

**METL MOTORS LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DEC, 2021**

SHEBRILA & CO  
CERTIFIED PUBLIC ACCOUNTANTS  
IN PUBLIC PRACTICE

P.O. BOX 22131  
DAR ES SALAAM - TANZANIA  
TELEFAX 255-22-2451988

METL MOTORS LIMITED  
Annual report and financial statements  
For the year ended 31st December 2021

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**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

: MRS. DIXITA MOHAMMED GULAMABBAS DEWJI  
: MR. GULAMABBAS HASSANALI FAZAL DEWJI  
: MR. HUSSAIN GULAMABBAS HASSANALI FAZAL DEWJI  
: MR. HASSAN GULAMABBAS DEWJI

**REGISTERED OFFICE**

: PLOT NO. 2006/93, MOROGORO ROAD, INDIRA GANDHI STREET, TEXTILE HOUSE,  
: GROUND FLOOR, ILALA, DAR ES SALAMM

**INDEPENDENT AUDITORS**

: Shebrila & Co  
: Certified Public Accountants in Public Practice  
: P. O. Box 22131  
: Dar Es Salaam

**COMPANY SECRETARY**

: MR. MURTAZA DEWJI  
:

## INTRODUCTION

Your directors' have the pleasure in presenting their report together with the Audited Financial Statements for the financial year ended on 31ST December 2021, which discloses the State of Affairs of your company.

## INCORPORATION

The company is incorporated in Tanzania under the Companies Act 2002, as a limited liability company and it is domiciled in Tanzania.

## PRINCIPAL ACTIVITIES

The principal activity of the company is that of PRIVATE- CARRY ON BUSINESS IN GARAGE PROPRIETORS, GENERAL MERCHANTS, DEAL AND ENGAGE IN AGRIBUSINESS, PETROL SERVICE STATION ETC  
**COMMERCIAL OPRETIONS**

The Commercial Opretion have been started from March 2020

## BOARD OF DIRECTORS COMPOSITION

The directors who held office at the date of this report are shown on page 1.

All the directors' are having interest in the company to the extent given under the heading 'Capital Structure'. The interest was fully disclosed at the board meetings.

## CORPORATE GOVERNANCE

The Board of Directors consists of 2 directors. The Board takes overall responsibility for the Company, including

The Board is meeting at regular intervals. The Board delegates the day to day management of the business to the Managing Director and senior management. Senior management is invited to attend the board and management meetings and facilitates the effective control of all the Company's operational activities, as a medium of communication and coordination between all the various business units.

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

## MANAGEMENT

Management of the company is under the Managing Director and is organized in the following departments:

- Finance and Administration
- Operations

## CAPITAL STRUCTURE AND SHAREHOLDING OF THE COMPANY

MRS. DIXITA MOHAMMED GULAMABBAS DEWJI	50 ordinary shares of Tzs 1000000 each
MR. GULAMABBAS HASSANALI FAZAL DEWJI	40 ordinary shares of Tzs 1000000 each
MR. HUSSAIN GULAMABBAS HASSANALI FAZAL DEWJI	05 ordinary shares of Tzs 1000000 each
MR. HASSAN GULAMABBAS DEWJI	05 ordinary shares of Tzs 1000000 each

## INDEPENDENT AUDITORS

The auditors, Shebrila & Co have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment of Shebrila & Co as METL MOTOS LTD for the year 2022 will be put to the Annual General Meeting.

## 10 FUTURE PLANS

The company will continue to improve its profitability through introduction of innovative products, focusing on value added customer services and selective expansion of its divisions while carefully managing both costs and risks. The company will continue to focus on improving productivity and introducing better quality products, to sustain

## 11 RESULTS AND DIVIDENDS

	Tzs 2021	Tzs 2020
Profit before tax	159,651,831	56,937,810
Tax charge	-	-
Surplus for the year	<u>159,651,831</u>	<u>56,937,810</u>

The directors do not recommend the declaration of a dividend for the year.

