

SAS LOGISTICS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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ORGANISATION INFORMATION

BOARD OF DIRECTORS	Name	Designation	Nationality
	: Salim Seif El-Busaidy	Managing Director	Tanzanian
	: Nasra Nassor Said	Director	Tanzanian

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS : Sas Logistics Limited
: P.O. Box 31531
: Plot No. 126
: Mabibo Tabata - Mandela Road
: Dar Es Salaam, Tanzania

INDEPENDENT AUDITOR : Delta Associates
: P.O. Box 45709
: Plot No: 3, Block I
: Kilwa Road, Temeke
: Branch: City Mall 2nd Floor, Room S23
: Corner of Bibititi, Mororogoro Road
: Dar Es Salaam, Tanzania

PRINCIPAL BANKER : Stanbic Bank Limited
: Corner Ali Hassan Mwinyi Road
: Kinondoni Road
: P.O. Box 72647
: Dar Es Salaam, Tanzania

: Amana Bank Limited
: Golden Jubilee Tower
: Ohio Street
: P.O. Box 9771
: Dar Es Salaam, Tanzania

: Absa Bank Tanzania Limited
: Absa House
: Ohio Street
: P.O. Box 5137
: Dar Es Salaam, Tanzania

COMPANY'S SECRETARY : Adam Ramadhani Ambari
: P.O Box 31531
: Dar Es Salaam

REPORT OF THE DIRECTORS

The Company's management submit their report together with the audited financial statements for the year ended 31 December 2021.

BACKGROUND

Sas Logistics Limited is a Local private limited liability company incorporated in Tanzania on 27 July 2016 under the repeated Companies Ordinance Cap 212 R. E of 2002 with registration No.57181 and obtained Tax Identification Number (TIN) No.104-868-924 on 04 August 2006 and VAT Registration Number (VRN) 40-003039-D on 11 March 2009

PRINCIPAL ACTIVITY

The principle business of the company is as follows:

- (i) Freight Transport by Road
- (ii) Other transportation supports activities.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of directors of the Company at the date of this report are shown in page 1.

CORPORATE GOVERNANCE

Tanzania business environment requires companies to comply with legal obligations so as to protect health, safety and other welfares of their employees. Moreover, it should also be noted that as business grows enterprises need to expand their responsibilities regarding employees' rights including hiring, firing, discrimination, harassment, safety, wages, payroll and benefits. To facilitate the process in supporting targeted entrepreneurs to comply with legal obligations, the company constantly conducted assessments to check adherence to legal obligations such as business licenses, income tax clearances, health and safety standards, among others.

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

MANAGEMENT

The Management of the Company is under the Managing Director.

	2021	2020
RESULTS	TZS	TZS
Profit before tax	(585,849,147)	63,046,001
Tax charge	-	(45,021,004)
Profit for the year	<u>(585,849,147)</u>	<u>18,024,997</u>

DIRECTORS' REMUNERATION

Both Directors paid remuneration in the year 2021.

DIRECTORS' INTEREST

The directors hold a direct interest in the issued and paid up share capital of the company as shown below.

REPORT OF THE DIRECTORS (CONTINUED)

SHARE CAPITAL

Authorised share capital of the company is Tanzanian Shillings 4,000,000,000 divided into 400,000 ordinary shares of Tanzanian Shillings 10,000 each. The shareholders of the company with their respective shareholdings is as follows:

Name of the Shareholders	% Share holding	No of shares held
1 Salim Seif El-Busaidy	80%	311,820
2 Nasra Nassor Said	20%	77,955

The Authorized Share Capital above was agreed and resolved during the special resolution extracted from the minutes of the special meeting of the members of the company held at the registered office of the Company Plot No. 126, Mandela Road, Makuburi, Ubungo, P.O Box 31531 Dar Es Salaam on 25th November, 2021

The Special meeting resolved the following:-

- 1 Allotment of new Shares
- 2 Ammendment of the Memorandum and Articles of Association and Increment of Share Capital, and
- 3 Allotment of Shares and Change of Shareholding Structure.

Thus, New Share Capital shall be Tshs 4,000,000,000 divided into 400,000 shares of Tshs 10,000 each. The total share taken to 31st December, 2021 was 389,775 of 10,000 each.

