



ACKNOWLEDGEMENT RECEIPT

Taxpayer Name: Hamstead Investments Limited
Taxpayer TIN: 123-065-468
Filed by: Parsuram Ankushrav More
Declarant TIN: 143-149-420
Return Type: Return Of Income For Entity - All Businesses Except Insurance, Banking, Mining Or Petroleum
Submitted on: 30 June 2021 05:57:44 PM

ACKNOWLEDGEMENT OF RECEIPT

Thank you for using e-filing services.

Tanzania Revenue Authority (TRA) hereby acknowledge that on 30 June 2021 received your document and assigned an e-document number 20201230654686305120416 as per Regulation 72 of the Tax Administration (General) Regulations, 2016. Please quote this number in communication regarding this particular document.

"Together We Build Our Nation"

Faustine Mdessa
Regional Manager
Ilala Tax Region

HAMSTEAD INVESTMENT LIMITED
P.O. Box 40883,
Dar Es Salaam
Annual Report 2020

HAMSTEAD INVESTMENTS LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

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HAMSTEAD INVESTMENTS LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

CORPORATE INFORMATION

Board of Directors

<u>Name</u>	<u>Nationality</u>
Mr. Nimesh Kantilal Suchak	Tanzanian
Mr. Manojkumar Kantilal Suchak	Tanzanian

Registered Office of the Company

Plot NO. 85,86 and 87
Vingunguti Industrial Area,
P.O. Box 40883,
Dar Es Salaam
Tanzania

Auditors

Baker Tilly DGP & Co.,
Certified Public Accountants
P. O. Box 1314,
Dar Es Salaam
Tanzania

Company Secretary

Mrs.Bina Sanjay Shah
P. O. Box 22677,
Dar Es Salaam
Tanzania

Bankers

Diamond Trust Bank
Quality Plaza,Nyerere Road Branch
P.O. Box 115,Dar Es Salaam.
Tanzania

**HAMSTEAD INVESTMENTS LIMITED- P.O. BOX 40883, DAR ES SALAAM
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020**

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2020

The directors present their report and audited accounts of the Company for the year ended on 31stDecember 2020.

PRINCIPAL ACTIVITIES

The principal activities of the company are to act as Land Developers, Contractors, Property Developers, Project Agents and leasing its properties thereby earning rental income.

DIVIDEND

The Company has not recommended any dividend for the year ended 31st December 2020.

DIRECTORS/SHAREHOLDERS AND THEIR BENEFICIAL INTEREST

The names of the directors and their beneficial interest as on 31stDecember2020 are as set out below:

Sr. No.	Name	Designation	Nationality	No. of shares held	Beneficial interest
1.	Mr. Nimesh Kantilal Suchak	Director & Shareholder	Tanzanian	250	25 %
2.	Mr. Manojkumar Kantilal Suchak	Director & Shareholder	Tanzanian	260	26 %
3.	M/s. Jambo Plastics Ltd	Shareholder	N/A	490	49 %
	Total			1,000	100 %

CORPORATE GOVERNANCE

The Board of Directors consists of two directors. The Board takes overall responsibility for the Company, including responsibility of identifying key risk areas, considering and monitoring 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.

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

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

**HAMSTEAD INVESTMENTS LIMITED- P.O. BOX 40883, DAR ES SALAAM
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020**

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff.

Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company's internal control system is designed to provide the Board with reasonable assurance that the procedures in place are operating efficiently.

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

SOLVENCY

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

RELATED PARTY TRANSACTIONS

Related party transactions during the year were made on an arm's length price.

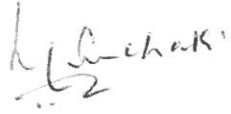
AUDITORS

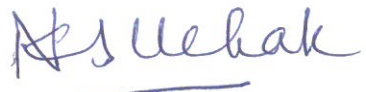
The auditors of the Company, M/s. Baker Tilly DGP & Co. have expressed their willingness to continue in office as auditors of the Company.

ACKNOWLEDGEMENTS

Directors wish to place on record their deep sense of appreciation for the overwhelming co-operation and assistance received from the government; TRA and bankers of the Company.

