

**R. J. MOTICHAND TRANS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**



Certified Public Accountants and Tax Consultants

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



*Certified true  
copy of the  
original  
Account!*

CONTENTS	PAGE
Company information	1
Report of the directors	2 - 4
Statement of directors' responsibilities	5
Independent Practitioner's Report	6
Financial statements:	
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Significant accounting policy	11 - 13
Notes to these financial statements	14 - 17
Tax computation	18



**Company information**

**Board of directors**

<b>Names</b>	<b>Nationality</b>
: Mr. Rajendra J. Motichand	:Tanzanian
: Mr. Kamal R. Motichand	:Tanzanian
: Mr. Rohit R. Motichand	:Tanzanian
: Mr. Dhiren R. Motichand	:Tanzanian

**Registered office**

: Plot No: 273  
: Block No: 43  
: Buguruni  
: P. O. Box 5036,  
: Dar es salaam.  
: Tanzania

**Principal bankers**

: Exim Bank (Tz) Limited  
: P. O. Box 1431,  
: Dar Es Salaam  
: Telephone No: 022-2113091  
: Fax No: 022-2119737

**Independent Practitioner**

Assad Associates  
Certified Public Accountants  
Mansfield/ Bridge street  
P O Box 7286  
Dar es Salaam  
Tanzania

**Company Secretary**

: Mr. Kamal R. Motichand :Tanzanian

## REPORT OF THE DIRECTORS

The directors submit their annual report together with the financial statements for the year ended 31 December 2020 which disclose the state of affairs of the company.

### INCORPORATION

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

### PRINCIPAL ACTIVITIES

The principal activity of the company is that of Transport Services

### COMPOSITION OF THE BOARD OF DIRECTORS

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

Names	Position
: Mr. Rajendra J. Motichand	Director
: Mr. Kamal R. Motichand	Director
: Mr. Rohit R. Motichand	Director
: Mr. Dhiren R. Motichand	Director

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

### CORPORATE GOVERNANCE

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

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

### SHARE CAPITAL

The authorised and issued share capital of the company is shown on note 10 of the financial statements. The shareholders of the company with their respective shareholdings is as follows:

Name of the shareholders	No of shares held	Shareholding
: Mr. Rajendra J. Motichand	40,000	40%
: Mr. Kamal R. Motichand	20,000	20%
: Mr. Rohit R. Motichand	20,000	20%
: Mr. Dhiren R. Motichand	20,000	20%
	<b>100,000</b>	<b>100%</b>

## REPORT OF THE DIRECTORS (CONTINUED)

### RESULTS

	<u>2020</u> <u>T.SHS</u>	<u>2019</u> <u>T.SHS</u>
Profit before tax	219,618,939	880,216,553
Tax charge - Current year	3,736,740	(198,023,989)
Profit for the year	<u>223,355,680</u>	<u>682,192,564</u>

### DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2020: Nil).

### RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

The Board assessed the internal control systems throughout the financial year ended 31 December 2020 and is of the opinion that they met the expected criteria.

### SOLVENCY

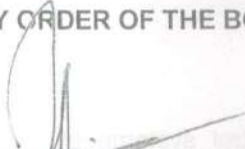
The board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The board of directors has reasonable expectation that R J Motichand Trans Limited has adequate resources to continue in operational existence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

**REPORT OF THE DIRECTORS (CONTINUED)**


**INDEPENDENT PRACTITIONER**

The company's independent practitioner, Assad Associates have expressed their willingness to continue in office in accordance with Section 170 of the Companies Act 2002 and are eligible for re-appointment. A resolution proposing the re-appointment for the year ended 31 December 2020 will be put in the Annual General Meeting.

**BY ORDER OF THE BOARD**

  
\_\_\_\_\_  
: Mr. Rajendra J. Motichand  
Director

17/06/ 2021

  
\_\_\_\_\_  
: Mr. Kamal R. Motichand  
Director

17/06/ 2021

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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


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

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

The directors have reviewed the company's cashflow forecast for the year ended 31 December 2020 and in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2020 and of its profit and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Tanzanian Companies Act 2002.

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

  
.....  
: Mr. R. J. Motichand  
Director

17/06/2021  
.....  
Date

**Report on the financial statements**

We have compiled the accompanying financial statements of R J Motichand Trans Limited based on information you have provided. These financial statements comprise the statement of financial position of R J Motichand Trans Limited as at 31st December 2020, the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

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

**FOR : ASSAD ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**

Signed by Sajjad Jusab  
FCPA 216

14/6/2021  
Date

Place : Dar es Salaam

**STATEMENT OF COMPREHENSIVE INCOME**

	Note	2020 Tzs	2019 Tzs
Revenue from transport services	1 (b)	9,286,554,378	9,652,412,957
Direct cost	19	<u>(8,411,549,586)</u>	<u>(7,709,142,938)</u>
Contribution		875,004,792	1,943,270,020
Other Income	15	4,588,887	-
Administrative expenses	20	(265,979,518)	(278,827,433)
Other operating expenses	21	<u>(193,444,142)</u>	<u>(529,208,159)</u>
<b>Operating profit</b>		420,170,018	1,135,234,428
Finance cost	22	<u>(200,551,222)</u>	<u>(255,018,073)</u>
<b>Profit before tax</b>		219,618,939	880,216,553
Taxation		<u>3,736,740</u>	<u>(198,023,989)</u>
<b>Profit / (Loss) after tax</b>		<u><u>223,355,680</u></u>	<u><u>682,192,564</u></u>

**STATEMENT OF FINANCIAL POSITION**

	Note	2020 Tzs	2019 Tzs
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	<u>4,400,817,288</u>	<u>4,452,591,793</u>
<b>CURRENT ASSETS</b>			
Inventories	5	40,151,886	32,500,100
Receivables and prepayments	6	790,352,746	922,184,743
Cash and cash equivalents	14	12,271,928	30,748,183
Taxation	3	-	1,625,012
		<u>842,776,560</u>	<u>987,058,039</u>
<b>TOTAL ASSETS</b>		<u><u>5,243,593,849</u></u>	<u><u>5,439,649,833</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	7	1,200,000,000	1,000,000,000
Retained earnings	8	901,412,020	678,056,341
Shareholders fund	18	46,000,000	73,000,000
		<u>2,147,412,020</u>	<u>1,751,056,341</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax	12	412,060,406	496,781,605
Long term finance	9	1,997,781,421	1,642,980,768
		<u>2,409,841,826</u>	<u>2,139,762,373</u>
<b>CURRENT LIABILITIES</b>			
Payables and accruals	11	621,267,529	1,195,918,914
Bank overdraft	10	60,713,528	352,912,560
Taxation	3	4,359,447	-
		<u>686,340,503</u>	<u>1,548,831,474</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u><u>5,243,593,849</u></u>	<u><u>5,439,649,833</u></u>