## 12 RISK MANAGEMENT AND INTERNAL CONTROLS

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 operations control systems are reasonable assurance regarding:- developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The efficiency and effectiveness 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 behavior towards all stakeholders.

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

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

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

## 13 SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on an ongoing concern basis. The Board of directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

## REPORT OF THE DIRECTORS

### 14 EMPLOYEE'S WELFARE

#### - Management and Employees' Relationship

There were continued good relation between employees and management during the year and there were no unresolved complaints. A healthy relationship continues to exist between management and trade unions.

The company is an equal opportunity employer and provides 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 regards to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

#### - Training facilities

A system of continued training is inbuilt in the working environment of the company. However, the employees are encouraged to get the additional skills in their line, as and when available and feasible from outside organizations.

#### - Medical Assistance, Health and Safety

The company has strong health and safety measures in place, which ensure that a sound culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

#### - Persons with Disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the concerned applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and appropriate training is arranged. It is the policy of the company that training, career development, and promotion of disabled persons should, as far possible, be identical to that of other employees.

#### - Employees' benefit plan

The company pays contributions to a NSSF, PPF and WCF on mandatory basis which qualifies to be a defined contribution plan.

### 15 RELATED PARTIES TRANSACTIONS

The company has made all the related party transactions at arm's length.

### 16 POLITICAL AND CHARITABLE CONTRIBUTION

The company did not make any donations during the year.

### 17 CORPORATE SOCIAL RESPONSIBILITY

The company is contributing to the society by providing various steel bar products for the further use in constructions activities at affordable prices. Further, the company is proud employer of around 239 employees and the company ensures the mutual benefit of the employees and the business, at all times. Besides, a number of persons are indirectly earning their livelihood on being employed by the company's dealers and sub dealers.

The company is regular in payment of its legal liabilities in the form of taxes. The company is making all possible efforts to avoid any kind of loss to the environment. The plastic recycling plant ensures cleaning and conversion of a large quantity of non-degradable plastic waste thus protecting the environment. The machineries used by the company are environment friendly and every effort is being made, to preserve the environment.

**18 STATEMENT OF DIRECTORS RESPONSIBILITY**

The Companies Act 2002 require the directors to prepare financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results for that year. It also requires the directors to ensure that the company maintains proper accounting records which disclose with reasonable accuracy the financial position of the company. The directors are also responsible for safeguarding the assets of the company.


The directors accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with previous years, and in conformity with the International Financial Reporting Standards and the requirements of the Companies Act 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the company as at 31 December 2021 and of its operating results for the year then ended. The directors further confirm the accuracy and completeness of the accounting records maintained by the company which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

**19 ACKNOWLEDGEMENT**

Your directors wish to place on records, their sincere thanks and deep sense of appreciation for the overwhelming co-operation and assistance received from the Government of Tanzania, the Tanzania Revenue Authority, Tanzania Port Authority, various other Government and Semi Government organizations, the bankers of the company and last but not the least the employees of the company. The management looks forward for the continued support from all for the coming future.

**BY THE ORDER OF THE BOARD**

.....  
Director  
Date:

  
.....  
Director  
Date:

## DECLARATION OF THE HEAD OF FINANCE OF

### METL MOTORS 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/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.*

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I; CPA CLEMENT DAVID MANYAFU acting as the Head of Finance of METL Motors Limited ; do hereby acknowledge my responsibility of ensuring that Financial Statements for the year ended 31<sup>st</sup> December, 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

I, thus confirm that these Financial Statements give a true and fair view position of METL Motors Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by:  .....

Position: *Certified Public Accountant in Public Practice*

NBAA Membership No.: ACPA -PP 868

Date: .....