Additionally; the directors have informed on the formal additional resolution directed forthwith to file with the registrar of Companies a Notice of further Increment of Share Capital and a Return of Allotment of Share Capital through the means of Capitalizing the amount so far advanced by directors of the Total Value Tshs 4,337,731,120

The resolution was also to re-distribute the untaken 10,225 shares that were outstanding balance un paid as at 31st December 2021

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 finance 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 organization'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 including beneficiaries.

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 systems are designed to provide the directors with reasonable assurance that the procedures in place are operating effectively.

SOLVENCY AND GOING CONCERN

The Company incurred a loss of TZS 585,849,147 during the year ended 31 December 2021. The Company had accumulated losses of TZS 1,794,548,521 (TZS1,208,699,374: 2020). These conditions indicate that a material uncertainty exists which may cast significant doubt about the Company's ability to continue as going concerns and, therefore, it may be unable to realize assets and discharge liabilities in the normal course of business.

However, the Company's directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company will have the resources necessary to continue in business for the foreseeable future. This assessment is based on the following factors:

- The Directors have confirmed the commitment to provide sufficient financial support to the Company to enable it to meet its financial obligations as and when they fall due and to ensure it continues trading in the foreseeable future. The support is in terms of Increase Capital vide the resolution passed in the special meeting of the members of the Company held at the registered office of the Company in Dar es salaam on 25th November, 2021.

REPORT OF THE DIRECTORS (CONTINUED)

The Directors are confident that, the Losses for the period was a result of the estimates on depreciation allowance due to impairment of the depreciable assets acquired by the Company. Thus, the company expects to generate more profit in the near future.

In the endeavors to expand, the directors are agreed to increase capital through acquisitions of more trucks and trailers with targets to earn high market share in terms of competitive tendering

The directors are confident that the funding described above will be available to the company to support its obligations as required. The financial statements have been prepared on the basis of accounting policies applicable to a going concern. 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 in the ordinary course of business.

EMPLOYEES' WELFARE

Management and Employees' Relationship

There were continued good relations between employees and management for the year 2021. There were no unresolved complaints received by Management from the employees during the year.

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.

Medical Assistance

There is no medical plan for staff.

Employees Benefit Plan

The company pays contributions to NSSF as according to NSSF Act which qualifies to be a defined contribution plan for all.

Health and Safety

The company has made efforts to ensure that Occupational Health and Safety is maintained and adhered to by all employees. Accident prevention has been the core and foremost goal where all major accidents are investigated and mitigation measures implemented.

The Company registered with WCF and the fund established for the purpose of assisting employees on the occasion of Accident, disability due to work in any other damages to employees health.

GENDER PARITY

During the year, the company had 123 full time employees out of which 121 (98%) are male and 2 (2%) are female, (For the year ended 31 December 2021:116), 114 (98%) out of which are male and 2 (2%) are female.

RELATED PARTY TRANSACTION

Details of transaction and balances with related parties are included in Note 17 to the financial statements.

DONATIONS

The company make donations based on four aspect social, education, environment and health. The total donations made during the year amounted to TZS 79,279,203 (2020: 59,329,169).

AUDITORS

The Company's auditor Delta Associates have expressed their willingness to continue in office in accordance with section 170 of the Companies Act 2002 and are eligible for re-appointment as company auditor.

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

Name	Designation
Salim Seif El-Busaidy	Managing Director

Signature

Date

1st September 2022

SAS LOGISTICS LTD.
P. O. Box 31531
DAR-ES-SALAAM

STATEMENT OF DIRECTORS' RESPONSIBILITIES

It is the directors' responsibility under Companies Act 2002 to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is its responsibility to ensure that the financial statements fairly present the state of affairs of the organization as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards and the requirements of the Companies Act of 2002 and requirements of the Tanzanian Companies Act, 2002. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of 2002, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

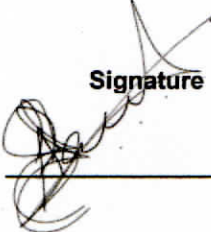
The directors' acknowledges that they are ultimately responsible for the system of internal financial control established by the organization and place considerable importance on maintaining a strong control environment. To enable the directors' to meet these responsibilities, the directors' sets standards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

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

Directors' acknowledges that they are responsible for establishing appropriate policies and procedures to prevent non-compliance with laws and regulations, including whistleblowing procedures as a necessary part of good internal governance.

