

DELINA OIL AND GAS DISTRIBUTORS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

DELINA OIL & GAS DISTRIBUTORS LIMITED

**DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

CONTENTS	PAGE
Company Information	1
Report of the Directors	2-4
Statement of Directors' Responsibilities	5
Declaration of the Head of Finance	6
Independent Auditors' Report	7-8
Financial Statements;	
Statement of Profit or Loss	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13-20

DELINA OIL & GAS DISTRIBUTORS LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY INFORMATION

REGISTERED OFFICE

Delina Oil & Gas Distributors,
7th Floor, Delina Apartments,
Plot No.19, Sinza,
P. O. Box 16351,
Dar es Salaam, Tanzania

BANKERS

CRDB Bank PLC
Kijitonyama Branch, Dar es Salaam, Tanzania

COMPANY LAWYERS

Lawride Attorneys
P.O Box 11839
Dar es Salaam, Tanzania

AUDITORS

HLB Mekonsult
2nd Floor, Acacia Estate
Plot No 84, Kinondoni
P.O BOX 20651
Dar es Salaam

DELINA OIL & GAS DISTRIBUTORS LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. INTRODUCTION

The Directors submit their report and the audited financial statements for the year ended 31 December 2021 which disclose the state of affairs of Delina Oil & Gas Distributors Limited (the company).

The financial statements for the year ended 31 December 2021 were approved and authorized for issue by directors as indicated on the statement of financial position.

2. VISION

Our vision is to be the leading and preferred business dealers for our different lines of business within and outside the country to meet demand of our customers.

3. MISSION

We are equipped to provide services locally and beyond borders for our clients' demands. Our ambition is to strive to provide excellent services at short lead times and we are committed to having customers- for-life

4. PRINCIPAL ACTIVITIES

The principal activities of the Company is to provide transportation services of fuel locally and outside the country and selling of petroleum products through their petrol stations.

5. CORPORATE GOVERNANCE

The Board consists of two Directors. Directors hold executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing performance of management and business plans and budgets.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative throughout the year, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day to day management of the business to Managing Director (MD) assisted by senior management. Senior Management is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units.

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

6. DIRECTORS

The directors of the company who served throughout the year are set out below

Name	Position	Nationality
Edgar D. Moshia	Chairman	Tanzanian
Yuda P. Moshia	Director	Tanzanian

7. SUBSEQUENT EVENTS

The directors are not aware of any events that have occurred date between the financial reporting period and when the financial statements are authorized for issue to be disclosed.

8. SOLVENCY AND GOING CONCERN EVALUATION

The Directors confirm that applicable accounting standards have been followed and that the financial have been prepared on the basis of accounting policies applicable to a going concern entity. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur and settled in the ordinary course of business.

9. RISK MANAGEMENT AND INTERNAL CONTROL

The Directors accept 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 reasonable assurance that the procedures in place are operating effectively. The Directors assessed the internal control systems throughout the financial year ended 31st December 2021 and is of the opinion that they met accepted criteria

10. CORPORATE SOCIAL RESPONSIBILITY

The Company has a strong commitment to the communities around the Company and aim to address issues of prime local concern such as education, health, infrastructure development, environment protection and water supply programs among others. The Company also provides support in the form of sponsorship, staff volunteering and other resources such as the sharing of professional skills and expertise or the use of equipment and premises. Corporate social responsibility is firmly embedded in our mission, values and behaviours in the whole company and the region at large.

The Company is also committed on environmental protection programs and operations by reducing its operations impact on the environment by complying with applicable environmental laws, regulations and standards, implementing waste minimization programs to eliminate or reduce wastes and emissions and conserving energy materials through resource management.

11. POLITICAL AND CHARITABLE DONATIONS

The company did not make any political and charitable donations during the year (2020: Nil).

12. EMPLOYEES' WELFARE

Management and Employees' Relationship

Management and employees relationship continued to be good. There were no unresolved complaints by employees at the end of the year. A healthy relationship continues to exist between management and trade union.

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Health and Safety

The company continued to assure safety standards as required by factory ordinance and provided conducive working relationship with employees.

