

**CHARAN SINGH AND SONS LIMITED
FINANCIAL STATEMENTS
31ST DECEMBER, 2020**

MEHBOOB M. SADIQ & CO.
Certified Public Accountants in Public Practice

NSSF Kilimanjaro Commercial Complex, 1st Floor, Tower B, Agakhan Road, P. O.BOX 822
TEL: 2750224/2750655 MOSHI.

Charan Singh & Sons Limited

Financial Statements

For the year ended 31st December, 2020

CONTENTS	PAGE
Company Information	A2
Directors' Report	A3
Statement of Directors' Responsibilities	A4
Report of the Auditors	A5 - A7
Statement of Comprehensive Income	A8
Statement of Financial Position	A9
Statement of Changes in Equity	A10
Cash Flow Statement	A11
Notes to the Financial Statements	A12 - A18

Charan Singh & Sons Limited

Financial Statements

For the year ended 31st December, 2020

COMPANY INFORMATION

BOARD OF DIRECTORS

The Directors who served during the year and to the date of this report were:

Mr. Navtej Singh Mudher

Mr. Navraj Singh Bhamra

Mr. Amritpal Singh Bhamra

Mr. Balraj Singh Mudher

Mr. Varinderpal Singh Bhamra

REGISTERED OFFICE

Plot No. 169/170

Farm 181/182

RAU

MOSHI.

SECRETARY

David Lumelezi Shilatu

AUDITORS

Mehboob M. Sadiq & Co

Certified Public Accountants in Public Practice

BANKERS

Stanbic Bank Tanzania Limited

Exim Bank Tanzania Limited

CRDB Bank Limited

National Bank of Commerce Limited

Charan Singh & Sons Limited

Financial Statements

For the year ended 31st December, 2020

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31st December, 2020 which disclose the state of affairs of the Company.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of Saw Mill and Transportation.

RESULTS FOR THE YEAR

The results for the year ended 31st December, 2020 are set out in the Statement of Comprehensive income on page A8.

DIVIDENDS

The Directors do not recommend payment of dividend for the year.

DIRECTORS

The directors who held office at the date of this report are shown on page A2.

AUDITORS

Messrs Mehboob M. Sadiq & Co., Certified Public Accountants in Public Practice continue in office in accordance with section 170 of the Companies Act, 2002.

BY ORDER OF THE BOARD



**DIRECTOR
MOSHI**

Dated16/03/.....2021

Charan Singh & Sons Limited

Financial Statements

For the year ended 31st December, 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2002 requires 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 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 the financial affairs of the company as at 31st December, 2020 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.

Nothing has come to the attention of the directors to indicate the company will not remain a going concern for at least the next twelve months from the date of this statement.



DIRECTOR

Dated.....16/03/.....2021

MEHBOOB M. SADIQ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE

NSSF KILIMANJARO COMMERCIAL COMPLEX, TOWER B, 1 ST FLOOR,

OPPOSITE EQUITY BANK, AGAKHAN ROAD - MOSHI

TELEPHONE: 2750224 MOBILE: +255 754 306140

EMAIL: mehboob_sadiq@hotmail.com WEBSITE: www.mms.co.tz

CHARAN SINGH & SONS LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHARAN SINGH & SONS LIMITED

We have audited the accompanying financial statements of Charan Singh & Sons Limited set out on pages A8 to A18 which comprise of the statement of comprehensive income, statement of financial position, statement of changes in equity and statement cash flow for the year ended 31st December, 2020 and a summary of significant accounting policies and other explanatory notes.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an independent opinion of these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on our professional judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

- A5 -

MEHBOOB M. SADIQ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE

NSSF KILIMANJARO COMMERCIAL COMPLEX, TOWER B, 1 ST FLOOR,

OPPOSITE EQUITY BANK, AGAKHAN ROAD - MOSHI

TELEPHONE: 2750224 MOBILE: +255 754 306140

EMAIL: mehboob_sadiq@hotmail.com WEBSITE: www.mms.co.tz

CHARAN SINGH & SONS LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHARAN SINGH & SONS LIMITED

In making those risk assessments, we considered the internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion the accompanying financial statements give a true and fair view of the state of financial affair of the company as at 31st December, 2020 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Tanzania Companies Act.