**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF METL MOTORS LIMITED**

**Opinion**

We have audited the financial statements of **METL MOTORS LIMITED** which comprise the statement of financial position as at 31 December 2021 and the statement of profit and loss and statement of changes in the equity and statement of cash flows for the year ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2021, and of its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS) and the Tanzania Companies Act, 2002.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Board of directors' report, statement of director responsibility, and schedule of expenditure and any other report that comprise the annual report but 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 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.

**Responsibilities of Directors for the financial statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and requirements of the Tanzania 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.

**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF METL MOTORS LIMITED(CONTINUED)**

**Responsibilities of the Board of Directors for the financial statements (continued)**

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 intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 carried out in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- i. 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.
- ii. 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 organization's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- iv. Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization'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

**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF METL MOTORS LIMITED (CONTINUED)**

**Auditor's responsibilities for the audit of the financial statements (continued)**

auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.

- v. 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 those charged with governance 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.

SHEBRILA & CO.  
CERTIFIED PUBLIC ACCOUNTANTS  
IN PUBLIC PRACTICE  
P.O. Box 22131  
Tel: 255-784-221248  
DAR ES SALAAM



**B.M HAKILI – ACPA 442  
PARTNER  
DATE:**





**METL MOTORS LIMITED**

**BALANCE SHEET AS AT 31ST DEC, 2021**

NON CURRENT ASSETS	NOTE	31.12.2021	31.12.2020
		TZS	TZS
PROPERTY PLANT AND EQUIPMENT		-	-
<b>CURRENT ASSETS</b>			
Stocks and Stores		12,514,032,817	12,177,868,443
Trade Receivable		2,665,938,275	4,392,824,713
Cash and Bank Balances		22,241,571	16,093,553
<b>TOTAL</b>		<b>15,202,212,663</b>	<b>16,586,786,709</b>
<b>TOTAL</b>		<b>15,202,212,663</b>	<b>16,586,786,709</b>
<b>LIABILITIES &amp; RESERVES ATRIBUTABLE TO EQUITY HOLDERS</b>			
SHARE CAPITAL		100,000,000	100,000,000
Advances from the Shareholders			
Accumulated Profit/(losses)		159,651,831	56,937,810
<b>TOTAL</b>		<b>259,651,831</b>	<b>156,937,810</b>
<b>CURRENT LIABILITIES</b>			
Creditors and Accruals		14,942,560,836	16,429,848,899
Unsecured Creditors		-	-
<b>TOTAL</b>		<b>14,942,560,836</b>	<b>16,429,848,899</b>
<b>TOTAL</b>		<b>15,202,212,666</b>	<b>16,586,786,709</b>

NOTE 1 TO 9 FORM PART OF THESE FINANCIAL STATEMENTS

*Signature*

.....  
DIRECTOR

DATE-----

METL MOTORS LIMITED



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DEC, 2021

INCOME	NOTE	31.12.2021 TZS	31.12.2020 TZS
SALES		11,731,086,996	4,229,837,450
COST OF SALES		11,418,408,690	3,967,616,154
<b>GROSS PROFIT/(LOSS)</b>		<b>312,678,306</b>	<b>262,221,296</b>
Administration Expenses		200,851,817	200,638,905
Financial Expenses		9,112,469	4,394,581
Selling Expenses		-	-
Other Expenses		-	-
Depreciation		-	-
Statutory and Legal Expenses		-	-
Insurance		-	-
		<b>209,964,286</b>	<b>205,033,486</b>
<b>NET OPERATING PROFIT/(LOSS) BEFORE TAXATION</b>		<b>102,714,021</b>	<b>57,187,810</b>
LESS: PROVISION TAXATION EXCHANGE (LOSSES)			
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>102,714,021</b>	<b>57,187,810</b>
<b>LOSS BROUGHT FORWARD</b>		<b>56,937,810</b>	<b>(250,000)</b>
<b>ACCUMULATED PROFIT/(LOSS) CARRIED FORWARD</b>		<b>159,651,831</b>	<b>56,937,810</b>