The financial statements on pages 7 to 18 were approved by the Board of Directors on.....17/6/2021 and were signed on its behalf by:

Signature:

**Rajendra J. Motichand**



Signature:

**Kamal R. Motichand**



**STATEMENT OF CHANGES IN EQUITY**

	Share Capital Tzs	Accumulated Profit / (loss) Tzs	Shareholders funds Tzs	Total Tzs
<b>Year ended 31st December 2020</b>				
As at 1st January 2020	278,000,000	1,031,081,522	368,974,819	1,678,056,341
Shareholder's funds capitalized			200,000,000	200,000,000
Prior year Tax	-	-	-	-
Profit for the year	-	223,355,680	-	223,355,680
As at 31st December 2020	<u>278,000,000</u>	<u>1,254,437,201</u>	<u>568,974,819</u>	<u>2,101,412,020</u>

	Share Capital Tzs	Accumulated Profit Tzs	Shareholders funds Tzs	Total Tzs
<b>Year ended 31st December 2019</b>				
As at 1st January 2019	278,000,000	348,888,957	185,747,577	812,636,534
Shareholder's funds capitalized			300,000,000	300,000,000
Prior year Tax	-	-	(116,772,758)	(116,772,758)
Profit for the year	-	682,192,564	-	682,192,564
As at 31st December 2019	<u>278,000,000</u>	<u>1,031,081,522</u>	<u>368,974,819</u>	<u>1,678,056,341</u>

**STATEMENT OF CASH FLOWS**

	2020 Tzs	2019 Tzs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Operating profit	219,618,939	880,216,553
Adjustment for:		
Loss on Disposal	-	-
Depreciation	1,106,606,271	1,159,339,374
Operating profit before working capital changes	<u>1,326,225,211</u>	<u>2,039,555,927</u>
Working capital changes		
Inventories	(7,651,786)	10,100,200
Receivables and prepayments	131,831,998	(263,857,583)
Payables and accruals	<u>(574,651,386)</u>	<u>446,412,390</u>
	875,754,037	2,232,210,933
Less: Taxation paid	<u>(75,000,000)</u>	<u>(186,323,989)</u>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>800,754,037</u>	<u>2,045,886,944</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(1,054,831,766)	(2,516,428,538)
Disposal	-	-
<b>NET CASH FLOW AFTER INVESTING ACTIVITIES</b>	<u>(1,054,831,766)</u>	<u>(2,516,428,538)</u>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Long Term Finance Received	354,800,653	592,166,214
Bank overdraft	(292,198,977)	(98,067,201)
Increase in share capital	200,000,000	300,000,000
Shareholders loan	<u>(27,000,000)</u>	<u>(358,000,000)</u>
	235,601,676	436,099,013
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(18,476,054)</u>	<u>(34,442,581)</u>
<b>ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS</b>		
Balance 1st January	30,748,183	65,190,966
Balance 31st December	<u>12,271,928</u>	<u>30,748,183</u>
	<u>(18,476,054)</u>	<u>(34,442,581)</u>

## **SIGNIFICANT ACCOUNTING POLICIES**

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

### **1a) Basis of preparation**

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

### **1b) Revenue recognition**

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

Rental income is accrued by reference to time on a straight line basis over the lease term.

### **1c) Taxation**

#### **Current tax assets and liabilities**

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

#### **Tax expense**

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

### **1d) Translation of foreign currencies**

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

At the end of each reporting period:

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

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

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1e) Property & equipments

Property & equipments are tangible items that:

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

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

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

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

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

Items	Rates
Motor vehicles	25%
Truck	15%
Trailer	25%
Furniture and Fittings	12.5%
Computer and accessories	33.3%
Motor Bikes	12.5%

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

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

### 1f) Impairment of asset

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

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

### 1g) Financial instruments

#### Initial measurement

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

#### Trade and other receivables

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

## **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **1h) Financial instruments (continued)**

#### **Trade and other payables**

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

### **1i) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

Cash and cash equivalents are classified as loans and receivables.

### **1j) Share capital**

Ordinary shares are classified as equity.

### **1k) Provisions and contingencies**

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

Contingent assets and contingent liabilities are not recognised.