EMPHASIS OF MATTER

Subsequent to year-end 2019, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. There have been mandates from authorities requiring forced closures of various schools, and other facilities and organizations. These forced closures could negatively impact the Company's business. While the closures and limitations on movement, domestically and internationally, are expected to be temporary, the duration of the supply chain disruption, and related financial impact, cannot be estimated at this time. Should the closures continue for an extended period of time or should the effects of the coronavirus continue to spread, the impact could have a material adverse effect on the Company's financial position, results of operations and cash flows.

MEHBOOB M. SADIQ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE

NSSF KILIMANJARO COMMERCIAL COMPLEX, TOWER B, 1 ST FLOOR,

OPPOSITE EQUITY BANK, AGAKHAN ROAD - MOSHI

TELEPHONE: 2750224 MOBILE: +255 754 306140

EMAIL: mehboob_sadiq@hotmail.com WEBSITE: www.mms.co.tz

CHARAN SINGH & SONS LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHARAN SINGH & SONS LIMITED

REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Tanzania Companies Act we report to you, based on our audit that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for purposes of our audit;
- ii) In our opinion, proper books of account have been kept by the company, so far as it appears from our examination of those book, and
- iii) The company's statement of financial position and statement of comprehensive income are in agreement with books of accounts.

Mehboob M. Sadiq, FCPA - 246
Mehboob M. Sadiq & Company, PF- 013
Certified Public Accountants in Public Practice,
MOSHI. 16th March, 2021



Charan Singh & Sons Limited

Financial Statements

For the year ended 31st December, 2020

STATEMENT OF COMPREHENSIVE INCOME		2020	2019
	Notes	T.Shs.	T.Shs.
Sales	2	14,810,471,864	19,438,743,919
Cost of sales	3	<u>(12,654,055,711)</u>	<u>(15,210,540,458)</u>
Gross profit		2,156,416,153	4,228,203,461
Other income	4	248,605,306	438,113,420
Administrative expenses	5	(1,136,859,335)	(3,077,358,992)
Other operating expenses	6	(84,627,648)	(35,320,942)
Selling expenses	7	-	(300,000)
Depreciation	8	<u>(85,872,140)</u>	<u>(79,569,015)</u>
Operating profit		1,097,662,336	1,473,767,932
Finance costs	9	<u>(130,949,540)</u>	<u>(161,102,837)</u>
Profit before tax		966,712,796	1,312,665,095
Taxation	10	<u>(282,517,213)</u>	<u>(704,357,992)</u>
Net profit for the year		<u>684,195,583</u>	<u>608,307,103</u>
STATEMENT OF RETAINED EARNINGS			
Net profit for the year		684,195,583	608,307,103
Retained earnings at the beginning of the year		<u>3,519,148,076</u>	<u>2,910,840,973</u>
Retained earnings at 31st December, 2020		<u>4,203,343,659</u>	<u>3,519,148,076</u>

The notes on pages A12 to A18 form an intergral part of the financial statements.

Charan Singh & Sons Limited

Financial Statements

For the year ended 31st December, 2020

STATEMENT OF FINANCIAL POSITION		2020	2019
	Notes	T.Shs.	T.Shs.
CAPITAL EMPLOYED			
Share capital	11	551,200,000	551,200,000
Retained profits		<u>4,203,343,659</u>	<u>3,519,148,076</u>
Shareholder's funds		<u>4,754,543,659</u>	<u>4,070,348,076</u>
Non-current liabilities			
Long Term Loan	12	<u>1,369,754,724</u>	<u>2,056,721,237</u>
		<u>6,124,298,383</u>	<u>6,127,069,313</u>
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	13	5,954,460,658	7,449,349,981
Trucks in transit		283,482,052	101,618,644
Construction-in-Progress		<u>213,764,995</u>	<u>142,838,164</u>
		6,451,707,705	7,693,806,789
Current assets			
Inventories	14	84,426,810	112,171,900
Trade and other receivables	15	2,150,741,168	2,546,036,246
Cash and cash equivalents	16	<u>1,997,761,389</u>	<u>1,228,977,615</u>
		4,232,929,367	3,887,185,761
Current liabilities			
Trade and other payables	17	2,237,635,990	3,431,560,346
Director's current accounts	18	2,321,923,922	2,023,962,679
Taxation		<u>778,777</u>	<u>(1,599,788)</u>
		4,560,338,689	5,453,923,237
Net current liabilities		<u>(327,409,322)</u>	<u>(1,566,737,476)</u>
		<u>6,124,298,383</u>	<u>6,127,069,313</u>

