

Ok HOTELS AND RESORT
LIMITED Financial Statements
for year ended 31st December
2021




TABLE OF CONTENTS

Contents	
INTRODUCTION	2
1.0 INCORPORATION	2
1.1 PRINCIPAL ACTIVITY	2
1.2 COMPANY VISION STATEMENT	2
1.3 COMPANY MISSION STATEMENT	2
1.4 SHARE CAPITAL OF THE COMPANY	2
1.5 COMPANY'S GOING CONCERN	3
1.6 COMPANY MANAGEMENT STRUCTURE	3
1.7 COMPANY MANAGEMENT RELATIONSHIP WITH EMPLOYEES	3
1.8 ACCOUNTANT'S DECLARATION ON FINANCIAL STATEMENTS	4
1.9 STATEMENTS OF DIRECTORS RESPONSIBILITIES ON THE FINANCIAL STATEMENTS	5
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021	6
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED	7
31st DECEMBER, 2021	7
CASHFLOW STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021	8
ACCOUNTING POLICIES, STATUTORIES AND STANDARDS USED IN PREPARING FINANCIAL STATEMENTS	10
AUDITOR'S REPORT	17
3.0 REPORT ON FINANCIAL STATEMENTS	17
3.1 MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS	17
3.2 AUDITOR'S RESPONSIBILITY	17

INTRODUCTION

1.0 INCORPORATION

The company was incorporated in Tanzania on 13th day of May 2004 as company limited by shares under the Companies Act CAP 312 at Kinondoni municipality Dar-es-salaam. The company is engaged in the business of properties developments and hotels. It is currently located and operating within the Tanzania Revenue Authority Kinondoni Tax region.

1.1 PRINCIPAL ACTIVITY

Our main business activity in the property development is to provide the hotels and entertainment services and leasing.

1.2 COMPANY VISION STATEMENT

To be a leading provider of the hotels, entertainment services and property development

1.3 COMPANY MISSION STATEMENT

Our mission is to maintain our clients' property value by offering the best customized hotels and entertainment services through qualified and trained workers.

1.4 SHARE CAPITAL OF THE COMPANY

Authorized Share Capital of the company registered at Business Registration and Licensing Agency (BRELA) is the Tanzania Shillings 1,000,000,000/= divided to ten thousand (10,000) ordinary shares of shillings one hundred thousand (100,000) each.

1.5 COMPANY'S GOING CONCERN

Our Company has not changed any direction in terms of the business and the activities as specified in the memorandum and articles of association.

1.6 COMPANY MANAGEMENT STRUCTURE

The company capital structure is formed by two directors and one director is responsible for day to day running of the company. All the directors who are owners of the company report to the Board of directors and their equity ownership is as follows:

1. Mr. OBEDIE SOLOMON KIMARO-7,000 Ordinary Shares
2. Ms. EUNICE JONATHAN MMARI-2,000 Ordinary Shares

1.7 COMPANY MANAGAMENT RELATIONSHIP WITH EMPLOYEES

We had never have employee since the registration of the company.

1.8 ACCOUNTANT'S DECLARATION ON FINANCIAL STATEMENTS

We have prepared our financial statements for the year ended according to the applicable accounting standards under the National Board of Accountants and Auditors standards, IFRS and Income Tax Act of 2008.

Our professional duty is to prepare and present to the Board of Directors the financial statements which show true and fair view position of the business according to the applicable accounting standards and statutory requirements.

I, Ms Loveness John as Accountant make declaration that our financial statements show true and fair view position of the business and present to you below duly signed financial statements;

Signature..... *M Loveness John*

Position: Accountant

Date; *5/01/2023*

1.9 STATEMENTS OF DIRECTORS RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

These financial statements have been prepared by the management of Ok HOTELS AND RESORT LIMITED in accordance with the provisions of Companies Act CAP 312 of 2012. The financial statements are prepared in a manner consistent with the International Financial Reporting Standards (IFRS) on accrual basis of accounting on SMEs.