NOTE 1 TO 9 FORM PART OF THESE FINANCIAL STATEMENTS

  
 .....  
**DIRECTOR**

**METL MOTORS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR**  
**ENDED 31ST DEC, 2021**



	2021 TZS	2020 TZS
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit /(loss) for the year	102,714,021	57,187,810
Adjustments for Non - Cash Items		
Depreciation	-	-
Surplus Before Changes in Working Capital Items	<b>102,714,021</b>	<b>57,187,810</b>
<b>WORKING CAPITAL ITEMS MOVEMENTS:</b>		
(Increase)/Decrease in Stocks and Stores	(336,164,374)	(12,177,868,443)
(Increase)/Decrease in VAT payable	177,601,972	(1,111,929,236)
(Increase)/Decrease in Debtors & Prepayment	1,579,284,466	(3,179,895,477)
Increase/(Decrease) in Insurance Claims Recoverable	-	-
Increase/(Decrease) in Tenance Deposits	(30,000,000)	(1,500,000)
Increase/(Decrease) in Ceditors	(1,487,288,063)	16,430,098,899
<b>NET CHANGE IN WORKING CAPITAL</b>	<b>(96,565,999)</b>	<b>(41,094,257)</b>
<b>NET CASH GENERATED FROM OPERATIONS</b>	<b>6,148,021</b>	<b>16,093,553</b>
<b>CASH FROM FINACING ACTIVITIES</b>		
Loan	-	-
Advances from the Shareholders	-	-
<b>NET CASH GENERATED FROM ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>TOTAL SOURCES</b>	<b>6,148,021</b>	<b>16,093,553</b>
<b>CASH USED FOR INVESTING ACTIVITIES:</b>		
Acquisition of Fixed Assets	-	-
Taxation	-	-
<b>NET CASH INFLOW/OUTFLOW FOR THE YEAR</b>	<b>6,148,021</b>	<b>16,093,553.00</b>
<b>CASH AND CASH EQUIVALENT AS AT 1ST JANUARY</b>	<b>16,093,553</b>	<b>-</b>
	<b>22,241,574</b>	<b>16,093,553</b>
Cash in Hand	22,241,571	16,093,553
	-	-
<b>CASH AND CASH EQUIVALENT AT 31ST DECEMBER,</b>	<b>22,241,571</b>	<b>16,093,553</b>

.....  
  
**DIRECTOR**

Accounting Policies

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**1.0 REPORTING ENTITY**

METL MOTORS LTD (the "Company") is a company domiciled in Tanzania. The financial statements of the Company are for the year ended 31<sup>st</sup> December, 2021.

**1.2 BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

**(b) Basis of measurement**

The financial statements are prepared on the historical cost basis except for the financial instruments at fair value through profit or loss which are measured at fair value.

**(c) Functional and presentation currency**

These financial statements are presented in Tanzania Shillings (TZS) which is the Company's functional currency.

**(d) Use of estimates and judgments**

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

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

**1.3 SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Foreign currencies**

The company's accounting records are maintained in Tanzania Shillings (TZS), consequently these financial statements are presented in TZS. Transactions in foreign currency are translated into TZS at exchange rates ruling on the dates of such transactions. Assets and liabilities denominated in foreign currencies at the reporting date are translated into TZS by applying the exchange rate ruling as at the balance sheet date. Exchange differences arising from retranslations are recognized in Statement of Comprehensive Income in the period in which they arise.

**(b) Revenue recognition**

## Accounting Policies

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Revenue comprises the fair value of the consideration received or receivable for sale of goods in the ordinary course of business and is stated net of Value Added Tax (VAT) and discounts.

### **(c) Financial instruments**

#### **(i) Non-derivative financial assets**

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires or it transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **(ii) Non-derivative financial liabilities**

The Company has the following non-derivative financial liabilities; trade and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

#### **(iii) Share capital**

Ordinary shares are classified as equity incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity net of any tax effects.

