

**MODERN FLEXIBLE PACKAGING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2022**

MODERN FLEXIBLE PACKAGING LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022
DECLARATION OF THE HEAD OF ACCOUNTING / FINANCE

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

It is the duty of a Professional Accountant to assist 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 paragraph of Director's responsibility on an earlier page.

I, MAHADHIL MANSOOR hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st December 2022 have been prepared as per Generally Accepted Accounting Principles and statutory requirements.


I thus confirm that the financial statements give a true and fair view position of **Modern Flexible Packaging Limited** as on that date and that they have been prepared based on properly maintained financial records.

Signed by:

Position: ACCOUNTANT

NBAA Membership number: ACPA 4074

Date:



21/06/ 2023

MODERN FLEXIBLE PACKAGING LIMITED
P. O. Box 12609, Dar Es Salaam


STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2022

PARTICULARS	NOTE	2022 TZS	2021 TZS
Revenue		34,048,785,767	29,617,299,500
Cost of sales	2	<u>(30,945,986,798)</u>	<u>(26,643,625,970)</u>
Gross profit		3,102,798,969	2,973,673,530
Other income	3	<u>3,802,050</u>	<u>-</u>
		3,106,601,019	2,973,673,530
<u>Less: Expenses</u>			
Administrative expenses	3	(1,971,039,454)	(1,749,057,657)
Selling and distribution expenses	4	(420,275,681)	(549,318,511)
Financial expenses	5	<u>(140,318,668)</u>	<u>(51,146,987)</u>
		(2,531,633,803)	(2,349,523,155)
Profit / (Loss) before tax		574,967,216	624,150,376
Less : Tax expense / credit	12	<u>(215,194,319)</u>	<u>(145,721,045)</u>
Profit / (Loss) after tax		<u>359,772,897</u>	<u>478,429,331</u>

The significant accounting policies on pages 10 and the notes on pages 11 to 15 form an integral part of these financial statements.

Report of the Independent Auditor's on page 4 & 5.

The financial statements on Pages 6 to 15 were approved by the Board of Directors and signed on behalf by:


 Name: IMTIA2 HAJI
 Director
 Date: 21-06-2023

 Name: _____
 Director
 Date: _____

MODERN FLEXIBLE PACKAGING LTD.
P. O. Box 9958
DAR-ES-SALAAM
TANZANIA

MODERN FLEXIBLE PACKAGING LIMITED
P. O. Box 12609, Dar Es Salaam


STATEMENT OF FINANCIAL POSITION AS ON 31ST DECEMBER 2022

	NOTE	31st December 2022 TZS	31st December 2021 TZS
Non current assets			
Property, plant and equipment	13	<u>2,540,460,957</u>	<u>2,871,836,673</u>
		2,540,460,957	2,871,836,673
Current assets			
Inventories	6	150,495,538	185,841,328
Trade and other receivables	7	4,703,526,524	5,126,302,012
Cash and cash equivalents	8	5,193,675,566	4,930,224,534
Current tax	12	-	24,278,955
		<u>10,047,697,628</u>	<u>10,266,646,829</u>
Total assets		<u>12,588,158,585</u>	<u>13,138,483,502</u>
Equity			
Share capital	9	100,000,000	100,000,000
Retained earnings		<u>3,546,494,699</u>	<u>3,446,623,232</u>
		3,646,494,699	3,546,623,232
Current liabilities			
Trade and other payables	10	8,861,610,246	9,557,415,703
Provisions	11	34,859,322	34,444,567
Current tax	12	45,194,319	-
		<u>8,941,663,887</u>	<u>9,591,860,270</u>
Total equity and liabilities		<u>12,588,158,585</u>	<u>13,138,483,502</u>

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 Director
 Date: 21-06-2023

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 Director
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2022