### **1l) Comparatives**

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

## **2) Key sources of estimation uncertainty**

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

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

#### **(i) Property and equipments**

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

#### **(ii) Income taxes**

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

**NOTES TO THE FINANCIAL STATEMENTS**

	2020		2019		
	Tzs	Tzs	Tzs	Tzs	
<b>3. TAXATION</b>					
Provision for the year					
At 30% on the taxable profit for the year	80,984,459		73,374,988		
Deferred tax ( Note 13)	<u>(84,721,200)</u>		<u>124,649,001</u>		
	<u>(3,736,740)</u>		<u>198,023,989</u>		
Tax computation has been agreed with the tax department until 2019.					
<b>4. PROPERTY, PLANT &amp; EQUIPMENT</b>					
	Furniture and Equipments	Motor vehicle Class I	Motor bikes	Motor vehicle Class II	Total
	Tzs	Tzs	Tzs	Tzs	Tzs
W.D.V. 1st January 2020	50,091,739	1,999,530,516	13,286,822	2,389,682,716	4,452,591,793
Addition	5,581,355	626,932,204	-	434,974,457	1,067,488,016
Disposal	-	-	-	<u>(12,656,250)</u>	<u>(12,656,250)</u>
	<u>55,673,095</u>	<u>2,626,462,720</u>	<u>13,286,822</u>	<u>2,812,000,923</u>	<u>5,507,423,559</u>
Depreciation	<u>(7,975,780)</u>	<u>(393,969,409)</u>	<u>(1,660,853)</u>	<u>(703,000,231)</u>	<u>(1,106,606,273)</u>
W.D.V. 31st December 2020	<u>47,697,315</u>	<u>2,232,493,312</u>	<u>11,625,969</u>	<u>2,109,000,692</u>	<u>4,400,817,288</u>
<b>5. INVENTORIES</b>			2020	2019	
Fuel, lubricants, tires and vehicle spares			Tzs	Tzs	
			<u>40,151,886</u>	<u>32,500,100</u>	
<b>6. RECEIVABLES AND PREPAYMENTS</b>					
Receivables			492,931,080	922,184,743	
Prepayments			<u>297,421,666</u>	-	
			<u>790,352,746</u>	<u>922,184,743</u>	
<b>7. SHARE CAPITAL</b>					
<b>Authorised Share Capital</b>					
100,000 ordinary shares of Tzs. 10,000/- each			<u>1,000,000,000</u>	<u>1,000,000,000</u>	
			<u>1,000,000,000</u>	<u>1,000,000,000</u>	
<b>Issued and Paid up capital</b>					
100,000 ordinary shares of Tzs. 10,000/- each			1,000,000,000	1,000,000,000	
Advance against share capital			<u>200,000,000</u>	-	
			<u>1,200,000,000</u>	<u>1,000,000,000</u>	
<b>8. RETAINED EARNINGS</b>					
At 1st January			678,056,341	112,636,534	
Profit / (Loss) for the year			223,355,680	682,192,564	
Prior year Tax			-	<u>(116,772,758)</u>	
At 31st December			<u>901,412,020</u>	<u>678,056,341</u>	
<b>9. LONG TERM FINANCE</b>					
Loan from NIC Bank (11 c)			233,067,871	311,945,920	
NIC Loan - Land cruiser VXT111DKG (11c)			49,666,950	80,599,376	
Exim Loan 0016053681			78,531,255	87,870,640	
Exim Loan 10 trucks and 10 trailers			-	190,361,600	
Nic Loan - 2019 ( 10 Howo )			798,419,326	972,203,232	
Exim Loan 00016053682			242,039,217	-	
Exim loan 0016054043			94,624,194	-	
Exim loan 0016053726			365,161,139	-	
Exim Loan 0016053777			<u>136,271,469</u>	-	
			<u>1,997,781,421</u>	<u>1,642,980,768</u>	

**R. J. MOTICHAND TRANS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (contd..)**

**10. A. BANK OVERDRAFT**

The company has an overdraft facility with the Exim Bank Tanzania Limited of Usd 225,000/- which is secured as under and shall be services at the rate of 10% per annum.

- (i) Personal Guarantee of four directors:
  - a) Mr. Rajendra Jagjivan Motichand
  - b) Mr. Kamal R. Motichand
  - c) Mr. Rohit R. Motichand
  - d) Mr. Dhiren R. Motichand
- (ii) Debenture over the entire assets of the company.
- (iii) Legal Mortgage over landed property on Plot No: 203 Block F with CT No: 101903, Msasani Area, Dar Es Salaam in the name of Rajendra J. Motichand.
- (iv) Legal mortgage over landed property on plot no 567 AP A 102 10th Floor Richmond Towers, Mindu Street, Upanga Area, Dar es Salaam with CT no. 1816170/15/61 in the name of Kamal Rajendra Motichand.
- (v) Specific debentures over 29 vehicles with registration cards no: T967 AMX, T740AVB, T142AQE, T188ADH, T143AQE, T391BFD, T774BFM, T486BBY, T272ADH, T410ARR, T981ASM, T891AQH, T428AXY, T717AMQ, T838BFW, T606AQK, T139AQE, T416AWS, T963BGD, T915AVH, T279AGP, T254BRF, T686BSQ, T498CJM, T367CJR, T120CLB, T260CJY, T758CMC, T910CCU in the name of R J Motichand Trans Limited.
- (vi) Specific debentures over 8 vehicles with registration cards no: T311CNZ, T303CNZ, T151CRN, T152CSV, T288CPP, T731CNW, T753CCT, T386CEA in the name of R J Motichand Trans Limited.
- (vii) Specific debenture over 5 trailers with registration cards No. T882CWK, T600CYS, T640CDE, T641,DCE, T188DAU and 3 scania with registration cards no, T879CTR, T320CNZ, T882CTR scania
- (viii) Specific debentures over 7 Heavy duty trucks and 10 trailers to be purchased through bank's finance.
- (ix) Specific debenture over 5 trucks brand new Howo tractors head with registration cards no, T874DHW, T878DHW, T882DHW, T882DHW, T881DHW, T871DHW

**B. LONG TERM LOAN- EXIM BANK T LIMITED**

A long term loan from Exim Bank Tanzania Limited amounting to \$ 265,000/- is borrowed.

The loan is secured against the above mentioned securities mentioned above which has been used for the over draft.

A long term loan from Exim Bank Tanzania Limited amounting to \$ 448,000 is borrowed

The loan is secured against the above mentioned securities mentioned above which has been used for the over draft.

**C. LONG TERM LOAN- NIC BANK T LIMITED**

A long term loan from NIC Bank Limited amounting to \$312,000/- is borrowed.

The loan is secured as under:

- (i) Specific debenture for over vehicle financed by the bank including joint registration over the financed vehicles T543CNK, T540CNK, T381CUR, T788CUG, T399CTF, T584CSX, T622CTG, T207CXR and T152CSV registered for \$ 312,500/-
- (ii) Specific debenture over land cruiser station wagon T111DKG, registered for \$ 365,250/-
- (iii) Join and several guarentee of the directors, Rajendra Jagjivan Motichand, Kamal Rajendra Motichand, Rohit Rajendra Motichand and Dhiren Rajendra Motichand registred for \$ 365,250
- (iv) Proposed security : Specific debenture over the ten trucks and 6 trailers to be financed by NICBT

**11. PAYABLES AND ACCRUALS**

Payables  
Accruals

	2020 Tzs	2019 Tzs
	600,002,661	1,171,682,694
	21,264,868	85,333,554
	621,267,529	1,257,016,248

**R J MOTICHAND TRANS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (contd..)  
For the year ended 31st December 2020**

**12. DEFERRED TAX**

Deferred tax is calculated in full on all temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

Balance as at 1st January	496,781,605	372,132,604
Income statement (credit) (Note 4)	(84,721,200)	124,649,001
Balance as at 31st December	<u>412,060,406</u>	<u>496,781,605</u>

Deferred tax assets and liabilities and deferred tax charge attributable to the following items:

	Beginning	Charged / (credit) to income statement	Closing
<u>Deferred tax Assets</u>			
Due to difference in capital allowance rates	496,781,605	(84,721,200)	412,060,406
	<u>496,781,605</u>	<u>(84,721,200)</u>	<u>412,060,406</u>

**13. BORROWING COSTS:**

All borrowing costs are expensed in the accounting period in which they are incurred.

