, 2021

Detailed Income Statement

	Note(s)	2021 TSh '000	2020 TSh '000
Revenue			
Sale of goods		130,944,438	118,374,357
Cost of sales	15	(82,388,718)	(67,181,986)
Gross profit		48,555,720	51,192,371
Other operating income			
Interest earned		23,988	-
Other operating income	16	-	57,750
		23,988	57,750
Other operating gains (losses)			
Gains/(losses) on disposal of assets		95,305	223,090
Expenses (Refer to page 31)		(16,799,444)	(16,179,828)
Operating profit		31,875,569	35,293,383
Finance costs	19	(607,742)	(1,784,054)
Profit before taxation		31,267,827	33,509,329
Taxation	20	(10,419,139)	(10,037,529)
Profit for the year		20,848,688	23,471,800

Lake Cement Limited

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Financial Statements for the year ended March 31, 2021

Detailed Income Statement

	Note(s)	2021 TSh '000	2020 TSh '000
Other operating expenses			
Selling and distribution expenses		(6,052,798)	(6,040,376)
Amortisation and write off		(275,864)	(275,864)
Auditors remuneration - external auditors		(35,455)	(35,061)
Depreciation		(2,862,938)	(2,848,137)
Employee costs, training and welfare expenses		(1,243,209)	(1,183,656)
Other miscellaneous expenses		(1,245,355)	(1,162,800)
Exchange movement		(121,725)	(358,666)
Government, licencing and professional fees		(1,540,982)	(1,462,207)
Prior year taxes and penalties		(831,721)	-
Insurance		(496,293)	(548,467)
Rent, repairs and maintenance expenses		(1,025,879)	(975,926)
Travelling, conveyance and vehicle expenses		(1,067,225)	(1,288,668)
		(16,799,444)	(16,179,828)