Particulars	Share capital	Retained earnings	Total
	TZS	TZS	TZS
<u>Year ended 31st December 2021</u>			
As at start of the year	100,000,000	3,084,789,071	3,184,789,071
Prior year taxes	-	(116,595,169)	(116,595,169)
	<u>100,000,000</u>	<u>2,968,193,901</u>	<u>3,068,193,901</u>
Net profit / (loss)	-	478,429,331	478,429,331
At the end of the year	<u>100,000,000</u>	<u>3,446,623,232</u>	<u>3,546,623,232</u>
<u>Year ended 31st December 2022</u>			
As at start of the year	100,000,000	3,446,623,232	3,546,623,232
Prior year taxes	-	(260,908,778)	(260,908,778)
Prior year adjustments	-	1,007,348	1,007,348
	<u>100,000,000</u>	<u>3,186,721,801</u>	<u>3,286,721,801</u>
Net profit / (loss)	-	359,772,897	359,772,897
At the end of the year	<u>100,000,000</u>	<u>3,546,494,699</u>	<u>3,646,494,699</u>

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2022

PARTICULARS	2022 TZS	2021 TZS
<u>Cash flows from operating activities</u>		
Profit / (Loss) before tax	574,967,216	624,150,376
<u>Adjustment for:</u>		
Depreciation and amortisation	368,663,852	398,350,228
Prior period adjustments	1,007,348	-
	<u>944,638,416</u>	<u>1,022,500,604</u>
<u>Movements in working capital:</u>		
(Increase)/ decrease in inventories	35,345,790	(37,000,000)
(Increase)/ decrease in trade and other receivables	422,775,487	(219,296,373)
Increase/ (decrease) in trade and other payables	<u>(695,390,702)</u>	<u>1,994,632,526</u>
Cash generated from operations	707,368,991	2,760,836,757
Less: Taxes paid	<u>(406,629,824)</u>	<u>(286,595,169)</u>
Net cash generated by operating activities (A)	300,739,168	2,474,241,588
<u>Cash flow from investing activities</u>		
Payments of purchase of property, plant and equipment	<u>(37,288,136)</u>	<u>(136,319,484)</u>
Net cash (used in) / generated by investing activities (B)	(37,288,136)	(136,319,484)
<u>Cash flow from financing activities</u>		
Proceed from issue of equity share capital	-	-
Net cash (used in) / generated by financing activities (C)	-	-
Net increase in cash and cash equivalents (A+B+C)	263,451,032	2,337,922,104
Cash and cash equivalents at the beginning of the year	<u>4,930,224,534</u>	<u>2,592,302,430</u>
Cash and cash equivalents at the end of the year	5,193,675,566	4,930,224,534

The significant accounting policies on pages 10 and the notes on pages 11 to 15 form an integral part of these financial statements.

Report of the Independent Auditor's on page 4 & 5.

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 Name: IMTIAZ HASI
 Director
 Date: 21-06-2023

Name: _____
 Director
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MODERN FLEXIBLE PACKAGING LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of Accounting

The accounts have been prepared on accrual basis under the historical cost convention, in accordance with the generally accepted accounting principles.

1.2 Adoption of International Financial Reporting Standards (IFRS)

The directors have not adopted the International Financial Reporting Standards for the preparation and presentation of its financial statements. In the circumstances, these financial statements have been prepared under the generally accepted accounting principles.

1.3 Turnover

Turnover, which is net of Value Added Tax (VAT), represents the invoiced value of goods supplied.

1.4 Property, plant and equipment

Property, plant and equipment are stated in the financial statements at cost less depreciation. Continuing existence and verification of fixed assets is confirmed by the management.