BY ORDER OF THE BOARD


.....
DIRECTOR
NAME: MANOJKUMAR K. SUCHAK
DAR-ES-SALAAM
DATE: 26/06/21


.....
DIRECTOR
NAME: Nimesh Suchak
DAR-ES-SALAAM
DATE: 26/06/21

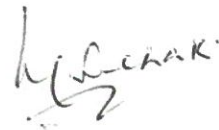
STATEMENT OF DIRECTOR'S RESPONSIBILITY

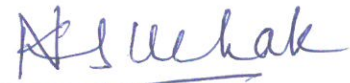
The Tanzanian Companies Act 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the Company keeps proper accounting records that 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 responsibilities for the periodical 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 and the requirement of the Tanzanian 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 and of its profit. The directors further accept responsibilities for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal control.

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

Approved by the board of directors on2021 and signed on its behalf by:


.....
DIRECTOR
NAME: MANOJKUMAR K. SUCHAK
DAR-ES-SALAAM
DATE: 26/06/21


.....
DIRECTOR
NAME: Nimesh Suchak
DAR-ES-SALAAM
DATE: 26/06/21

**HAMSTEAD INVESTMENTS LIMITED- P.O. BOX 40883, DAR ES SALAAM
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020**

DECLARATION OF THE HEAD OF ACCOUNTING AND FINANCE

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

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

I, CPA ALLEN MWIKAVU hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st December, 2020 have been prepared in compliance with the applicable accounting standard and statutory requirements. I thus confirm that the financial statements give a true and fair view position of the Hamstead Investments Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed: Allen Mwikavu
NBAA Membership No.: ACPA 3602
Date: 28/6/2021



Advisory | Assurance | Tax

Office 10-2, Level 10, IT Plaza,
Garden Avenue / Ohio Street,
P. O. Box - 1314, Dar es Salaam
Tanzania

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HAMSTEAD INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Hamstead Investment Limited, which comprise the Statement of Financial Position as at 31st December 2020, and the Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31st December 2020 and of its financial performance and its cash flows for the year then ended in accordance with the Companies Act, 2002.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with The National Board of Accountants and Auditors (Code of Ethics) By - Laws, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the Matter

1. The physical existence and continued usage of fixed assets have been confirmed by the management.
2. Attention is drawn to note no. 17 to the financial statements in respect to adoption of International Financial Reporting Standards (IFRS). From our review, we conclude that the Financial Statements do not comply with the IFRS.

Our opinion is not qualified in respect of above matters.

Other information

The directors are responsible for the other information. The other information comprises the Director's Report as required by the Companies Act, 2002, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Partners:

K. S. Bhattbhatt (Tanzanian)
Kailas K. Bhattbhatt (Tanzanian)
Vishvanshu H. Trivedi (Indian)

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 collusion, forgery, intentional 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 disclosure made by the directors.

Conclude on the appropriateness of the director'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 the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Report on other legal and regulatory requirements

As required by the Companies Act, 2002, we report to you, based on our audit, that:

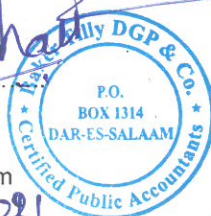
- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books;
- iii) the director's report is consistent with the financial statements;
- iv) information specified by the law regarding director's remuneration and transactions with the Company is disclosed; and
- v) The Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.

For Baker Tilly DGP & Co.
Certified Public Accountants,


Kailas K. Bhattbhatt
Partner

Place : Dar es Salaam

Date : 28/06/2021



HAMSTEAD INVESTMENTS LIMITED
P.O. Box 40883, Dar Es Salaam

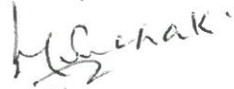
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2020**

PARTICULARS	NOTE	2020 Tzs	2019 Tzs
Revenue		270,000,000	1,043,354,925
Gross profit		<u>270,000,000</u>	<u>1,043,354,925</u>
<u>Less: Expenses</u>			
Administrative expenses	3	(375,110,409)	(394,846,974)
Financial expenses	4	<u>(1,172,791,089)</u>	<u>(935,427,832)</u>
		(1,547,901,498)	(1,330,274,806)
Profit / (Loss) before tax		(1,277,901,498)	(286,919,881)
Less : Tax expense / credit	12	<u>(1,350,000)</u>	<u>-</u>
Profit / (Loss) after tax		<u>(1,279,251,498)</u>	<u>(286,919,881)</u>

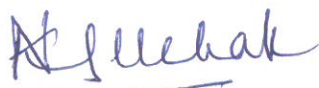
The significant accounting policies on pages 12 to 15 and the notes on pages 16 to 20 form an integral part of these financial statements.