The financial statements on pages A8 to A11 were approved by the Board of Directors onand were signed on its behalf by:

 DIRECTOR

The notes on pages A12 to A18 form an integral part of the financial statements.

Charan Singh & Sons Limited

**Financial Statements
For the year ended 31st December, 2020**

STATEMENT OF CHANGES IN EQUITY

Year ended 31st December, 2019

At 1st January, 2019

As previously reported

Net profit for the year

At 31st December, 2019

Share capital T.Shs.	Retained Earnings T.Shs.	Total T.Shs.
551,200,000	2,910,840,973	3,516,406,264
-	608,307,103	608,307,103
<u>551,200,000</u>	<u>3,519,148,076</u>	<u>4,070,348,076</u>

Year ended 31st December, 2020

At 1st January, 2020

As previously reported

Net profit for the year

At 31st December, 2020

Share capital T.Shs.	Retained Earnings T.Shs.	Total T.Shs.
551,200,000	3,519,148,076	4,070,348,076
-	684,195,583	684,195,583
<u>551,200,000</u>	<u>4,203,343,659</u>	<u>4,754,543,659</u>

Charan Singh & Sons Limited

Financial Statements

For the year ended 31st December, 2020

STATEMENT OF CASH FLOWS	2020 T.Shs.	2019 T.Shs.
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the year	966,712,796	1,312,665,095
Adjustment for:		
Profit on disposal of asset	(39,841,049)	(136,581,000)
Depreciation	<u>1,362,692,164</u>	<u>1,328,363,222</u>
Operating profit before working capital change	2,289,563,911	2,504,447,317
INCREASE/(DECREASE) IN WORKING CAPITAL		
Inventories	27,745,090	(7,690,579)
Trade and other receivables	395,295,078	42,172,360
Trade and other payables	(1,193,924,356)	30,524,217
Director's current accounts	<u>297,961,243</u>	<u>1,455,929,556</u>
Net cash from operations	1,816,640,966	4,025,382,871
TAXATION		
Tax paid	(280,138,647)	(882,457,423)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(52,278,852)	(3,931,546,129)
Trucks in Transit	(181,863,408)	135,941,188
Construction in Progress	(70,926,831)	(142,838,164)
Proceeds from disposal of fixed assets	<u>224,317,059</u>	<u>245,887,500</u>
Net cash from investing activities	(80,752,032)	(3,692,555,605)
CASH FLOW FROM INVESTING ACTIVITIES		
Long term loan	<u>(686,966,513)</u>	<u>1,595,806,329</u>
Net cash from financing activities	(686,966,513)	1,595,806,329
NET INCREASE IN CASH AND CASH EQUIVALENTS	768,783,774	1,046,176,172
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,228,977,615</u>	<u>182,801,443</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>1,997,761,389</u>	<u>1,228,977,615</u>
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
	2020 T.Shs.	2019 T.Shs.
Cash in hand	4,155,344	4,044,167
Bank balances	<u>1,993,606,045</u>	<u>1,224,933,448</u>
	<u>1,997,761,389</u>	<u>1,228,977,615</u>

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below:

a) Basis of preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS). The financial statements are presented in Tanzania Shillings (T.Shs) and prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors best knowledge of current events and actions, actual results may differ from those estimates.

b) Property, plant and equipment

Depreciation is calculated on a reducing balance method. The principal annual rates adopted for this purpose are as follows: -

The depreciation has been calculated from the date of purchase.