Financial Assistance to Staff

Financial assistance is available to all employees depending on the assessment of and the discretion of management as to the need and circumstances. Financial assistance, staff loans and salary advances are provided on case-by-case basis.

DELINA OIL & GAS DISTRIBUTORS LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Training Facilities

The company provides on-the-job training to all its employees in order to improve their technical skills and effectiveness. Where necessary, employees are also considered for external training courses that upgrade their skills and enhance development.

13. AUDITORS

Mkuki Consultants were appointed auditors for the year ended 31 December 2021. The auditors have expressed their willingness to continue in office and are eligible for re-appointment.

BY ORDER OF THE BOARD



.....
Yuda P. Mosha
Director

Date:

28/03/2022

DELINA OIL & GAS DISTRIBUTORS LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Companies Act, CAP 212 Act No.12 of 2002 requires directors to prepare financial statements for each financial year that 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 Company's profit or loss for the year. It also requires the management to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, CAP 212 Act No.12 of 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, and of the Company's loss in accordance with International Financial Reporting Standards (IFRS).

The management further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as 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. The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been audited by the external auditors and their report is presented on pages 7 to 8.

Subject to the comments and the conclusions made in Note 5 of these financial statements, the management strongly believes that the Company will remain a going concern for at least twelve months from the date of this report.

BY ORDER OF THE BOARD



.....
Yuda P. Masha
Director

Date:

28/03/2022

DELINA OIL & GAS DISTRIBUTORS LIMITED

DECLARATION OF THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2021

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

It is the duty of a Professional Accountant to assist the directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Director's Responsibility statement on the earlier page.

I CPA Yuda P. Mosha being the Head of Finance of Delina Oil & Gas Distributors Limited here by acknowledges my responsibility of ensuring that financial statements for the year ended 31 December 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Delina Oil & Gas Distributors Limited on that date and that they have been prepared based on properly maintained financial records.

Signed by: YUDA P. MOSHA
Position: DIRECTOR
NBAA Membership No.: 5702
Date: 28/06/2022

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DELINA OIL & GAS DISTRIBUTORS LIMITED
REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

Opinion

We have audited the financial statements of Delina Oil & Gas Distributors Limited, which comprise the statement of financial position as at 31 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 as set out on pages 9 to 20.

In our opinion, the financial statements give a true and fair view the financial position of Delina Oil & Gas Distributors Limited as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and complies with the Companies Act, 2002.

Basis of Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of company's financial statements of the current period. These matters were addressed in the context of our audit of the company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other Information

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such

Internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit

conducted in accordance with the international Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of user taken on the basis of these financial statements.

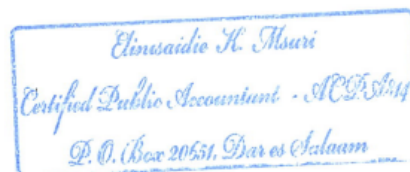
As part of an audit in accordance with International Standards on Auditing, we exercise professional judgments and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve in collusion, forgery, internal omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with the governance regarding, among other matters, the planned scope and timing of the audit, and significant audit findings and any significant deficiencies in internal control that we identify during our audit.

Yours faithfully,


CPA, Elinisaidie K Msuri – ACPA 814


Elinisaidie K. Msuri
Certified Public Accountant - ACPA 814
P. O. Box 20551, Dar es Salaam

For and On behalf of HLB MEKONSULT
Certified Public Accountants
Dar es Salaam
Date: 30/03/2022

DELINA OIL & GAS DISTRIBUTORS LIMITED

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note(s)	2021 TZS	2020 TZS
Revenues	5	14,151,325,574	12,955,845,310
Cost of sales	6	9,719,135,601	10,538,988,971
Gross Profit		4,432,189,973	2,416,856,340
Expenses:			
Operating expenses	7	314,593,430	204,735,671
Employment Expenses	8	146,319,479	105,054,308
Finance cost	9	98,050,224	29,746,796
Depreciation	16	1,538,041,058	622,201,589
Total expenses		2,097,004,192	961,738,364
Profit before tax		2,335,185,781	1,455,117,975
Income Tax		(126,582,075)	(97,755,305)
Profit after tax		2,208,603,706	1,357,362,670


Notes and related statements forming part of these financial statements appear on pages 13 to 20