1.5 Depreciation

Depreciation is provided on reducing balance method. The rates used for calculating depreciation are:

Computer	37.50%
Furniture and Fittings	12.50%
Plant and Machinery	12.50%
Motor Cycle	12.50%
Motor Vehicles	25.00%
Office Equipment	12.50%

1.6 Inventories

Stock (inventories) and work in progress are physically verified and valued by the management at lower of cost and net realizable value.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022 TZS	2021 TZS
2 Cost of sales		
Opening stock	185,841,328	148,841,328
Add: Purchases	25,507,425,468	21,846,462,111
Less: Closing stock	(150,495,538)	(185,841,328)
Cost of material consumption	25,542,771,258	21,809,462,111
Add: Direct costs		
Clearing and forwarding charges	370,490,420	382,859,182
Cleaning and printing cylinder expenses	513,142,400	448,169,900
Import duty	1,385,035,178	1,293,050,422
Excise duty	-	-
Depreciation	353,721,415	392,718,099
Direct levies and duties	-	-
Other direct cost	179,006,370	193,682,326
Factory expenses	291,978,528	260,208,315
Fuel expenses - direct	108,498,792	62,910,000
Insurance - direct	-	-
Rent - direct	182,668,000	204,580,000
Offloading charges	445,738,120	317,940,510
Electricity and water expenses	448,386,940	379,941,193
Port charges	279,012,154	272,243,661
Repairs and maintenance - direct	596,542,626	437,845,747
Shipping line expenses	58,112,677	42,739,464
IDO Oil	190,881,920	145,275,040
	<u>5,403,215,540</u>	<u>4,834,163,859</u>
Total cost of sales	<u>30,945,986,798</u>	<u>26,643,625,970</u>
3 Administrative expenses		
Audit fees	13,456,000	10,440,000
Salaries and wages - Admin	799,469,956	822,605,688
Depreciation	14,942,437	5,632,129
Director's remuneration and fees	120,000,000	102,000,000
Water expenses	2,552,850	-
OSHA contributions	11,450,000	6,718,000
AC servicing expenses	6,393,807	15,194,000
Parking charges	664,000	559,000
Insurance expenses	57,504,909	57,565,655
Medical and local expenses	9,967,124	28,053,754
NSSF contribution - Admin	102,115,033	72,417,627
Rent - others	107,377,469	45,099,520
Postage and courier expenses	12,672,269	7,499,599
Professional and legal fees	16,950,000	23,274,974
Canteen expenses	161,186,081	119,662,413
Repairs and maintenance - vehicles	50,599,264	42,192,126
SDL cost	40,395,428	35,502,863
Printing and stationery expenses	28,649,276	33,955,300
Security expenses	40,666,000	38,724,000
Staff welfare expenses	187,000	225,220
Travelling expenses	154,229,465	88,038,268

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022	2021
	TZS	TZS
Subscription charges	8,856,875	1,139,153
Office expenses	137,223,982	121,859,099
Telephone expenses	11,819,823	10,190,933
Enviromental expenses	4,300,000	10,050,000
WCF expenses	5,593,953	7,022,537
Visa and permit expenses	18,554,738	18,931,675
Inspection charges	33,261,715	24,504,124
Total	1,971,039,454	1,749,057,657
4 Selling and distribution expenses		
City service levy charges	89,591,006	90,358,059
Transportation expenses	324,465,746	456,563,330
Promotion expenses	6,218,929	2,397,122
Total	420,275,681	549,318,511
5 Financial expenses		
Bank charges	50,415,178	50,280,538
Foreign exchange loss / (gain) - realised	76,425,391	-
Foreign exchange loss / (gain) - unrealised	13,478,099	866,449
Total	140,318,668	51,146,987
6 Inventories		
Closing stock	150,495,538	185,841,328
	150,495,538	185,841,328
7 Trade and other receivables		
Advance to suppliers	241,183,458	130,351,803
Other deposit	1,000,000	1,000,000
Prepaid expenses	21,363,984	5,430,000
Trade debtors	4,207,797,397	3,966,681,183
VAT receivable	232,181,685	1,022,839,026
	4,703,526,524	5,126,302,012
8 Cash and cash equivalents		
Cash in hand	18,189,000	9,880,000
Cash at banks	5,175,486,566	4,920,344,534
	5,193,675,566	4,930,224,534
9 Share capital		
<u>Authorized share capital</u>		
100 shares of TZS.1,000,000/- each	100,000,000	100,000,000
<u>Issued and paid up share capital</u>		
100 shares of TZS. 1,000,000/- each	100,000,000	100,000,000
	100,000,000	100,000,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022	2021
	TZS	TZS
10 Trade and other payables		
Trade creditors	6,675,929,624	7,636,947,611
Salary payable	-	23,481,507
Provision for expenses	36,866,382	-
Advance from customers	2,148,814,240	1,896,828,992
Withholding tax payable	-	157,593
	8,861,610,246	9,557,415,703
11 Provisions		
NSSF payable	8,722,068	8,958,178
PAYE payable	8,744,022	10,973,051
SDL payable	3,499,762	3,594,207
Audit fees payable	13,456,000	10,380,000
WCF payable	437,470	539,131
	34,859,322	34,444,567
12 Current tax		
Previous year's net tax position	(24,278,955)	49,370,249
Provision for tax current year tax	215,194,319	145,721,045
Assessment tax payable	24,278,955	-
Assessment tax paid	-	(49,370,249)
Advance tax paid	(170,000,000)	(170,000,000)
	45,194,319	(24,278,955)