**14. CASH AND CASH EQUIVALENTS**

This comprise of :

Cash in hand  
Cash at bank

	2020 Tzs	2019 Tzs
Cash in hand	777,585	1,061,064
Cash at bank	11,494,343	64,129,902
	<u>12,271,928</u>	<u>65,190,966</u>

**15. OTHER INCOME**

Exchange Gain  
Profit on disposal of asset

Exchange Gain	2,245,137	100,540,752
Profit on disposal of asset	2,343,750	10,123,539
	<u>4,588,887</u>	<u>110,664,291</u>

**16. CURRENCY**

The financial statements are presented in Tanzania shilling currency and is rounded to the nearest shilling.

**17. LEGAL STATUS**

The company is a limited liability company incorporated in Tanzania under the Companies Act 2002.

**18. SHAREHOLDERS' LOAN**

The shareholders' loan represents the amount injected by the shareholders to finance purchase of vehicles. The amount is not expected to be repaid within foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2020 tzs	2019 Tzs
<b>19. DIRECT EXPENSES</b>		
Depreciation on truck and trailers	1,096,969,639	1,149,419,231
Fuel and lubricants	4,025,378,290	3,715,890,983
Insurance, License and subscription	454,945,462	442,962,574
NSSF Contribution	48,713,007	44,681,851
Safari Allowance	594,690,000	511,340,000
Salaries and wages	494,079,239	448,418,514
Skill and development levy	52,933,519	50,209,135
Spares and tyres	1,414,679,976	1,302,685,445
Subcontract	23,756,000	30,434,000
Trailer Purchase	-	155,136,232
Toll and offloading charges	200,474,219	206,333,114
Workers compensation fund	4,930,234	4,490,185
	<u>8,411,549,586</u>	<u>7,709,142,938</u>
<b>20. ADMINISTRATION EXPENSES</b>		
Accountancy and audit fees	9,336,000	7,200,000
Bank charges	10,538,832	22,060,001
Directors' fees	156,000,000	156,000,000
Fine and penalty	610,000	3,586,960
Fire inspection	855,000	815,000
Printing and stationery	6,054,115	6,013,618
Refuse collection	1,865,200	1,470,000
Rent Charges	57,562,387	47,287,980
Transport and travel	11,503,660	18,401,934
Telephone, postage and internet	11,654,324	8,696,000
Theft	-	7,295,940
	<u>265,979,518</u>	<u>278,827,433</u>
<b>OTHER OPERATING EXPENSES</b>		
<b>21. ESTABLISHMENT</b>		
City service levy	27,859,663	21,432,822
Depreciation on other fixed assets	9,636,632	9,920,142
Light, water and maintenance	55,117,847	55,096,868
Security charges	98,490,000	87,600,000
Work Permit Fees	2,340,000	2,300,000
	<u>193,444,142</u>	<u>529,208,159</u>
<b>22. FINANCE COSTS</b>		
Interest and facilitation fees	200,551,222	228,639,764
Exchange Loss/Gain	-	26,378,310
	<u>200,551,222</u>	<u>255,018,073</u>

**TAX COMPUTATION- TIN NO: 111-963-495**

Profit as per accounts		Tzs 219,618,939
<b>Add back:</b>		
Depreciation	1,106,606,271	
Unrealized exchange gain	(2,245,137)	
Fines and Penalties	<u>610,000</u>	
		<u>1,104,971,134</u>
		<u>1,324,590,074</u>
Depreciation allowances		<u>(1,054,641,876)</u>
Profit for the year 2020		<u>269,948,198</u>
Corporation tax @ 30%		80,984,459
<b>Less: Tax paid provisionally</b>		<u>(75,000,000)</u>
<b>Tax payable</b>		<u>5,984,459</u>

**CALCULATION OF DEPRECIATION ALLOWANCE**

**A. (FOR CLASS 1 TO CLASS 3 OF DEPRECIABLE ASSET)**

	Class 1 Tzs	Class 2 Tzs	Class 3 Tzs	TOTAL Tzs
W. D. V. 1st January 2020	195,962,756	2,830,351,945	64,043,585	3,090,358,286
Additions	40,104,591	1,021,802,070	5,581,355	1,067,488,016
Disposal	<u>(15,000,000)</u>	<u>-</u>	<u>-</u>	<u>(15,000,000)</u>
	<u>221,067,347</u>	<u>3,852,154,015</u>	<u>69,624,940</u>	<u>4,073,221,362</u>
Depreciation allowances	<u>82,900,255</u>	<u>963,038,504</u>	<u>8,703,118</u>	<u>1,054,641,876</u>
W. D. V. 31st December 2020	<u>138,167,092</u>	<u>2,889,115,511</u>	<u>60,921,823</u>	<u>3,027,282,603</u>

**TAX COMPUTATION- TIN NO: 111-963-495**

Profit as per accounts		Tzs 219,618,939
<b>Add back:</b>		
Depreciation	1,106,606,271	
Unrealized exchange gain	(2,245,137)	
Fines and Penalties	<u>610,000</u>	
		<u>1,104,971,134</u>
		<u>1,324,590,074</u>
Depreciation allowances		<u>(1,054,641,876)</u>
Profit for the year 2020		<u>269,948,198</u>
Corporation tax @ 30%		80,984,459
<b>Less: Tax paid provisionally</b>		<u>(75,000,000)</u>
<b>Tax payable</b>		<u><u>5,984,459</u></u>