The directors' have reviewed the company's cash flow forecast for the year to 31 December 2021 and, in the light of this review and the current financial position, it is satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor's are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on pages 7 to 9.

Name	Designation	Signature	Date
Salim Seif El-Busaidy	Managing Director		1st September 2022

SAS LOGISTICS LTD.
P. O. Box 31531
DAR-ES-SALAAM


DECLARATION OF THE HEAD OF FINANCE/ACCOUNTING

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 Accounting Department 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/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, RAHMA AHMED OTHMAN hereby confirm that financial statements for the year ended 31 December 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

I further confirm that the financial statements give a true and fair view position of **Sas Logistics Limited** as on that date and that they have been prepared based on properly maintained financial records.

Signed by: 

Name: RAHMA AHMED OTHMAN

Position: CONSULTANT

NBAA Registration/Membership No: GA 4740

Date: 31/08/2022

INDEPENDENT AUDITORS' REPORT

to the Shareholders of
SAS LOGISTICS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SAS LOGISTICS LIMITED set out on pages 10 to 25, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity 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 financial statements present fairly, in all material respects, the financial position of SAS LOGISTICS LIMITED as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

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 International Ethics Standards 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 other 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 opinion.

Material uncertainty related to going concern

We draw attention to note 1.1 in the financial statements, which indicates that the company incurred the loss of TZS. 585,849,147 for the year ended 2021 while the accumulated Loss for the year was TZS. 1,794,548,521 [TZS. 1,208,699,374: 2020]. The Directors have confirmed the commitment to provide sufficient financial support to the Company to enable it to meet its financial obligations as and when they fall due and to ensure it continues trading in the foreseeable future. As stated in note 1.1, these events or conditions, along with other matters as set forth in note 1.1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information included in the Company's 2021 Directors' Report

The other information comprises the Directors' Report as required by the Companies Act, 2002 of Tanzania. The other information does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 of Tanzania, 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.

The directors 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 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 judgement and maintain professional scepticism 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 disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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.
- 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 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

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Companies Act, 2002 of Tanzania and for no other purposes.

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

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- The Directors' Report is consistent with the financial statements.
- Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and
- The Company's statements of financial position and statements of profit or loss and other comprehensive income agrees with the books of account.

For and on behalf of Delta Associates

Certified Public Accountants

Dar es Salaam

Ref: DA/041/2022

Signed by: Ahmed N Ismail (ACPA-PP 2678)

Date: 03 - 09 - 2022



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	2021 TZS	2020 TZS
Revenue	3	8,658,145,964	7,187,396,388
Cost of sales	5	(6,914,463,784)	(5,879,584,371)
Gross Profit		1,743,682,180	1,307,812,017
Other Income	4	4,241,688	-
Employment Expenses	6	(593,974,982)	(568,032,525)
Administrative Expenses	7	(1,483,925,251)	(662,377,707)
Prior year Taxes	9	(232,789,797)	-
Total expenses		(2,310,690,030)	(1,230,410,232)
Finance Costs	8	(23,082,985)	(14,355,784)
Profit/(loss) before tax		(585,849,147)	63,046,001
Income tax Expense	9	-	(45,021,004)
Profit/(loss) for the year		(585,849,147)	18,024,997
Other Comprehensive Income		-	-
Total comprehensive income/(loss)		(585,849,147)	18,024,997

The notes to the financial statements on pages 14 to 25 form an integral part of these financial statements.

Report of the independent auditor - pages 7 to 9.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	2021 TZS	2020 TZS
ASSETS			
Non-current assets			
Property, Plant and Equipment	10	5,625,323,745	3,628,724,361
Total non-current assets		5,625,323,745	3,628,724,361
Current assets			
Inventories	11	143,338,350	153,678,540
Trade and other receivables	12	2,192,754,284	1,156,396,290
Current tax	9	24,000,000	-
Cash and cash equivalents	14	546,724,376	1,228,955,784
Total current assets		2,906,817,010	2,539,030,615
Total assets		8,532,140,755	6,167,754,975
EQUITY AND LIABILITIES			
Equity			
Share capital	15	3,897,750,000	3,897,750,000
Advance towards share capital		4,337,731,120	2,091,026,867
Retained earnings		(1,794,548,521)	(1,208,699,374)
Total equity		6,440,932,599	4,780,077,493
Current liabilities			
Trade and other payables	13	2,091,208,156	1,366,656,478
Current tax	9	-	21,021,004
Total current liabilities		2,091,208,156	1,387,677,482
Total equity and liabilities		8,532,140,755	6,167,754,975

These financial statements were approved by the Board of Directors and authorised for issue on _____ and were signed on their behalf by:

Name	Designation	Signature	Date
Salim Seif El-Busaidy	Managing Director		1st September 2022

The notes to the financial statements on pages 14 to 25 form an integral part of these financial statements.