### **(d) Property, Plant and equipment**

#### **(i) Recognition and measurement**

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to the working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets are capitalized as incurred.

## Accounting Policies

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

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

### **(ii) Subsequent cost**

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

### **(iii) Depreciation**

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. The annual rates for the estimated useful lives for the current and comparative periods are as follows: -

- Furniture and fittings 12.5%
- Motor vehicles 10%
- Plant and Machinery 12.5%
- Building 10.00%

### **(e) Impairment**

#### **(i) Financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred other the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy the disappearance of an active market for a security.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

## Accounting Policies

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In assessing collective impairment the company uses historical trends of the probability of default, timing of recoveries and amount of loss incurred, adjusted for management's judgment as to whether current

economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimate future cash flows discounted at the asset's original effective interest rate.

Losses are recognized in profit or loss and reflected in an allowance account against receivables interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event cause the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### **(ii) Non Financial Assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset recoverable amount is estimated. For goodwill and intangible assets (if any) that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use in its fair value less cost to sale. Assessing the value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash – generating unit, or CGU").

The company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **(f) Employee benefit**

## Accounting Policies

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### **(i) Defund contribution plan**

The Company makes statutory Contributions to the National Social Security Fund (NSSF). The Company's obligations in respect of contribution to such fund are 10% of the employees' gross emoluments.

Contributions to these pension funds are recognized as expenses in the period the employees render the related services.

### **(ii) Termination benefit**

Termination benefits are recognized as an expenses in the year when it become payable. Termination benefits are determined in accordance with the Tanzanian Labor Laws.

### **(iii) Short term benefits**

Short term employee benefit obligation are measured on an undiscounted basis and an expensed as the related service is provided,

A liability is recognized for the amount expected to be paid under short-term each bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and he obligation can be estimated reliably.

### **(g) Provisions**

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

### **(h) Finance expenses**

Finance expenses comprise interest expense on borrowing. All borrowing costs, other than borrowing costs related to qualification assets (see note 3(d) (i)), are recognized in profit or loss using the effective interest method.

### **(i) Income Tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly I equity in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary difference between the carrying amounts of asset and liabilities for financial reporting purposes and the amount

## Accounting Policies

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used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rate enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probably that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **(j) Dividends**

Dividends on ordinary shares are recognized as a liability in the period in which they are declared.

### **(k) New Standards and interpretations not yet adopted**

A number of new standard, amendments to standards and interpretations are not yet effective for annual period beginning after 1<sup>st</sup> January, 2012 and have not been applied in preparing these financial statements. None of those are expected to have a significant effect on the financial statements of the company except for:

- IFRS 13 provide a single source of guidance on how fair value is measured and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurement or disclosure are required or permitted by other IFRSs. IFRS 13 is effective for annual period beginning on or after 1<sup>st</sup> January, 2012 with early adoption permitted.
- IAS 19 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the Company. However, the Company may need to assess the impact of the change in measurement principle of expected return on plan assets (IAS 19 (2011) is effective for annual period beginning on or after 1<sup>st</sup> January, 2012 with early adoption permitted and IFRS 9 Financial instrument which will become mandatory for the Company's 2015 financial statements and could change the classification and measurement of financial assets but is not expected to have a significant effect on the financial statements. The company does not plan to adopt this standard and the extent of the impact has not been determined.

## **1.4 FINANCIAL RISK MANAGEMENT**

This note presents information about the Company's exposure to the various objective policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's finance has overall responsibility of the establishment and oversight of the Company risk management framework. The Company's risk management policies are established to identify and analyses the risks faced by the company to set appropriate risk limits and controls, and in monitor risk adherence to limits. Risk management policies and system are reviewed regularly to reflect change in market conditions, products and services of feed. The company, through to training

## Accounting Policies

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and management standard and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their role and obligations.