	<u>Rate %</u>
Land & Buildings	NIL
Plant and machinery	12½% p.a.
Motor trucks	25% p.a.
Tractors	37½% p.a.
Saloon and pickups	25% p.a.
Furniture and fittings	12½% p.a.
Generator	12½% p.a.
Kitchen items	12½% p.a.
Shed	5% p.a.
Computers	37½% p.a.
Containers	12½% p.a.
Transformer	12½% p.a.
Solar system	5% p.a.

c) Inventories and work in progress

Inventories are stated/valued at the lower of cost and net realisable value.

d) Revenue recognition

Turnover represents the invoice and cash sales value of goods supplied and transport services provided by the company before value added tax.

e) Translation of foreign currencies

Translation of foreign currencies during the year are converted into Tanzania Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Tanzania Shillings at rates ruling that date. The resulting differences from conversion and translation are dealt with in the profit and loss account in the year in which they arise.

f) Taxation

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Financial Statements

For the year ended 31st December, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

f) Taxation (Continued)

Deferred tax

No provision has been made in the accounts for deferred taxes which may arise due to timing differences.

i) Trade receivables

Trade receivables are carried at original invoiced amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps to recover them have been taken without success.

h) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand net of bank overdraft. In the balance sheet, the bank overdraft is included under current liabilities.

2. SALES

	2020 T.Shs.	2019 T.Shs.
Transport Income	14,403,790,081	18,732,071,423
Sub Transport	95,914,173	148,037,965
Demurage income	44,035,497	527,709,107
Rental income	80,640,200	25,200,000
Insurance claims	185,791,913	-
Furniture sales	300,000	5,725,424
	<u>14,810,471,864</u>	<u>19,438,743,919</u>

3. COST OF SALES

	2020 T.Shs.	2019 T.Shs.
Opening inventory	85,426,700	72,697,000
Salaries and Wages	562,934,000	544,966,540
Weighing bridges and road tolls	802,627,403	714,323,451
Travelling expenses	1,735,599,173	2,045,897,571
Motor vehicles running expenses	7,631,068,436	9,915,589,024
Insurances	493,013,296	520,979,084
Depreciation for the year on motor trucks	1,276,820,024	1,248,794,207
Sub Transport	88,343,487	123,243,448
Demurage charges	21,133,102	99,401,814
Ferry service expenses	2,021,700	4,723,040
Other Cost of sales (3.1)	280,892	5,351,979
Closing inventory	<u>(45,212,502)</u>	<u>(85,426,700)</u>
Cost of sales	<u>12,654,055,711</u>	<u>15,210,540,458</u>

(3.1) OTHER COSTS

Opening inventory	26,745,200	31,784,321
Purchases	<u>12,750,000</u>	<u>312,858</u>
	39,495,200	32,097,179
Closing inventory	<u>(39,214,308)</u>	<u>(26,745,200)</u>
Other Cost of sales	<u>280,892</u>	<u>5,351,979</u>

Financial Statements

For the year ended 31st December, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Other Income	2020	2019
	T.Shs.	T.Shs.
Gain on disposal of asset	39,841,049	136,581,000
Gain on exchange	165,115,873	187,921,613
Fabrication income	43,610,000	38,080,000
Roundings	38,384	-
Other sales	-	75,530,807
	<u>248,605,306</u>	<u>438,113,420</u>
5. ADMINISTRATIVE EXPENSES	2020	2019
	T.Shs.	T.Shs.
Employment:		
Salaries and wages	34,380,000	22,680,000
N.S.S.F contributions	58,453,000	56,250,200
P.P.F contributions	-	369,250
N.H.L.F contributions	16,761,900	-
Staff welfare expenses	5,388,432	4,176,381
Medical expenses	3,036,576	144,000
Skills and development levy	58,013,638	139,709,093
Workers compensation fund	7,023,140	6,726,515
Visa and work permits	224,465	18,385,900
	<u>183,281,151</u>	<u>248,441,339</u>
Other administration expenses:		
Directors fees	700,716,000	2,432,000,000
Directors salary	105,000,000	105,000,000
Postage, telephone and internet charges	6,788,810	7,154,471
Electricity and water charges	20,377,675	22,568,926
Printing and stationery	4,769,002	3,610,339
Subscriptions	1,250,000	1,250,000
Audit fees	6,000,000	5,579,500
Donations	8,236,750	3,279,300
Fire and safety expenses	1,464,500	2,491,500
Security expenses	34,622,348	36,881,287
Travelling expenses	12,857,060	84,259,802
Legal and professional fees	3,075,000	5,800,000
Municipal service levy	44,562,247	58,430,475
Newspaper and periodicals	540,000	540,000
EFD Machine	590,000	-
WCF penalty	56,192	-
Inspection fees	-	260,000
Entertainment expenses	2,672,600	1,200,000
Tax arrears	-	58,612,053
Total other administrative expenses	<u>953,578,184</u>	<u>2,828,917,653</u>
Total administrative expenses	<u>1,136,859,335</u>	<u>3,077,358,992</u>