**CALCULATION OF DEPRECIATION ALLOWANCE**

**A. (FOR CLASS 1 TO CLASS 3 OF DEPRECIABLE ASSET)**

	Class 1 Tzs	Class 2 Tzs	Class 3 Tzs	TOTAL Tzs
W. D. V. 1st January 2020	195,962,756	2,830,351,945	64,043,585	3,090,358,286
Additions	40,104,591	1,021,802,070	5,581,355	1,067,488,016
Disposal	<u>(15,000,000)</u>	-	-	<u>(15,000,000)</u>
	<u>221,067,347</u>	<u>3,852,154,015</u>	<u>69,624,940</u>	<u>4,073,221,362</u>
Depreciation allowances	<u>82,900,255</u>	<u>963,038,504</u>	<u>8,703,118</u>	<u>1,054,641,876</u>
W. D. V. 31st December 2020	<u><u>138,167,092</u></u>	<u><u>2,889,115,511</u></u>	<u><u>60,921,823</u></u>	<u><u>3,027,282,603</u></u>

R. J. MOTICHAND TRANS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2021



Certified Public Accountants and Tax Consultants

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



*Confirmed  
true copy of  
two original  
documents.*

CONTENTS	PAGE
Company information	1
Report of the directors	2 - 4
Statement of directors' responsibilities	5
Independent Practitioner's Report	6
Financial statements:	
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Significant accounting policy	11 - 13
Notes to these financial statements	14 - 17
Tax computation	18





## REPORT OF THE DIRECTORS

The directors submit their annual report together with the financial statements for the year ended 31 December 2021 which disclose the state of affairs of the company.

### INCORPORATION

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

### PRINCIPAL ACTIVITIES

The principal activity of the company is that of Transport Services

### COMPOSITION OF THE BOARD OF DIRECTORS

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

Names	Position
Mr. Rajendra J. Motichand	Director
Mr. Kamal R. Motichand	Director
Mr. Rohit R. Motichand	Director
Mr. Dhiren R. Motichand	Director

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

### CORPORATE GOVERNANCE

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

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

### SHARE CAPITAL

The authorised and issued share capital of the company is shown on note 7 of the financial statements. The shareholders of the company with their respective shareholdings is as follows:

Name of the shareholders	No of shares held	Shareholding
Mr. Rajendra J. Motichand	40,000	40%
Mr. Kamal R. Motichand	20,000	20%
Mr. Rohit R. Motichand	20,000	20%
Mr. Dhiren R. Motichand	20,000	20%
	<b>100,000</b>	<b>100%</b>

## REPORT OF THE DIRECTORS (CONTINUED)

RESULTS	2021	2020
	<u>T.SHS</u>	<u>T.SHS</u>
Profit before tax	422,290,168	219,618,939
Tax charge - Current year	<u>(155,311,495)</u>	<u>3,736,740</u>
Profit for the year	<u><u>266,978,672</u></u>	<u><u>223,355,680</u></u>

## DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2020: Nil).

## RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

## SOLVENCY

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

**REPORT OF THE DIRECTORS (CONTINUED)**

**INDEPENDENT PRACTITIONER**

The company's independent practitioner, Assad Associates have expressed their willingness to continue in office in accordance with Section 170 of the Companies Act 2002 and are eligible for re-appointment. A resolution proposing the re-appointment for the year ended 31 December 2022 will be put in the Annual General Meeting.

**BY ORDER OF THE BOARD**



Mr. Rajendra J. Motichand  
Director

14/6/ 2022



Mr. Kamal R. Motichand  
Director

14/6/ 2022

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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


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

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

The directors have reviewed the company's cashflow forecast for the year ended 31 December 2022 and in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2021 and of its profit and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Tanzanian Companies Act 2002.

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

  
\_\_\_\_\_  
Mr. Rajendra J. Motichand  
Director

14/6/22  
\_\_\_\_\_  
Date

**Report on the financial statements**

We have compiled the accompanying financial statements of R J Motichand Trans Limited based on information you have provided. These financial statements comprise the statement of financial position of R J Motichand Trans Limited as at 31st December 2021, the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

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

FOR : ASSAD ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS

Signed by: Sajjad Jusab  
FCPA 216

Place : Dar es Salaam



ASSAD ASSOCIATES  
Certified Public Accountants and Tax Consultants

Date

15/6/22

STATEMENT OF COMPREHENSIVE INCOME


	Note	2021 Tzs	2020 Tzs
Revenue from transport services	1 (b)	14,038,295,749	9,286,554,378
Direct cost	19	(12,894,589,939)	(8,411,549,586)
Contribution		1,143,705,811	875,004,792
Other Income	15	8,644,068	4,588,887
Administrative expenses	20	(260,786,676)	(265,979,518)
Other operating expenses	21	(212,097,159)	(193,444,142)
<b>Operating profit</b>		<b>679,466,044</b>	<b>420,170,018</b>
Finance cost	22	(257,175,876)	(200,551,222)
<b>Profit before tax</b>		<b>422,290,168</b>	<b>219,618,939</b>
Taxation		(155,311,495)	3,736,740
<b>Profit / (Loss) after tax</b>		<b>266,978,672</b>	<b>223,355,680</b>

**STATEMENT OF FINANCIAL POSITION**

	Note	2021 Tzs	2020 Tzs
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	<u>7,413,014,852</u>	<u>4,400,817,288</u>
<b>CURRENT ASSETS</b>			
Inventories	5	30,258,000	40,151,886
Receivables and prepayments	6	1,023,537,982	790,352,746
Cash and cash equivalents	14	<u>159,127,022</u>	<u>12,271,928</u>
		<u>1,212,923,004</u>	<u>842,776,560</u>
<b>TOTAL ASSETS</b>		<u><u>8,625,937,856</u></u>	<u><u>5,243,593,849</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	7	1,500,000,000	1,200,000,000
Retained earnings	8	1,000,654,212	901,412,020
Shareholders fund	18	<u>-</u>	<u>46,000,000</u>
		<u>2,500,654,212</u>	<u>2,147,412,020</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax	12	452,222,047	412,060,406
Long term finance	9	<u>4,139,995,323</u>	<u>1,997,781,421</u>
		<u>4,592,217,370</u>	<u>2,409,841,826</u>
<b>CURRENT LIABILITIES</b>			
Payables and accruals	11	611,953,212	621,267,529
Bank overdraft	10	857,124,936	60,713,528
Taxation		<u>63,988,127</u>	<u>4,359,447</u>
		<u>1,533,066,275</u>	<u>686,340,503</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u><u>8,625,937,856</u></u>	<u><u>5,243,593,849</u></u>