The directors are responsible for monitoring compliances with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework to relation to the risk faced by the company. The directors are assisted to these functions by the management.

### **Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the Company's receivables from customers.

The Company has provided for receivables over 30 days with the exception of cases where there is an agreed payment plan. Trade receivables between 60 days and 90 days are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

The Company uses an internal credit rating system to assess potential customers' credit quality and defines credit limit for each customer. Limits attributed to customers are reviewed continuously.

Category of trade and other receivable as defined by IAS 39, analyzing the carrying amounts – similar to their fair values at reporting date and showing maximum exposure to credit risk if different from carrying amount.

### **Liquidity risk**

The Company's liquidity risk represented by trade and other payable bank overdraft and short term loan.

The Company ensures that it has sufficient cash on demand such that all payable are paid within the credit timeframe. No interest is payable on trade and other payable.

Bank overdraft and short term bank loan facilities are held with financial institutions; primarily strong local banks are secured. The facilities are operated within designated limits and under the terms and conditions agreed with the financial institutions.

The Directors are confident that the Company has sufficient fund to meet its total liabilities as and when they fall due. All liquidity policies and procedures are subject to review and approval by the Company's Board of Directors.

### **Market risk**

The activities of the Company expose it primarily to the financial risks of change in foreign currency exchange rate and interest rates.

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic financial markets, monitor and manages the financial risks relating to the operations of

## Accounting Policies

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the company through internal risk reports which analyze exposure by degree and magnitude of risks. These risks include market risk (including currency risk fair value interest rate risk and price risk), liquidity risk and cash flow interest rate risk.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The company does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

The Company's Treasury Function reports monthly to the Group's Treasury as section of the Group that monitors risks and policies implemented to mitigate risks exposures.

There has been to change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

- **Interest rate risk management**

The Company is exposed to interest rate risk whenever it borrows fund at both fixed and floating interest rates. The risk is managed by the company by maintaining an appropriate mix fixed and floating rate borrowings.

- **Capital management**

The company manages to capital to ensure that it is able to continue as a going concern while maximizing the return to stakeholder though the optimization of the debt and equity balance. There were no changes in the Company's approach to capital management during the year.

## 1.5 SUBSEQUENT EVENTS

At the date of signing the financial statements, the Company Management is not aware of any other matter or circumstance arising since the date of the end of the reporting period, not otherwise dealt in these financial statements, which significantly affected the financial statements which significantly affected the financial position of the Company and results of its operations.

**METL MOTORS LIMITED**

	31.12.2021 TZS	31.12.2020 TZS
<b>NOTE 3 STOCKS AND STORES</b>		
Finished Goods	12,514,032,817	12,177,868,443
Raw Material	-	-
Packing Material	-	-
<b>TOTAL</b>	<b>12,514,032,817</b>	<b>12,177,868,443</b>
<b>NOTE 4 SUNDRY DEBTORS</b>		
Tenancy Deposit	-	-
Insurance Claim Recoverable	-	-
VAT Receivable	934,327,264	1,111,929,236
Taxation Account	31,000,000	1,000,000
Debtors	1,700,611,011	3,279,895,477
<b>TOTAL</b>	<b>2,665,938,275</b>	<b>4,392,824,713</b>
<b>NOTE 5 AUTHORISED SHARE CAPITAL</b>		
100 Ordinary shares of TZS 100,000 @ Fully Paid	100,000,000	100,000,000
<b>TOTAL</b>	<b>100,000,000</b>	<b>100,000,000</b>
<b>NOTE 6 CASH AND BANK BALANCES</b>		
EXIM Bank \$ Account	2,730,322	-3003298
Exim Bank Tsh Account	14,781,971	14411851
Cash on Hand	4,729,278	4,685,000
<b>TOTAL</b>	<b>22,241,571</b>	<b>16,093,553</b>
<b>NOTE 7 CREDITORS AND ACCRUALS</b>		
Sundry Creditors- DSM	-	5,451,157,016
Sundry Creditors- Imports	14,938,932,375	10,857,973,783
Financial Consulting Fees		
Sundry Debtors - Advance	-	112,700,000
VAT Control Account		
Liability for Expenses		
NSSF / PPF Payable	1,706,228	1,319,810
PAYE	1,053,598	849,486
Salary Payable	-	5,848,804
Skills Development Levy Payable	765,431	
WCF Payable	103,204	
TUICO Payable		
Withholding Tax Payable		
Provision for Expenses		
<b>TOTAL</b>	<b>14,942,560,836</b>	<b>16,429,848,899</b>