The directors of Ok HOTELS & RESORT LIMITED are responsible for establishing and maintaining a system of effective internal controls designed to provide reasonable assurance that the transactions recorded in the accounts are within the statutory authority and that they contain the receipts and use of all financial resources by Ok HOTELS AND RESORT LIMITED

To the best of our knowledge, the system of internal control has operated adequately throughout the reporting period and that the financial statements and underlying records provide a reasonable basis for the preparation of financial statements for the financial year ended 31st December, 2021 and comparative years since incorporation.

We accept responsibility for the integrity of financial statements, the information provided are in compliance with statutory laws, Nothing has come to the attention of the directors to indicate that the Company will not remain as a going concern for at least twelve months from the date of this statement

Mr. Obedie Solomon Kimaro

Signature.....

Position: Managing Director

Date: 5/01/2023.....

OK HOTELS AND RESORT LIMITED FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

OK HOTELS AND RESORT LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021

	NOTE	31.12.2021	31.12.2020
ASSETS			
Non-Current Assets			
Plant & Machinery	0	<u>0</u>	<u>0</u>
Total Non-Current Assets		<u>0</u>	<u>0</u>
Current Assets			
Cash and Cash Equivalents		0	0
Trade and Other receivables	0	<u>0</u>	<u>0</u>
Total Current Assets		<u>0</u>	<u>0</u>
TOTAL ASSETS		<u><u>0</u></u>	<u><u>0</u></u>
EQUITY AND LIABILITIES			
Shareholders' Equity		0	0
Retained Earnings		<u>0</u>	<u>0</u>
TOTAL EQUITY		<u><u>0</u></u>	<u><u>0</u></u>
LIABILITIES			
Non-Current Liabilities			
Other creditors			0
Current Liabilities			
Trade and Other payables	0	0	0
Tax Liability			0
Contingent Liabilities		<u>0</u>	
		<u>0</u>	<u>0</u>
TOTAL LIABILITIES		<u><u>0</u></u>	<u><u>0</u></u>

Managing Director's signature:.....

Date:.....

OK HOTELS AND RESORT LIMITED FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

OK HOTELS AND RESORT LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED

31st DECEMBER, 2021

	NOTE	31.12.2021	31.12.2020
SALES	0	0	0
LESS:			
ADMINISTRATIVE EXPENSES	0	0	0
GENERAL EXPENSES	0	0	0
FINANCIAL EXPENSES	0	0	0
DEPRECIATION	0	0	0
STATUTORY EXPENSES	0	0	0
TOTAL EXPENSES		0	0
PROFIT OR (LOSS) BEFORE TAX		0	0
LESS: CORPORATE TAX (30%)	0	0	0
PROFIT OR (LOSS) AFTER TAX		0	0

CASHFLOW STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER,2021

	31.12.2021	31.12.2020
CASH FLOWS FROM OPERATING ACTIVITIES	TZS	TZS
Net Profit(Loss) During the year	0	0
Non Cash Movements		
Add: Depreciation	0	0
PROFIT/(LOSS) BEFORE CHANGES IN WORKING CAPITAL	0	0
CHANGE IN WORKING CAPITAL		
(Increase)/Decrease in Accounts Receivable	0	0
(Increase)/Decrease in Inventories		0
Increase/(Decrease) in Accounts Payables	0	
Increase/(Decrease) in Business Loan		
NET CHANGE IN WORKING CAPITAL	0	0
Tax Liabilities	0	0
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	0	0
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Purchases of Non-Current Assets (Capital Expenditure)	0	0
NET CASH FROM INVESTMENT ACTIVITIES (B)		
CASH FLOWS FROM FINANCING ACTIVITIES		
LOAN		0
OWNERS CAPITAL		
NET CASH FROM FINANCING ACTIVITIES ©		0
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	0	0