DELINA OIL & GAS DISTRIBUTORS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note(s)	2021 TZS	2020 TZS
NON-CURRENT ASSETS			
Property, plant and equipment	16	5,552,116,849	5,706,735,907
CURRENT ASSETS			
Inventory	10	313,078,280	130,127,943
Trade & Other Receivables	11	442,016,404	354,535,844
Cash in Hand and Bank	12	78,463,780	355,485,023
		<u>833,558,464</u>	<u>840,148,810</u>
TOTAL ASSETS		<u>6,385,675,313</u>	<u>6,546,884,717</u>
EQUITY & LIABILITIES			
EQUITY			
Share Capital		500,000,000	500,000,000
Retained Profit		4,216,353,851	2,007,750,145
Total Equity		<u>4,716,353,851</u>	<u>2,507,750,145</u>
NON-CURRENT LIABILITIES			
Borrowings	13	1,533,341,989	3,879,367,610
CURRENT LIABILITIES			
Trade & Other Payables	14	133,855,752	158,290,727
Current Tax	15	2,123,721	1,476,236
Total current liability		<u>135,979,473</u>	<u>159,766,963</u>
TOTAL LIABILITIES		<u>1,669,321,462</u>	<u>4,039,134,573</u>
TOTAL EQUITY & LIABILITIES		<u>6,385,675,313</u>	<u>6,546,884,717</u>

Financial Statements and the notes on pages 9 to 20 were approved by the Board of Directors and approved for the issue on 09/03/2022 and were signed on its behalf by:


.....
Yuda P. Masha
Director

DELINA OIL & GAS DISTRIBUTORS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital TZS	Retained Earnings TZS	Total Equity TZ
YEAR ENDED 31 DECEMBER 2021			
Balance as 1 January	500,000,000	2,007,750,145	2,507,750,14
Profit for the year	-	2,208,603,706	2,208,603,70
Balance at 31 December	<u>500,000,000</u>	<u>4,216,353,851</u>	<u>4,716,353,85</u>
YEAR ENDED 31 DECEMBER 2020			
Balance as 1 January	500,000,000	650,387,475	1,150,387,47
Profit for the year	-	1,357,362,670	1,357,362,67
Balance at 31 December	<u>500,000,000</u>	<u>2,007,750,145</u>	<u>2,507,750,14</u>

DELINA OIL & GAS DISTRIBUTORS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 TZS	2020 TZS
Cash flow from operating activities:		
Net operating profit before tax	2,335,185,781	1,455,117,975
Adjustment for non-cash items		
Depreciation	1,538,041,058	622,201,589
Operating profit/(Loss) before tax	3,873,226,840	2,077,319,565
Change in working capital items		
(Increase)/decrease in stocks	(182,950,337)	(36,181,532)
(Increase)/decrease in Receivables	(87,480,560)	(130,992,502)
Increase/(decrease) in Payables	(23,787,490)	122,952,906
Cash generated from/(used in) from operations	3,579,008,453	2,033,098,437
Income tax paid	(126,582,075)	(97,755,305)
Net cash inflow/(outflow)from operating activities	3,452,426,377	1,935,343,132
Cash flow from investing activities:		
Acquisition of PPE and land	(1,383,422,000)	(743,022,400)
Net cash inflow/(outflow)from investing activities	(1,383,422,000)	(743,022,400)
Cash flow from financing activities:		
Proceeds from issue of new shares	-	-
Loan repayment	(2,346,025,621)	(883,560,790)
Net cash inflow/(outflow)from financing activities	(2,346,025,621)	(883,560,790)
Net increase/(decrease) in cash and Equivalents	(277,021,244)	308,759,942
Cash and Equivalents at the beginning of the year	355,485,023	46,725,082
Cash and Equivalents balance at end of the year	78,463,780	355,485,023

DELINA OIL & GAS DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

Delina Oil & Gas Distributors Limited is a Private Company Limited by Shares incorporated and domiciled in Tanzania under the Company Act 2002.

The registered office and principal place of business is 7th Floor, Delina Apartments, Plot No.19, Sinza P.O Box 16351 Dar es Salaam, Tanzania.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards, under the historical cost convention. The measurement basis applied is the historical cost basis. The financial statements are presented in Tanzania Shillings (TZS). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the organization's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the subsequent notes.