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

13 Property, plant & equipment

Particulars	Motor cycle		Plant and machinery		Furniture and fittings		Office equipment		Computers / Motor vehicles Class I		Motor vehicles Class II		Total	
	TZS		TZS		TZS		TZS		TZS		TZS		TZS	
Cost														
Balances at 1st January 2021	17,444,112		5,822,333,935		78,329,330		11,986,000		47,953,334		34,410,992		6,012,457,703	
Additions	-		129,291,687		-		7,027,797		-		-		136,319,484	
Balances at 31st December 2021	17,444,112		5,951,625,622		78,329,330		19,013,797		47,953,334		34,410,992		6,148,777,187	
Balances at 1st January 2022	17,444,112		5,951,625,622		78,329,330		19,013,797		47,953,334		34,410,992		6,148,777,187	
Additions	-		-		-		-		37,288,136		-		37,288,136	
Balances at 31st December 2022	17,444,112		5,951,625,622		78,329,330		19,013,797		85,241,470		34,410,992		6,186,065,323	
Accumulated depreciation														
Balances at 1st January 2021	11,717,675		2,729,136,205		51,130,247		6,320,100		46,969,909		33,316,150		2,878,590,286	
Depreciation for the year	715,805		392,718,099		3,399,885		873,944		368,784		273,711		398,350,228	
Balances at 31st December 2021	12,433,480		3,121,854,304		54,530,132		7,194,044		47,338,693		33,589,861		3,276,940,514	
Balances at 1st January 2022	12,433,480		3,121,854,304		54,530,132		7,194,044		47,338,693		33,589,861		3,276,940,514	
Depreciation for the year	626,329		353,721,415		2,974,900		1,477,469		9,658,456		205,283		368,663,852	
Balances at 31st December 2022	13,059,809		3,475,575,719		57,505,032		8,671,513		56,997,149		33,795,144		3,645,604,366	
Carrying value														
Balances at 31st December 2022	4,384,303		2,476,049,903		20,824,298		10,342,284		28,244,321		615,848		2,540,460,957	
Balances at 31st December 2021	5,010,632		2,829,771,318		23,799,198		11,819,753		614,641		821,131		2,871,836,673	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

14 Related party disclosure

The company has following related parties by virtue of common shareholding / directorship:
In Tanzania

- 1) Mr. Imtiaz Haji - Shareholder / Director

<u>Transactions:</u>	2022	2021
	TZS	TZS
<u>Director's remuneration:</u>		
1) Mr. Imtiaz Haji	120,000,000	102,000,000

15 Contingent liabilities and commitments

The management does not anticipate any contingent liabilities as at 31st December 2022.

- 16** Previous year's figure have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

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