Financial Statements

For the year ended 31st December, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2020	2019
	T.Shs.	T.Shs.
6. OTHER OPERATING EXPENSES		
Rent	7,799,834	8,660,261
Licences	5,665,070	5,621,500
Repairs and renewals	6,738,982	16,036,531
Land rent and property tax	4,366,900	5,002,650
Damages	15,156,862	-
Container handling charges	44,900,000	-
	<u>84,627,648</u>	<u>35,320,942</u>
7. SELLING EXPENSES		
Advertisement and sales promotion	-	300,000
	<u>-</u>	<u>300,000</u>
8. DEPRECIATION		
Charge for the year on other Property, plant and equipments other than Motor Trucks.	2020 T.Shs. <u>85,872,140</u>	2019 T.Shs. <u>79,569,015</u>
9. FINANCE COST		
Bank charges and commissions	13,821,455	44,790,943
Loan interest	117,128,085	116,311,894
	<u>130,949,540</u>	<u>161,102,837</u>
10. TAXATION		
Based on taxable profits for the year	282,517,213	415,041,569
Under provision in respect of previous years	-	289,316,423
	<u>282,517,213</u>	<u>704,357,992</u>
11. SHARE CAPITAL		
Authorised Share capital 10000000 shares of Shs.1,000/- each	2020 T.Shs. <u>10,000,000,000</u>	2019 T.Shs. <u>10,000,000,000</u>
Issued share capital: 551,200 shares of Shs.1,000/- each	<u>551,200,000</u>	<u>551,200,000</u>

12. LONG TERM LOAN

This is due to Stanbic Bank Tanzania Limited for purchase of Motor Trucks and repaid in monthly installments over period of three years and secured on joint registered assets to be financed, debenture deed over fixed and floating assets of the Company personal guarantee of Directors of the Company.

Charoen Singh & Sons Limited

Financial statements
For the year ended 31st December, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. PROPERTY, PLANT AND EQUIPMENT

Net book value	Land and Buildings T.Shs.	Godown	Plant and Machinery T.Shs.	Motor Trucks T.Shs.	Tractors T.Shs.	Saloon and Pickups T.Shs.	Furniture and fittings T.Shs.		Generator T.Shs.	Kitchen Equipment T.Shs.	Shed T.Shs.	Computers T.Shs.	Container T.Shs.	Transformer T.Shs.	Solar system T.Shs.	Total T.Shs.
							Fittings T.Shs.	and T.Shs.								
At 1st January, 2020	149,908,432	336,288,458	152,491,507	5,258,634,142	1,140,364	1,217,323,082	1,171,823	9,938,673	7,738,490	197,639,328	6,668,707	66,976,231	39,375,000	4,065,744	7,449,549,981	
Additions	10,500,000	-	-	7,175,179	-	20,681,798	1,193,102	-	-	-	7,814,773	4,914,000	-	-	52,278,852	
Disposals	-	-	-	(155,726,941)	-	(28,749,070)	-	-	-	-	-	-	-	-	(184,476,011)	
	160,408,432	336,288,458	152,491,507	5,110,072,380	1,140,364	1,209,455,810	2,364,925	9,938,673	7,738,490	197,639,328	14,283,480	71,890,231	39,375,000	4,065,744	7,317,152,822	
Depreciation																
Charge for the year	-	16,814,423	12,086,442	1,276,820,024	427,637	16,357,412	295,616	1,242,334	967,311	7,905,573	5,356,305	17,972,558	4,921,875	1,524,654	1,362,692,164	
Net book value	160,408,432	319,474,035	140,405,065	3,833,252,356	712,727	1,193,098,398	2,069,309	8,696,339	6,771,179	189,733,755	8,927,175	53,917,673	34,453,125	2,541,090	5,954,460,658	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. INVENTORIES	2020 T.Shs.	2019 T.Shs.
Lubricants and spares	45,212,502	85,426,700
Finished goods	39,214,308	26,745,200
	<u>84,426,810</u>	<u>112,171,900</u>