Going Concern

The financial performance of the company is set out in the director's report and in the statement of profit or loss and the other comprehensive income. The financial position of the company is set out in the statement of financial position.

Based on the financial performance and position of the company and its risk management policies the management is of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

3. STATEMENT OF COMPLIANCE

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention. No adjustments have been made for inflationary factors affecting the accounts.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires directors to make estimates and assumptions that affect the assets, liabilities, revenues, expenses and the disclosure of contingent liabilities at end of reporting period. Estimates and judgments are continuously evaluated and are based on directors' experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

However, actual outcomes can differ from these estimates. Such estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

Property and equipment

Annually, management makes estimates in determining the depreciation rates for property, plant and equipment using internal technical expertise. The rates used are set out in the accounting policy for property and equipment. These estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances.

Intangible assets

Critical estimates are made by management in determining the amortization rates for intangible assets. The directors determine these rates of amortization based on their assessment of the useful lives of the intangible assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021 (CONTINUED)

Taxation

The Company is subjected to paying various taxes and levies by various government bodies and quasi-government. As a rule of thumb, the Company recognizes liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of managements in one way or other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

b) Critical accounting judgments

In the process of applying the company's accounting policies, directors have made the following judgments, apart from those involving estimates which have the most significant effect on the amounts recognized in the financial statements:

Going concern

Directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of fuel is recognized when all the following conditions are satisfied:

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

Gross turnover, which comprises the invoiced value of sales, net of returns and discounts, is recognized when products are delivered and accepted by the customers and Value Added Tax. Export sales are deemed to be accepted by customer upon dispatch of goods.

Net sales, which comprise the invoiced value of sales net of returns and discounts, are stated exclusive Value Added Tax.

Interest income is recognized when it accrues on a time proportion basis using effective interest rate method.

d) Property and equipment and Intangible Assets

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight-line basis, over the estimated useful lives to the estimated residual value. Useful lives, residual values and depreciation methods are reviewed on an annual basis with the effect of any changes in estimate accounted for on a prospective basis. Residual values are measured as the estimated amount currently receivable for an asset if the asset were already of the age and condition expected at the end of its useful life.

Intangible assets mainly comprise of accounting software whose amortization is calculated on straight-line basis over the estimated useful life.

The estimated rates for depreciation and amortization and useful life of assets at time of acquisition are assumed as follows:

Description of the Asset	Estimated Useful Life	Depreciation Rate p.a
Buildings	20	5%
Motor Vehicles (Trucks and Trailers)	4	25%
Motor Vehicles (Light Vehicles)	5	20%
Tools and Equipments	5	20%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021 (CONTINUED)

Taxation

The Company is subjected to paying various taxes and levies by various government bodies and quasi-government. As a rule of thumb, the Company recognizes liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of managements in one way or other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

b) Critical accounting judgments

In the process of applying the company's accounting policies, directors have made the following judgments, apart from those involving estimates which have the most significant effect on the amounts recognized in the financial statements:

Going concern

Directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of fuel is recognized when all the following conditions are satisfied:

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

Gross turnover, which comprises the invoiced value of sales, net of returns and discounts, is recognized when products are delivered and accepted by the customers and Value Added Tax. Export sales are deemed to be accepted by customer upon dispatch of goods.

Net sales, which comprise the invoiced value of sales net of returns and discounts, are stated exclusive Value Added Tax.

Interest income is recognized when it accrues on a time proportion basis using effective interest rate method.

d) Property and equipment and Intangible Assets

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight-line basis, over the estimated useful lives to the estimated residual value. Useful lives, residual values and depreciation methods are reviewed on an annual basis with the effect of any changes in estimate accounted for on a prospective basis. Residual values are measured as the estimated amount currently receivable for an asset if the asset were already of the age and condition expected at the end of its useful life.

Intangible assets mainly comprise of accounting software whose amortization is calculated on straight-line basis over the estimated useful life.