Report of the Independent Auditor's on page 6 & 7.

The financial statements on Pages 8 to 20 were approved by the Board of Directors and signed behalf by:



Director
Name: MANOJKUMAR K. SUCHAK
Dar Es Salaam
Date: 26/06/21



Director
Name: Nimesh Suchak
Dar Es Salaam
Date: 26/06/21

HAMSTEAD INVESTMENTS LIMITED
P.O. Box 40883, Dar Es Salaam

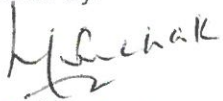
STATEMENT OF FINANCIAL POSITION AS ON 31ST DECEMBER 2020


	NOTE	31st December 2020 Tzs	31st December 2019 Tzs
Non current assets			
Property, plant and equipment	13	12,787,145,787	13,138,274,769
		<u>12,787,145,787</u>	<u>13,138,274,769</u>
Current assets			
Trade and other receivables	5	288,502,521	222,650,767
Cash and cash equivalents	6	4,322,146	2,442,934
Current tax	12	404,524,567	403,926,000
		<u>697,349,234</u>	<u>629,019,701</u>
Total assets		<u>13,484,495,021</u>	<u>13,767,294,470</u>
Equity			
Share capital	7	10,000,000	10,000,000
Retained earnings		(5,472,197,065)	(4,138,964,085)
		<u>(5,462,197,065)</u>	<u>(4,128,964,085)</u>
Non current liabilities			
Borrowings	8	6,773,994,047	7,727,828,297
		<u>6,773,994,047</u>	<u>7,727,828,297</u>
Current liabilities			
Trade and other payables	9	-	183,067,964
Provisions	10	5,423,280	5,399,680
Bank overdraft	11	-	125,667,714
Borrowings	8	12,167,274,759	9,854,294,900
		<u>12,172,698,039</u>	<u>10,168,430,258</u>
Total equity and liabilities		<u>13,484,495,021</u>	<u>13,767,294,470</u>

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 Name: MANOJKUMAR K. SUCHAK
 Dar Es Salaam
 Date: 26/06/21


 Director
 Name: Nimesh Suchak
 Dar Es Salaam
 Date: 26/06/21

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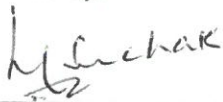
STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2020

Particulars	Share capital	Retained earnings	Total
	Tzs	Tzs	Tzs
Year ended 31st December 2019			
As at start of the year	10,000,000	(3,917,119,844)	(3,907,119,844)
Assessment tax paid	-	65,075,640	65,075,640
	10,000,000	(3,852,044,204)	(3,842,044,204)
Net profit / (loss)	-	(286,919,881)	(286,919,881)
At the end of the year	10,000,000	(4,138,964,085)	(4,128,964,085)
Year ended 31st December 2020			
As at start of the year	10,000,000	(4,138,964,085)	(4,128,964,085)
Prior year adjustments	-	(53,981,482)	(53,981,482)
	10,000,000	(4,192,945,567)	(4,182,945,567)
Net profit / (loss)	-	(1,279,251,498)	(1,279,251,498)
At the end of the year	10,000,000	(5,472,197,065)	(5,462,197,065)

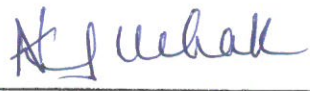
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Director
Name: MANOJKUMAR K. SUCHAK
Dar Es Salaam
Date: 26/06/21



Director
Name: Nimesh Suchak
Dar Es Salaam
Date: 26/06/21

HAMSTEAD INVESTMENTS LIMITED
P.O. Box 40883, Dar Es Salaam

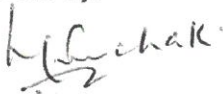
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2020