15. TRADE AND OTHER RECEIVABLES	2020 T.Shs.	2019 T.Shs.
Trade receivables	<u>2,150,741,168</u>	<u>2,546,036,246</u>

16. CASH AND CASH EQUIVALENTS	2020 T.Shs.	2019 T.Shs.
Cash in hand	4,155,344	4,044,167
Bank balances	1,993,606,045	1,224,933,448
	<u>1,997,761,389</u>	<u>1,228,977,615</u>

For the purpose of the cash flow statement, the year end cash and cash equivalents comprise the following:

Cash in hand	4,155,344	4,044,167
Bank balances	1,993,606,045	1,224,933,448
	<u>1,997,761,389</u>	<u>1,228,977,615</u>

17. TRADE AND OTHER PAYABLES	2020 T.Shs.	2019 T.Shs.
Trade creditors	2,121,876,920	3,240,289,576
Accrued charges	115,759,070	191,270,770
	<u>2,237,635,990</u>	<u>3,431,560,346</u>

18. DIRECTOR'S CURRENT ACCOUNTS	2020 T.Shs.	2019 T.Shs.
The balance due at year end is as follows:		
Mr. Amritpal Singh Bhamra	(425,963,848)	(370,045,320)
Mr. Balraj Singh Mudher	(355,582,473)	(275,295,106)
Mr. Navraj Singh Bhamra	(765,879,786)	(657,229,618)
Mr. Navtej Singh Mudher	(281,514,800)	(286,400,000)
Mr. Varinder Singh Bhamra	(492,983,015)	(434,992,635)
	<u>(2,321,923,922)</u>	<u>(2,023,962,679)</u>

Financial Statements
For the year ended 31st December, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**19. OPERATING PROFIT**

The following items have been charged in arriving at operating profit/(loss):

	2020	2019
	T.Shs.	T.Shs.
Auditors' remuneration	6,000,000	5,579,500
Depreciation on property, plant and equipment	1,362,692,164	1,328,363,222
Staff costs (as below)	<u>183,281,151</u>	<u>248,441,339</u>
Staff costs		
Salaries and wages	34,380,000	22,680,000
N.S.S.F contributions	58,453,000	56,250,200
P.P.F contributions	-	369,250
N.H.I.F contributions	16,761,900	-
Staff welfare expenses	5,388,432	4,176,381
Medical expenses	3,036,576	144,000
Skills and development levy	58,013,638	139,709,093
Workers compensation fund	7,023,140	6,726,515
Visas and work permits	<u>224,465</u>	<u>18,385,900</u>
	<u>183,281,151</u>	<u>248,441,339</u>

20. COUNTRY OF INCORPORATION

The Company is incorporated in Tanzania under the Companies Act and is resident in Tanzania.

21. CURRENCY

The financial statements are presented in Tanzania Shillings (Shs.)

22. SUBSEQUENT EVENTS

In January, 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern" which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak.

Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

23. RELATED PARTY TRANSACTIONS

The following balances arose out of transactions carried out with related parties.

	2020	2019
	T.Shs.	T.Shs.
(i) Balances due from related parties		
Serengeti Simba Tanzania Limited	<u>267,484,800</u>	<u>147,443,400</u>
(ii) Balances due to related parties		
Serengeti Simba Tanzania Limited	<u>18,560,000</u>	<u>-</u>