The financial statements on pages 7 to 18 were approved by the Board of Directors on..... and were signed on its behalf by:

Signature:   
Rajendra J. Motichand

Signature:   
Kamal R. Motichand

**STATEMENT OF CHANGES IN EQUITY**

	Share Capital Tzs	Accumulated Profit / (loss) Tzs	Total Tzs
<b>Year ended 31st December 2021</b>			
As at 1st January 2021	1,200,000,000	901,412,020	2,101,412,020
Shareholder's funds capitalized	300,000,000	-	300,000,000
Prior year Tax	-	(167,736,481)	(167,736,481)
Profit for the year	-	266,978,672	266,978,672
As at 31st December 2021	<u>1,500,000,000</u>	<u>1,000,654,212</u>	<u>2,500,654,212</u>

	Share Capital Tzs	Accumulated Profit Tzs	Total Tzs
<b>Year ended 31st December 2020</b>			
As at 1st January 2020	1,200,000,000	678,056,341	1,878,056,341
Profit for the year	-	223,355,680	223,355,680
As at 31st December 2020	<u>1,200,000,000</u>	<u>901,412,020</u>	<u>2,101,412,020</u>

**STATEMENT OF CASH FLOWS**

	2021 Tzs	2020 Tzs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Operating profit	422,290,168	219,618,939
Adjustment for:		
Loss on Disposal	-	-
Depreciation	1,782,750,271	1,106,606,271
Operating profit before working capital changes	<u>2,205,040,439</u>	<u>1,326,225,211</u>
Working capital changes		
Inventories	9,893,886	(7,651,786)
Receivables and prepayments	(233,185,236)	131,831,998
Payables and accruals	(9,314,316)	(574,651,386)
	<u>1,972,434,773</u>	<u>875,754,037</u>
Less: Taxation paid	(120,000,000)	(75,000,000)
Less: Prior year Tax paid	(103,202,774)	-
Less: Withholding Tax paid	(54,143)	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>1,749,177,620</u>	<u>800,754,037</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(4,794,947,835)	(1,054,831,766)
Disposal	-	-
<b>NET CASH FLOW AFTER INVESTING ACTIVITIES</b>	<u>(4,794,947,835)</u>	<u>(1,054,831,766)</u>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Long Term Finance Received	2,142,213,902	354,800,653
Bank overdraft	796,411,408	(292,198,977)
Increase in share capital	300,000,000	200,000,000
Shareholders loan	(46,000,000)	(27,000,000)
	<u>3,192,625,310</u>	<u>235,601,676</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>146,855,094</u>	<u>(18,476,054)</u>
<b>ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS</b>		
Balance 1st January	12,271,928	30,748,183
Balance 31st December	<u>159,127,022</u>	<u>12,271,928</u>
	<u>146,855,094</u>	<u>(18,476,054)</u>

## **SIGNIFICANT ACCOUNTING POLICIES**

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

### **1a) Basis of preparation**

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

### **1b) Revenue recognition**

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

Rental income is accrued by reference to time on a straight line basis over the lease term.

### **1c) Taxation**

#### **Current tax assets and liabilities**

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

#### **Tax expense**

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

### **1d) Translation of foreign currencies**

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

At the end of each reporting period:

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

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1e) Property & equipments**

Property & equipments are tangible items that:

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

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

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

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

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

Items	Rates
Motor vehicles	25%
Truck	15%
Trailer	25%
Furniture and Fittings	12.5%
Computer and accessories	33.3%
Motor Bikes	12.5%

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

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

**1f) Impairment of asset**

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

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

**1g) Financial Instruments**

**Initial measurement**

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

**Trade and other receivables**

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

## SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1h) Financial instruments (continued)

#### Trade and other payables

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

### 1i) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

Cash and cash equivalents are classified as loans and receivables.

### 1j) Share capital

Ordinary shares are classified as equity.

### 1k) Provisions and contingencies

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

Contingent assets and contingent liabilities are not recognised.

### 1l) Comparatives

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

## 2) Key sources of estimation uncertainty

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

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

#### (i) Property and equipments

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

#### (ii) Income taxes

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

**NOTES TO THE FINANCIAL STATEMENTS**

**3. TAXATION**

	2021 Tzs	2020 Tzs
Provision for the year	115,149,854	80,984,459
At 30% on the taxable profit for the year	40,161,642	(84,721,200)
Deferred tax ( Note 13)	<u>155,311,495</u>	<u>(3,736,740)</u>

Tax computation has been agreed with the tax department until 2020.

**4. PROPERTY, PLANT & EQUIPMENT**

	Furniture and Equipments Tzs	Motor vehicle Class I Tzs	Motor bikes Tzs	Motor vehicle Class II Tzs	Total Tzs
W.D.V 1st January 2021	47,697,315	2,232,493,312	11,625,959	2,109,000,692	4,400,817,288
Addition	21,119,656	2,844,411,858	2,076,271	1,927,340,050	4,794,947,835
Disposal	-	-	-	-	-
	<u>68,816,971</u>	<u>5,076,905,169</u>	<u>13,702,240</u>	<u>4,036,340,743</u>	<u>9,195,765,123</u>
Depreciation	(10,416,530)	(761,535,776)	(1,712,780)	(1,009,085,185)	(1,782,750,271)
W.D.V 31st December 2021	<u>58,400,441</u>	<u>4,315,369,393</u>	<u>11,989,461</u>	<u>3,027,255,557</u>	<u>7,413,014,852</u>

**5. INVENTORIES**

	2021 Tzs	2020 Tzs
Fuel, lubricants, tires and vehicle spares	<u>30,258,000</u>	<u>40,151,886</u>

**6. RECEIVABLES AND PREPAYMENTS**

Receivables	620,282,443	492,931,080
Other receivables & prepayments	403,255,539	297,421,666
	<u>1,023,537,982</u>	<u>790,352,746</u>