PARTICULARS	2020 Tzs	2019 Tzs
<u>Cash flows from operating activities</u>		
Profit / (Loss) before tax	(1,277,901,498)	(286,919,881)
<u>Adjustment for:</u>		
Depreciation and amortisation	351,128,982	371,587,075
Prior period adjustment	(53,981,482)	-
	(980,753,998)	84,667,194
<u>Movements in working capital:</u>		
(Increase)/ decrease in trade and other receivables	(65,851,754)	13,721,451
Increase/ (decrease) in trade and other payables	(183,044,364)	(772,657,581)
Cash generated from operations	(1,229,650,116)	(674,268,936)
Less: Taxes paid	(1,948,567)	40,075,640
Net cash generated by operating activities (A)	(1,231,598,683)	(634,193,296)
<u>Cash flow from investing activities</u>		
Payments of purchase of property, plant and equipment	-	(1,367,712,000)
Net cash (used in) / generated by investing activities (B)	-	(1,367,712,000)
<u>Cash flow from financing activities</u>		
Increase/ (decrease) in bank overdraft	(125,667,714)	125,619,261
Proceed from borrowings	1,359,145,609	1,876,150,955
Net cash (used in) / generated by financing activities (C)	1,233,477,895	2,001,770,216
Net increase in cash and cash equivalents (A+B+C)	1,879,212	(135,080)
Cash and cash equivalents at the beginning of the year	2,442,934	2,578,014
Cash and cash equivalents at the end of the year	4,322,146	2,442,934

The significant accounting policies on pages 12 to 15 and the notes on pages 16 to 20 form an integral part of these financial statements.

Report of the Independent Auditor's on page 6 & 7.

The financial statements on Pages 8 to 20 were approved by the Board of Directors and signed on behalf by:


 Director
 Name: MANOJKUMAR K. SUCHAK
 Dar Es Salaam
 Date: 26/06/21


 Director
 Name: Nimerh Suchak
 Dar Es Salaam
 Date: 26/06/21

A. GENERAL INFORMATION

Hamstead Investments Limited was incorporated as a limited liability company and it is domiciled in Tanzania.

The principle activities are disclosed in the Directors Report.

Its registered office address and its principal place of business is:

Plot No. 85, 86 and 87
Vingunguti Industrial Area
P.O. Box 40883
Dar es Salaam, Tanzania.

B. SIGNIFICANT ACCOUNTING POLICIES

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis. These financial statements have been prepared under historical cost convention. A summary of more important accounting policies is set out below.

1.2 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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

1.3 REVENUE RECOGNITION

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

The company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the company's activities as described below.

- (i) Sales of goods are recognised upon delivery of products and customer acceptance.
- (ii) Sales of services are recognised upon performance of the services rendered.
- (iii) Interest income is accounted for in the year in which it is earned.

1.4 FOREIGN CURRENCY TRANSLATIONS

1.5

a) Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency for the entity is the Tanzania Shillings, which is the Company's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the Tanzanian Shillings using the exchange rate prevailing at the dates of transactions. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currency, are translated into Tanzanian Shillings at the rates ruling at that date.

Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are capitalized to property, plant and equipment.

All exchange differences arising from the translation of loans at year-end exchange rates used to construct the godowns have been capitalized to property, plant and equipment.

1.6 PROPERTY, PLANT AND EQUIPMENT

All equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Depreciation is calculated on the reducing balance basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

<u>Name of assets</u>	<u>Rate of depreciation</u>
Buildings and Godowns	5%
Plant and Machinery	25%

The company's land has not been amortized.

There is no depreciation charged in the current year since all capital work in progress has been transferred to property, plant and equipment at the end of the year.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating loss.

1.7 FINANCE AND OPERATING LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1.8 ACCOUNTS RECEIVABLES

Receivables are initially recognized at fair value and subsequently measured at their amortized costs using effective interest method.

A provision for impairment trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the expected cash flows discounted at the effective interest rate.

1.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash held by the company and current accounts operated with banks for companies normal trade transactions. The carrying amount of these assets approximates their fair value.

1.9 BORROWINGS

Borrowings are recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost and any difference between proceeds and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowing costs are expensed in the year they accrue unless they can be related, with certainty, to fixed assets construction projects in which case they are capitalized as part of the asset's cost. Borrowings are classified as long term liabilities as the group has an unconditional right to defer settlement of the liability for at least 12 months after balance sheet date.

1.10 TAXATION

Income tax expense is the charge to the profit and loss account in respect of current income tax which is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2008.