METL MOTORS LIMITED

	31.12.2021 TZS	31.12.2020 TZS
<b>NOTE 8 SALES</b>		
Sales	11,731,086,996	4,229,837,450
Transport Charges Income	-	-
Rent Income	-	-
<b>TOTAL</b>	<b>11,731,086,996</b>	<b>4,229,837,450</b>
<b>NOTE 9 COST OF SALES</b>		
Opening Stock of Raw Material	-	-
Opening Stock of Finished Goods	12,177,868,443	-
Opening Stock of Packing Material	-	-
	<b>12,177,868,443</b>	-
<b>Add: Purchases of Raw Materials</b>		
Purchase of Products and Materials	8,550,267,143	13,024,109,278
Selling & Distribution Expenses	-	-
Fumigation Expenses	-	-
Milling Charges	-	-
Machinery Repairs & Maintenance	-	-
Building Repairs & Maintenance	-	-
Wharfage & Handling Charges	191,638,295	225,098,540
Import/Custom Duty, Clearing charges	3,012,667,626	2,896,276,779
Salary & Wages	-	-
Laboratory Expenses	-	-
Land Rent / Property Charges	-	-
VAT Input	-	-
Depriciation on FA	-	-
	<b>11,754,573,064</b>	<b>16,145,484,597</b>
<b>TOTAL COST OF INPUT</b>	<b>23,932,441,507</b>	<b>16,145,484,597</b>
<b>Less: Closing Stock as at 31st December</b>		
Stock of Raw Material	-	-
Stock of Finished Goods	12,514,032,817	12,177,868,443
Stock of Packing Material	-	-
	<b>12,514,032,817</b>	<b>12,177,868,443</b>
<b>TOTAL COST OF SALE</b>	<b>11,418,408,690</b>	<b>3,967,616,154</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Printing & Stationery	-	-
Salaries and Wages	169,775,525	125,667,444
NSSF	15,297,903	14,224,690
Skill and Devp. Leavy	6,561,845	5,321,503
Workman Compensation	1,331,544	1,260,268
Legal Expenses	7,885,000	8,750,000
Licence & Certificate	-	-
Staff Welfare	-	45,415,000
Subscriptions	-	-
Financial Expenses	9,112,469	4,394,581
Selling & Distribution Expenses	-	-
City Coucil Levy	-	-
Other Expenses	-	-
Depreciation	-	-
Insurance	-	-
<b>TOTAL</b>	<b>209,964,286</b>	<b>205,033,486</b>

**STATEMENT OF CHANGES IN SHARE HOLDERS FUNDS**

	PAID UP SHARE CAPITAL TZS	ACCUMULATED PROFIT/(LOSS) TZS	TOTAL TZS
As at 1st January , 2021	100,000,000	-	<b>100,000,000</b>
Profit (Loss) for the Year	0	-	-
<b>AS AT 31ST DECEMBER, 2021</b>	<b>100,000,000</b>	-	<b>100,000,000</b>
As at 1st January , 2021	100,000,000	-	<b>100,000,000</b>
Profit (Loss) for the Year	102,714,021	57,187,810	<b>159,901,831</b>
<b>AS AT 31ST DECEMBER, 2021</b>	<b>202,714,021</b>	<b>57,187,810</b>	<b>259,901,831</b>