**7. SHARE CAPITAL**

<b>Authorised Share Capital</b>		
100,000 ordinary shares of Tzs. 10,000/- each	1,000,000,000	1,000,000,000
50,000 ordinary shares of Tzs. 10,000/- each	500,000,000	-
	<u>1,500,000,000</u>	<u>1,000,000,000</u>
<b>Issued and Paid up capital</b>		
120,000 ordinary shares of Tzs. 10,000/- each	1,200,000,000	1,200,000,000
30,000 ordinary shares of Tzs. 10,000/- each	300,000,000	-
	<u>1,500,000,000</u>	<u>1,200,000,000</u>

**8. RETAINED EARNINGS**

At 1st January	901,412,020	678,056,341
Profit / (Loss) for the year	266,978,672	223,355,680
Prior year Tax	(167,736,481)	-
At 31st December	<u>1,000,654,212</u>	<u>901,412,020</u>

**9. LONG TERM FINANCE**

Loan from NIC Bank (11 c)	60,268,582	233,067,871
NIC Loan - Land cruiser VXT111DKG (11c)	-	49,666,950
Exim Loan 0016053681	54,637,207	78,531,256
Nic Loan - 2019 ( 10 Howo )	416,029,802	798,419,326
Exim Loan 00016053682	-	242,039,217
Exim loan 0016054043	-	94,624,194
Exim loan 0016053726	-	365,161,139
Exim Loan 0016053777	-	136,271,469
Exim loan 0016054487	954,405,877	-
Exim loan 0016055031	1,205,110,552	-
Exim loan 0016055264	22,240,149	-
Exim loan Aug 2021	2,939,646	-
New loan Exim bank	372,622,126	-
Long Term Loan- Scania Finance (South Africa)	643,198,605	-
Long Term Loan- Sino Truck Hubei Import and Export CO Ltd	162,045,845	-
Long Term Loan-Saturn Corporation limited	246,496,932	-
	<u>4,139,995,323</u>	<u>1,997,781,421</u>

NOTES TO THE FINANCIAL STATEMENTS (contd..)

10. A. BANK OVERDRAFT

The company has an overdraft facility with the Exim Bank Tanzania Limited of Usd 300,000/- which is secured as under and shall be services at the rate of 10% per annum.

- (i) Personal Guarantee of four directors and Shareholders of the company:-
  - a) Mr. Rajendra Jagjivan Motichand
  - b) Mr. Kamal R. Motichand
  - c) Mr. Rohit R. Motichand
  - d) Mr. Dhiren R. Motichand
- (ii) Debiture over the entire assets of the company.
- (iii) Legal Mortgage over landed property on Plot No: 203 Block F with CT No: 101903 Msasani Area, Dar Es Salaam in the name of Rajendra J. Motichand.
- (iv) Legal mortgage over landed property on plot no 567 AP A 102 10th Floor Richmond Towers, Mindu Street, Upanga Area, Dar es Salaam with CT no. 1816170/15/61 in the name of Kamal Rajendra Motichand.
- (v) Specific debentures over 74 vehicles with registration cards no:T188 ADH, T416 AWS, T272 ADH, T963 BGD, T279 AGP, T717 AMQ, T838 BFW, T606 AQK, T686 BSQ, T139 AQE, T303 CNZ, T428AXY, T717AMQ, T838BFW, T806AQK, T139AQE, T415AWS, T963BGD, T915AVH, T386 CEA, T753CCT, T731CNW, T288CPP, T260CJY, T311CNZ, T758CMC, T367CJR, T498CJM, T910CCU, T120 CLB, T151 CRN, T915 AVH, T254 BRF, T698 BEB, T600 CYS, T320 CNZ, T879 CTR, T641DCE, T188DAU, T388 DEK, T286DFN, T285DFN, T259DEA, T264DEA, T245DFQ, T548DCK, T390DEK, T389DEK, T273DFN, T391DEK, T640DCE, T282DFN, T874DHW, T878DHW, T882DHW, T891DHW, T871DHW, T899DRE, T216DTU, T219DTU, T537DJD, T111DMT, T344DHB, T428DLV, T888DMS, T401 DQX, T400 DQX, T576 DTB, T578 DTB, T573DTB, T575DTB, T362DRJ, T222DAV, T777DAV, T529DJD, T539DJD, T666DMS, T555DMS Under the name of R J Motichand Trans Limited.
- (vi) Specific debentures over 20 vehicles with registration cards no: T762DWN, T694DWN, T374 DWN, T382 DWN, T613 DWS, T605 DWS, T611DWS, T609DWS, T602DWS, T889 DWD, T159DVX, T158DVX, T167DVX, T818DWN, T821DWN, T822DWN, T823DWN, T824DWN, T825DWN under the name of R J Motichand Trans Limited.
- (vii) Specific debentures over 4 trucks and Rav 4 to be purchased through bank's finance.
- (viii) Specific debenture over 5 trucks brand new Howo tractors head with registration cards no. T874DHW, T878DHW, T882DHW, T882DHW, T881DHW, T871DHW

B. LONG TERM LOAN- EXIM BANK T LIMITED

A long term loan from Exim Bank Tanzania Limited amounting to \$ 27 000/- is borrowed. The loan is secured against the above mentioned securities mentioned above which has been used for the over draft.

A long term loan from Exim Bank Tanzania Limited amounting to \$ 466,000 is borrowed. The loan is secured against the above mentioned securities mentioned above which has been used for the over draft.

A long term loan from Exim Bank Tanzania Limited amounting to \$ 566,000 is borrowed. The loan is secured against the above mentioned securities mentioned above which has been used for the over draft.

A long term loan from Exim Bank Tanzania Limited amounting to \$ 232,000 is borrowed. The loan is secured against the above mentioned securities mentioned above which has been used for the over draft.

An Insurance premium financing from Exim Bank Tanzania Limited amounting to Tshs 4.8 M is borrowed. The loan is secured against the above mentioned securities mentioned above which has been used for the over draft.

An Insurance premium financing from Exim Bank Tanzania Limited amounting to Tshs 36.4 M is borrowed. The loan is secured against the above mentioned securities mentioned above which has been used for the over draft.