The estimated rates for depreciation and amortization and useful life of assets at time of acquisition are assumed as follows:

Description of the Asset	Estimated Useful Life	Depreciation Rate p.a
Buildings	20	5%
Motor Vehicles (Trucks and Trailers)	4	25%
Motor Vehicles (Light Vehicles)	5	20%
Tools and Equipments	5	20%

DELINA OIL & GAS DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021 (CONTINUED)

Description of the Asset	Estimated Useful Life	Depreciation Rate p.a
Furniture and Fittings	8	12.5%
Computers	4	25%
Intangible Assets	5	20%

Depreciations and amortizations are charged on assets from the date when they are ready for use and depreciation is stopped when the assets are disposed of by the Company.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Gains and losses on disposals of property and equipment and intangible assets are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss.

e) Foreign Currency Translation

These financial statements are presented in Tanzania shillings, which is also the functional currency of the Company. Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated using the closing rates. 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowing.

f) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to be incurred in selling distribution.

g) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Initial Recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Effective Interest Rate Method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

DELINA OIL & GAS DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021 (CONTINUED)

The Company's principal financial assets are trade and other receivables (excluding Value Added Tax, prepayments and operating lease receivables) and cash and cash equivalents.

Financial assets are recognized and derecognized on trade-date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

All financial assets are initially measured at fair value, including transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs.

De-recognition of Financial Assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. The Company's principal financial liabilities are trade and other payables (Value Added Taxation, revenue charged in advance and reduced subscriptions excluded).

Financial Liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Statement of Profit or Loss.

The fair value of a financial instrument on initial recognition is normally the transaction price unless the fair value is evident from observable market data.

Other Financial Liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

Trade and other payables are stated at their nominal value. Trade payables are non-interest bearing and are normally settled between 15 to 30 days after date of invoice.

De-recognition of Financial Liabilities

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

Offset

Where a legally enforceable right of offset exists for recognized financial assets and financial liabilities, and there is an intention to settle the liability and realize the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

h) Impairment of assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing

DELINA OIL & GAS DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021 (CONTINUED)

impairment, assets are grouped at the lowest levels for which there are separable identifiable cash flows (cash-generating units).

i) Functional Currency

The functional currency of the company is Tanzanian Shilling (TZS)

j) Trade and Other receivables

Trade and other receivables are stated at invoice amounts less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect the amounts due according to the original terms of the original receivable. Provisions for impairment are recorded in the year in which they are identified.

The average credit period on sales of goods is 15 days for domestic and transit customers. No interest is charged on trade receivables. The Company has not recognized any allowance for doubtful debts for the year under review.

k) Cash and Cash Equivalents

For the purposes of the cash flows statement, cash and cash equivalents include cash on hand, in banks and investments in money market instruments, net of outstanding bank overdrafts and duly reconciled to the related items in the statement of financial position. Cash and cash equivalents in the statement of financial position include cash on hand and cash in banks.

l) Critical Accounting Judgments and Key Sources of Estimation Uncertainties

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below. These estimates are based on management's best knowledge of current events and actions they may undertake in the future but the actual results may ultimately differ from those estimates. The estimates and underlying assumptions are regularly reviewed and revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas of critical judgments and key sources of estimation uncertainty are as set out below.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Impairment Provision

Management carries out a regular review of the status of trade receivables and other financial assets to determine whether there is any indication that these assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, which is then dealt with in the profit or loss. In determining whether an impairment loss should be recognized in the profit or loss, management checks whether there is objective evidence that the assets are impaired and that the fair values have declined.

Management estimates of the required provisions are based on critical evaluation of the economic circumstances involved, historical experience and other factors that are considered to be relevant.

Property and Equipment

DELINA OIL & GAS DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021 (CONTINUED)

Management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the Directors determined no significant changes in the useful lives and residual values.

m) Financial Risk

Financial risk of the Company is minimal as most customers make advance payments at the beginning and at most, all of the bills are raised in Tanzania Shilling.