1.11 EMPLOYEES BENEFITS

The Company has defined benefits contributions plans. Under defined contribution plan, the Company contributions to publicly administered pension plans (National Social Security Fund and Parastatal Pension Fund) on a mandatory basis.

The Company has no further payment obligations once the contributions have been paid.

1.12 PROVISIONS

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

1.13 PRE-OPERATING EXPENSES

All the expenses incurred by the Company during the period/year when operations (revenue) have not started have been debited to pre-operating expenses and disclosed in the Statement of Financial Position and will be written off fully in the year when the operations (revenue) will be started.

2. FINANCIAL RISK MANAGEMENT

The Companies activities expose it to a variety of financial risks: foreign currency risk, credit risk, commodity price fluctuation risk and interest-rate risk.

The Company's overall risk management programme seeks to minimize potential adverse effects on the financial performance. Risks management is carried out by the management.

a) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that services are rendered to customers with an appropriate credit history.

b) Foreign currency risk

When need arises, the Company enters into transactions denominated in foreign currencies (primarily United States Dollars ("US\$")). In addition, the Company has assets and liabilities denominated in United States Dollars ("US\$") and the sales and purchases takes place in United States Dollars ("US\$"). As a result, it is subject to translation exposure from fluctuations in foreign currency exchange rates.

c) Interest rate risk

Fluctuation in interest rates has impact on the operating activities. In the ordinary course of business, the Company receives cash from its operations and is required to fund working capital and capital expenditure requirements.

HAMSTEAD INVESTMENTS LIMITED
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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

	2020	2019
	Tzs	Tzs
3 Administrative expenses		
Audit fees	4,743,600	4,686,880
Property Tax	600,000	1,200,000
Consultancy fees	228,899	-
Depreciation	351,128,982	371,587,075
General insurance expenses	13,106,530	11,131,428
Land-Rent	4,491,398	4,491,100
Office expenses	338,000	960,491
Conveyance charges	-	459,000
License / Permits & Fee Exps	473,000	331,000
Total	375,110,409	394,846,974
4 Financial expenses		
Bank charges and appraisal fees	963,265	1,491,392
Bank interest	521,005,048	644,354,941
Interest on loan from related party	596,042,443	278,055,193
Foreign exchange loss / (gain) - realised	47,897,160	17,493,978
Foreign exchange loss / (gain) - unrealised	6,883,173	(5,967,672)
Total	1,172,791,089	935,427,832
5 Trade and other receivables		
Advance to employees	-	12,000,000
Bank claims	5,558,492	5,396,308
Other deposit	60,000,000	-
Prepaid expenses	-	12,382,232
Sundry Debtors	70,800,000	35,400,000
VAT receivable	152,144,029	157,472,227
	288,502,521	222,650,767
6 Cash and cash equivalents		
Cash in hand	2,352,046	2,352,046
Cash at banks	1,970,100	90,888
	4,322,146	2,442,934

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

	2020 Tzs	2019 Tzs
7 Share capital		
Issued and paid up share capital 1,000 shares of Tzs 10,000/- each	10,000,000	10,000,000
	10,000,000	10,000,000
8 Borrowings		
Non current - Unsecured		
Long term loan from DTB	6,773,994,047	7,727,828,297
	6,773,994,047	7,727,828,297
Current		
Jambo Plastic Loan A/c-Usd	12,167,274,759	9,854,294,899
	12,167,274,759	9,854,294,899
	18,941,268,806	17,582,123,196
DTB Security details:		
The term loan facilities will be collaterally secured by the following:		
i) First legal and continuous charge over property located on Plots 85, 86 and 87 Vingunguti Industrial area, Dar es Salaam with CT30928 registered in the name of Hamstead Investments Limited, valued by HR Consultants Limited with a forced sale value of Tzs. 4,434,750,000/-. (Charges for unspecified amount but to be up- stamped to cover the proposed facilities).		
ii) Joint several and personal guarantees of directors of the company as listed below:		
- Mr. Nimesh Kantilal Suchak		
- Mr. Manojkumar Kantilal Suchak		
iii) Corporate guarantee of M/s. Jambo Plastics Limited.		
9 Trade and other payables		
Trade creditors	-	3,067,964
Unearned Rental Income	-	180,000,000
	-	183,067,964
10 Provisions		
Audit fees payable	5,423,280	5,399,680
	5,423,280	5,399,680