C. LONG TERM LOAN- NIC BANK T LIMITED

A long term loan from NIC Bank Limited amounting to \$212,000/- and \$498,869 is borrowed. The loan is secured as under:

- (i) Specific debenture for over vehicle financed by the bank including joint registration over the financed vehicles T543CNK, T540CNK, T381CJR, T788CUG, T399CTF, T584CSX, T622CTG, T207CXR and T152CSV registered for \$ 312 500/-
- (ii) Specific debenture over land cruiser station wagon T111DKG, registered for \$ 365,250/-
- (iii) Joint and several guarantee of the directors, Rajendra Jagjivan Motichand, Kamal Rajendra Motichand, Rohit Rajendra Motichand and Dhiren Rajendra Motichand registered for \$ 365,250
- (iv) Proposed security Specific debenture over the ten trucks and 8 trailers to be financed by NICBT

11. PAYABLES AND ACCRUALS

	2021 Tzs	2020 Tzs
Payables	586,953,032	600,002,661
Accruals	25,000,181	21,264,868
	<u>611,953,212</u>	<u>621,267,529</u>

**NOTES TO THE FINANCIAL STATEMENTS (contd..)**  
**For the year ended 31st December 2021**

**12. DEFERRED TAX**

Deferred tax is calculated in full on all temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

Balance as at 1st January	412,060,406	496,781,605
Income statement (credit) (Note 4)	40,161,642	(84,721,200)
Balance as at 31st December	<u>452,222,047</u>	<u>412,060,406</u>

Deferred tax assets and liabilities and deferred tax charge attributable to the following items:

	Beginning	Charged / (credit) to income statement	Closing
<u>Deferred tax Assets</u>			
Due to difference in capital allowance rates	412,060,406	40,161,642	452,222,047
	<u>412,060,406</u>	<u>40,161,642</u>	<u>452,222,047</u>

**13. BORROWING COSTS:**

All borrowing costs are expensed in the accounting period in which they are incurred.

**14. CASH AND CASH EQUIVALENTS**

This comprise of :

Cash in hand  
 Cash at bank

2021

Tzs

181,449,170

(2,322,148)

159,127,022

2020

Tzs

777,585

11,494,343

12,271,928**15. OTHER INCOME**

Exchange Gain  
 Sale of asset

-

8,644,068

8,644,068

2,245,137

2,343,750

4,588,887**16. CURRENCY**

The financial statements are presented in Tanzania shilling currency and is rounded to the nearest shilling.

**17. LEGAL STATUS**

The company is a limited liability company incorporated in Tanzania under the Companies Act 2002.

**18. SHAREHOLDERS' LOAN**

The shareholders' loan represents the amount injected by the shareholders to finance purchase of vehicles. The amount is not expected to be repaid within foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2021 tzs	2020 Tzs
<b>19. DIRECT EXPENSES</b>		
Depreciation on truck and trailers	1,770,820,961	1,096,969,639
Fuel and lubricants	6,275,664,499	4,025,378,290
Insurance, License and subcription	516,827,958	454,945,462
NSSF Contribution	57,514,821	48,713,007
Safari Allowance	820,460,000	594,690,000
Salaries and wages	586,019,643	494,079,239
Skill and development levy	62,499,185	52,933,519
Spares and tyres	2,128,075,594	1,414,679,976
Subcontract	93,638,956	23,756,000
Toll and offloading charges	578,679,395	200,474,219
Workers compensation fund	4,588,926	4,930,234
	<u>12,894,589,939</u>	<u>8,411,549,566</u>
<b>20. ADMINISTRATION EXPENSES</b>		
Accountancy and audit fees	12,696,608	9,336,000
Bank charges	22,152,073	10,538,832
Directors' fees	156,000,000	156,000,000
Fine and penalty	225,000	610,000
Fire inspection	971,000	855,000
Printing and stationery	4,620,761	6,054,115
Refuse collection	1,730,400	1,865,200
Rent Charges	49,742,373	57,562,387
Transport and travel	6,880,067	11,503,660
Telephone, postage and internet	5,788,393	11,654,324
	<u>260,786,676</u>	<u>265,979,518</u>
<b>OTHER OPERATING EXPENSES</b>		
<b>21. ESTABLISHMENT</b>		
City service levy	42,140,819	27,859,663
Depreciation on other fixed assets	12,129,310	9,636,632
Light, water and maintenance	56,777,029	55,117,847
Security charges	101,050,000	98,490,000
Work Permit Fees	-	2,340,000
	<u>212,097,159</u>	<u>193,444,142</u>
<b>22. FINANCE COSTS</b>		
Interest and facilitation fees	317,327,413	200,551,222
Exchange Loss/Gain	(60,151,537)	-
	<u>257,175,876</u>	<u>200,551,222</u>

TAX COMPUTATION- TIN NO: 111-963-495	2021 Tzs
Profit as per accounts	422,290,168
<b>Add back:</b>	
Depreciation	1,782,750,271
Fines and Penalties	<u>225,000</u>
	<u>1,782,975,271</u>
	2,205,265,439
Depreciation allowances	<u>(1,821,432,593)</u>
Profit for the year 2021	<u>383,832,846</u>
Corporation tax @ 30%	115,149,854
Less: Tax paid provisionally	(120,000,000)
Less: Withholding Tax	<u>(54,143)</u>
<b>Tax payable</b>	<u><u>(4,904,289)</u></u>

**CALCULATION OF DEPRECIATION ALLOWANCE**

**A. (FOR CLASS 1 TO CLASS 3 OF DEPRECIABLE ASSET)**

	Class 1 Tzs	Class 2 Tzs	Class 3 Tzs	TOTAL Tzs
W. D. V. 1st January 2021	138,167,092	2,889,115,511	80,921,823	3,088,204,426
Additions	-	4,147,305,350	23,195,927	4,170,501,277
Disposal	-	-	-	-
	<u>138,167,092</u>	<u>7,036,420,861</u>	<u>84,117,750</u>	<u>7,258,705,703</u>
Depreciation allowances	<u>51,812,659</u>	<u>1,759,105,215</u>	<u>10,514,719</u>	<u>1,821,432,593</u>
W. D. V. 31st December 2021	<u>86,354,432</u>	<u>5,277,315,646</u>	<u>73,603,031</u>	<u>5,437,273,109</u>