5. REVENUE

	2021 TZS	2020 TZS
Revenue	14,151,325,574	12,955,845,310
Total	<u>14,151,325,574</u>	<u>12,955,845,310</u>

6. COST OF SALES

Opening Stock	148,783,558	93,946,411
Other Purchases	128,276,550	158,286,520
Direct Costs (6a)	9,594,885,382	10,416,883,983
Closing Stock	(152,809,889)	(130,127,943)
Cost of Sales	<u>9,719,135,601</u>	<u>10,538,988,971</u>

6a. DIRECT COSTS

Fuel Purchase station	4,053,556,088	9,195,862,135
Tires, Services and Maintenance	438,074,784	801,865,094
Other Direct Costs	285,811,819	419,156,754
Total Direct Costs	<u>4,777,442,691</u>	<u>10,416,883,983</u>

7. OPERATING EXPENSES

Utilities	4,529,654	3,436,660
Security	7,885,380	10,080,323
Road Tolls	25,931,364	13,648,086
Statutory Fees & Charges	10,394,736	12,157,894
Travelling & Accommodation	14,245,720	5,935,717
Insurance	10,410,790	7,850,304
Clearing expenses	100,566,900	95,035,210
Communication	12,575,032	6,618,438
Office Expenses	20,023,942	24,223,127
Professional fees	12,780,768	6,726,720
Miscellaneous Expenses	16,144,064	19,023,192
License registration	13,718,000	-
Marketing and promotion	65,387,080	-
	<u>314,593,430</u>	<u>204,735,671</u>

8. EMPLOYMENT EXPENSES

Salaries & Wages	126,683,532	91,153,413
Social Security Contribution	12,668,353	9,115,341
SDL	5,700,759	3,874,020
WCF	1,266,835	911,534
	<u>146,319,479</u>	<u>105,054,308</u>

DELINA OIL & GAS DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021. (CONTINUED)

9. FINANCE COSTS	2021 TZS	2020 TZS
Loan processing fees	37,457,690	
Bank charges	23,168,534	19,307,112
Interest on loan	37,424,000	10,439,684
	<u>98,050,224</u>	<u>29,746,796</u>
10. INVENTORIES		
Petroleum Products	313,078,280	130,127,943
	<u>313,078,280</u>	<u>130,127,943</u>
11. TRADE AND OTHER RECEIVABLES		
Trade receivables	442,016,404	354,535,844
	<u>442,016,404</u>	<u>354,535,844</u>
12. CASH AND CASH EQUIVALENTS		
Bank balances	78,463,780	355,485,023
	<u>78,463,780</u>	<u>355,485,023</u>
13. BORROWINGS		
Longterm borrowings	1,533,341,989	3,879,367,610
	<u>1,533,341,989</u>	<u>3,879,367,610</u>
14. TRADE AND OTHER PAYABLES		
Trade Payables	115,258,952	150,601,998
Other Payables	18,596,800	7,688,729
	<u>133,855,752</u>	<u>158,290,727</u>
15. TAXATION		
Profit Before Tax	248,680,000	240,000,000
Add: Depreciation	248,680,000	100,000,000
Less: Wear & Tear Allowance	(760,832,491)	(1,751,468,548)
Adjusted Taxable Income	<u>467,017,207</u>	<u>(1,411,468,548)</u>
Current Tax	140,105,162	(423,440,564)
Balance b/d	1,476,236	660,426
Total	<u>141,581,398</u>	<u>98,415,731</u>
Provisional tax paid	(139,457,677)	(96,939,495)
Balance c/d	<u>2,123,721</u>	<u>1,476,236</u>

DELINA OIL & GAS DISTRIBUTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021 (CONTINUED)

16. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Plant and Machinery	Land	Total
	TZS	TZS	TZS	TZS
COST				
As at 1 January 2021	6,500,038,291	-	140,000,000	6,640,038,291
Additions	1,034,742,000	248,680,000	100,000,000	1,383,422,000
Disposal				-
As at 31 December 2021	<u>7,534,780,291</u>	<u>248,680,000</u>	<u>240,000,000</u>	<u>8,023,460,291</u>
DEPRECIATION				
As at 1 January 2021	933,302,384	-	-	933,302,384
Charge during the year	1,506,956,058	31,085,000	-	1,538,041,058
As at 31 December 2021	<u>2,440,258,442</u>	<u>31,085,000</u>	<u>-</u>	<u>2,471,343,442</u>
NET BOOK VALUE				
As at 31 December 2021	<u>5,094,521,849</u>	<u>217,595,000</u>	<u>240,000,000</u>	<u>5,552,116,849</u>