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

	2020	2019
	Tzs	Tzs
11 Bank overdraft		
Bank overdraft - USD	-	125,667,714
	<u>-</u>	<u>125,667,714</u>
12 Current tax		
Opening balance	(403,926,000)	(287,056,250)
Provision for tax current year tax	1,350,000	-
Advance tax paid	(1,000,000)	(1,000,000)
Withholding tax receivable	(948,567)	(115,869,750)
	<u>(404,524,567)</u>	<u>(403,926,000)</u>

HAMSTEAD INVESTMENTS LIMITED
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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

13 Property, plant & equipment

Particulars	Land Tzs	Building Tzs	Plant and machinery Tzs	Total Tzs
<u>Cost</u>				
Balances at 1st January 2019	4,860,707,500	8,447,738,262	88,349,920	13,396,795,682
Additions	1,367,712,000	-	-	1,367,712,000
Balances at 31st December 2019	<u>6,228,419,500</u>	<u>8,447,738,262</u>	<u>88,349,920</u>	<u>14,764,507,682</u>
Balances at 1st January 2020	6,228,419,500	8,447,738,262	88,349,920	14,764,507,682
Balances at 31st December 2020	<u>6,228,419,500</u>	<u>8,447,738,262</u>	<u>88,349,920</u>	<u>14,764,507,682</u>
<u>Accumulated depreciation</u>				
Balances at 1st January 2019	-	1,203,870,708	50,775,130	1,254,645,838
Depreciation for the year	-	362,193,378	9,393,697	371,587,075
Balances at 31st December 2019	<u>-</u>	<u>1,566,064,086</u>	<u>60,168,827</u>	<u>1,626,232,913</u>
Balances at 1st January 2020	-	1,566,064,086	60,168,827	1,626,232,913
Depreciation for the year	-	344,083,709	7,045,273	351,128,982
Balances at 31st December 2020	<u>-</u>	<u>1,910,147,795</u>	<u>67,214,100</u>	<u>1,977,361,895</u>
<u>Carrying value</u>				
Balances at 31st December 2020	<u>6,228,419,500</u>	<u>6,537,590,467</u>	<u>21,135,820</u>	<u>12,787,145,787</u>
Balances at 31st December 2019	<u>6,228,419,500</u>	<u>6,881,674,176</u>	<u>28,181,093</u>	<u>13,138,274,769</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

15 Related party disclosure

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

In Tanzania

- 1) Jambo Plastics Ltd
- 2) Nyati Spiritz Ltd

<u>Transactions:</u>	2020	2019
	Tzs	Tzs
Income		
In Tanzania		
1) Jambo Plastics Ltd	240,000.00	240,000
2) Nyati Spiritz Ltd	30,000.00	30,000
Loan taken		
In Tanzania		
1) Jambo Plastics Ltd	2,312,980	2,848,923
	31st December	31st December
<u>Outstanding balances:</u>	2020	2019
	Tzs	Tzs
<u>Financial:</u>		
1) Jambo Plastics Ltd	12,167,274,759	9,854,294,899

16 Contingent liabilities and commitments

The management does not anticipate any contingent liabilities as at 31st December 2020.

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

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COMPUTATION OF TAXABLE INCOME

2020
Tzs

Profit / (Loss) as per statement of profit or loss	(1,277,901,498)
Add:	
Depreciation and amortisation	351,128,982
Visa and permit expenses	473,000
Unrealised forex loss - current year	6,883,173
	(919,416,343)
Less:	
Wear and tear allowance	426,496,656
Unrealised forex loss - previous year	-
Taxable income / (loss)	(1,345,912,999)
Less: Brought forward of loss	3,662,561,669
Taxable income for the year	(5,008,474,668)
Tax on income @30%	-
MAT on revenue @0.5%	1,350,000

Wear and tear schedule

Particulars	Class III	Class VI	Total
Rate	12.50%	5.00%	
Opening balance at 1st January 2020	32,877,941	6,349,406,029	6,382,283,970
Initial allowance	32,877,941	6,349,406,029	6,382,283,970
Wear and tear	4,109,743	422,386,913	426,496,656
Closing balance 31st December 2020	28,768,198	5,927,019,116	5,955,787,314