Ok HOTELS AND RESORT LIMITED FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

CASH AND CASH
EQUIVALENTS AT THE
BEGINING OF THE YEAR

0

0

CASH AND CASH
EQUIVALENTS AS AT THE
END OF THE YEAR 31ST
DECEMBER,2021

0

0

ACCOUNTING POLICIES, STATUTORIES AND STANDARDS USED IN PREPARING FINANCIAL STATEMENTS

Our financial statements were prepared base on the accrual basis stipulated on the Section 21 (4) of the Tanzania's Tax Act, 2008 and accordance of with the International Accounting Standards.

The following below are policies used and notes from financial statements;

1) ADOPTION OF ACCOUNTING FRAMEWORK

The Company has adopted the International Financial Reporting Standards (IFRS) in preparation and presentation of its Financial Statements as set out below:

2) BASIS OF ACCOUNTING

The financial statements have been prepared on an accrual and going concern basis and in accordance with the requirements of International Financial Reporting Standards ("IFRS"). Using the historical cost convention,

3) FUNCTIONAL AND REPORTING CURRENCY

The functional and reporting currency of the Hotel is the Tanzanian Shilling. Transactions in foreign currencies are converted into Tanzanian Shillings at the exchange rate ruling at the day of the transaction. Assets and liabilities in foreign currencies are translated into TZ shillings using the exchange rates prevailing at the Balance Sheet date. Gains or losses arising from exchange rates fluctuations are dealt in the Statement of Financial Performance in the year in which they arise.

4) GOING CONCERN

The financial statements have been prepared on a going concern basis as the Directors have reviewed the Hotel cash flow forecasts and current financial position; in the light this review and they are satisfied that the Hotel will expect to start operations in the near future

5) PROVISION

Provisions are recognized when the Hotel has a present obligation as a result of the past events and it is probable that an outflow of economic benefits will be settled and its amount can be reliably estimated.

6) RE-GROUPING

Figures have been regrouped/rearranged wherever necessary so as to make them comparable with current year's figures.

7) RISK MANAGEMENT AND INTERNAL CONTROL.

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

- The effectiveness and efficiency of operations;
- The safeguarding of the Hotel's assets (including money);
- Compliance with the applicable laws, regulations and supervisory requirements and
- The reliability of accounting records.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of noncompliance by staff with such measures. Consequently, even a strict and efficient internal control system can provide no more than a reasonable measure of assurance in respect of the above-mentioned objective. The Board assessed the internal control system throughout the financial year and is of the opinion that it is at an acceptable level.

8) PROPERTY, PLANT AND EQUIVALENT (PPE)

PPEs are initially recognized at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management. PPEs are subsequently measured using the cost model, cost less subsequent depreciation & impairment losses. Gains or losses arising on the disposal of assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the income Statement.

Depreciation is calculated on a reducing balance method over the asset's useful life except for land, which is not subject to depreciation. PPE reviewed annually for impairment to ensure that the carrying amount is still considered to be recoverable. The rates of depreciation are as follows:

<u>TYPE OF ASSETS</u>	<u>RATES PER ANNUM (%)</u>
Land	0.00%
Buildings	4.00%
Equipment	12.50%
Furniture, Fixtures & Fittings	12.50%
M/Vehicles	25.0%
Computers	37.5%

9) AMORTIZATION OF ASSETS

These intangible assets relate to computer software and are stated at historical cost less accumulated amortization and accumulated impairment losses. Acquisition costs and costs attributable to bringing the software into use are capitalized. These costs are amortized on a reducing balance method over the life of asset, which is currently 8 years. The estimated useful life for intangible asset classes is as follows:

Class	Estimated useful life (years)
Intangible assets - Computers software	8

10) INVENTORY

Inventories are assets held in the form of materials or supplies to be consumed in the Hotel operations or in the rendering of services. The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are initially valued at cost. The cost of inventories is based on the first-in, first-out (FIFO) or the weighted average cost principle.

11) CASH AND CASH EQUIVALENT

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts as well.

12) EMPLOYMENT BENEFITS

We have no employee because we have not started the business.

i) Revenue recognition

Contributions are recognized as revenues only when the conditions have been substantially met or the donor has explicitly waived the conditions and when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Hotel. Revenue is measured at the fair value of the consideration received or receivable, as detailed further below:

ii) Net Assets

Net asset is the residual interest in the Hotel's assets remaining after liabilities are deducted. These are classified as follows:

▪ **Unrestricted fund**

Unrestricted grants are those grants which are not associated with specific conditions or obligations to be fulfilled by the Hotel. Unrestricted grants in currencies other than TZS are recorded at exchange rates in effect at the time of receipt.

▪ **Restricted fund**

Restricted grants are those grants which are attached with specific conditions or obligations to be fulfilled by the Hotel. Restricted grants in currencies other than TZS are recorded at exchange rates in effect at the time of receipt.

iii) Other income

Interests, rental income, amortized deferred income, gains or losses relating to financial instruments are reported in the statement of financial performance as expense or revenue.

13) EXPENDITURES

Expenditures are recognized where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and has been classified under the similar headings/ category.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

14) CONTINGENT LIABILITIES

These refer to a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Hotel. In this case, the hotel has a contingent liability relating to litigation/legal proceedings raised by Tax Authority.

However, its ruling date has not yet been set and therefore it is not practicable to state the timing of the payment, if any. The Hotel has been advised by its legal counsel that it is only possible, but not probable. The possibility of an outflow of economic resources was considered and its fair value is estimated.

15) FINANCIAL RISKS MANAGEMENT

The company is subject to a number of financial including foreign exchange risks, credit risk, liquidity risks, and market risks. The Board is responsible for ensuring appropriate risk management strategies and policies are in place to minimize potential adverse effects on its financial performance.

i) Liquidity risk

This is the risk that the company will not have enough funds to meet its obligations when they fall due such as suppliers of goods and services. The Hotel hedges against this by managing tight budget processes and ensuring that only planned activities are carried out

ii) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of exposure will fluctuate because of changes in foreign exchange rates. A range of instruments is currently being used to minimize the Hotel's exposure to foreign exchange risk by maintaining bank balances in the foreign currencies to match the respective expenses

iii) Interest rate risk

Interest rate risk is that risk referring to financial loss due to adverse movements in interest rates. The Hotel has no interest-bearing financial instruments and is thus not exposed to interest rate risk.

iv) Credit risks

Credit risk is that risk associated with financial loss due to the non-performance by counterparties to discharge an obligation, financial instruments like bank balances and receivables, investments, etc. The Hotel mitigates their exposure to credit risk by having insignificant concentrations of credit risk-related instruments, diversification of credit instruments, by dealing with only highly rated institutions, for which the probability of default is extremely low and continually monitoring the credit worthiness of counterparties.



ARGRA FINANCIAL CONSULTANCY
P.O BOX 35695,DAR-ES-SALAAM,
KKT DMP,Mbezi Beach, Investment House 2nd Floor
Email Address:argrafinancialconsultancy@hotmail.com,
Mobile no.+255767782740

AUDITOR'S REPORT

3.0 REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Ok HOTELS AND RESORT LIMITED** as of 31st December 2021 and the related statements of comprehensive income, financial position, statement of change of equity and cash flows for the years then ended, and the related notes to the financial statements.

3.1 MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the Tanzania; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

3.2 AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the Tanzania.

Ok HOTELS AND RESORT LIMITED FINANCIAL STATEMENTS AS AT 31ST DECEMBER 2021

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of **Ok HOTELS AND RESORT LIMITED** as of 31st December, 2021, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Tanzania



CPA Arnold Bitegeko

ACPA, 1697

Managing Partner