Report of the independent auditor - pages 7 to 9.

SAS LOGISTICS LTD.
P. O. Box 31531
DAR-ES-SALAAM

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

	Share capital	Advance to Capital	Retained Earnings	Total
	TZS	TZS	TZS	TZS
At start of the year 2021	3,897,750,000	2,091,026,867	(1,208,699,374)	4,780,077,493
Drawings	-	(170,711,800)	-	(170,711,800)
Advance towards Share Capital	-	2,417,416,053	-	2,417,416,053
Profit/(loss) for the year	-	-	(585,849,147)	(585,849,147)
Other comprehensive income	-	-	-	-
At end of the year	3,897,750,000	4,337,731,120	(1,794,548,521)	6,440,932,599
At start of the year 2020	3,897,750,000	2,609,721,867	(1,226,724,371)	5,280,747,497
Advance towards Share capital	-	(518,695,000)	-	(518,695,000)
Profit/(loss) for the year	-	-	18,024,997	18,024,997
Other comprehensive income	-	-	-	-
At end of the year	3,897,750,000	2,091,026,867	(1,208,699,374)	4,780,077,493

The notes to the financial statements on pages 14 to 25 form an integral part of these financial statements.

Report of the independent auditor - pages 7 to 9.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 TZS	2020 TZS
CASH FLOW FROM OPERATION ACTIVITIES			
Profit/(Loss) before tax		(585,849,147)	63,046,001
Adjustments for:-			
Depreciation of property and equipment		1,063,129,417	323,002,219
Changes in working capital (excluding related parties)			
(Increase)/Decrease in inventories		10,340,190	30,684,360
Increase/(Decrease) in Trade and other Receivables		(1,036,357,993)	467,898,176
Increase/(Decrease) in Trade and other Payables		724,551,678	202,279,030
Increase/(Decrease) in Tax Payable		(21,021,004)	(5,297,097)
Cash generated from (used in) operations		154,793,141	1,081,612,688
Income tax paid	9	(24,000,000)	(24,000,000)
Net cash flows from operating activities		130,793,141	1,057,612,688
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(3,059,728,801)	(648,335,613)
Net cash flows used in investing activities		(3,059,728,801)	(648,335,613)
CASH FLOW FROM FINANCING ACTIVITIES			
Share capital		-	-
Advance by Directors		2,246,704,253	(518,695,000)
Net cash flow from financing		2,246,704,253	(518,695,000)
Net increase/decrease in cash and cash equivalent		(682,231,408)	(109,417,925)
Cash and cash equivalents at start of the year		1,228,955,783	1,338,373,708
Net increase/decrease in cash and cash equivalent		(682,231,408)	(109,417,925)
Cash and cash equivalents as at the end of the year		546,724,375	1,228,955,783

The notes to the financial statements on pages 14 to 25 form an integral part of these financial statements.

Report of the independent auditor - pages 7 to 9.

NOTES TO FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and the Companies Act of United Republic of Tanzania. The financial statements have been prepared on the historical cost basis except where otherwise stated, and incorporate the principal accounting policies set out below. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

1.1 Going concern

The Company incurred a loss of TZS 585,849,147 during the year ended 31 December 2021. The Company had accumulated losses of TZS 1,794,548,521 (TZS1,208,699,374: 2020). These conditions indicate that a material uncertainty exists which may cast significant doubt about the Company's ability to continue as going concerns and, therefore, it may be unable to realize assets and discharge liabilities in the normal course of business.

However, the Company's directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company will have the resources necessary to continue in business for the foreseeable future. This assessment is based on the following factors:

- The Directors have confirmed the commitment to provide sufficient financial support to the Company to enable it to meet its financial obligations as and when they fall due and to ensure it continues trading in the foreseeable future. The support is in terms of Increase Capital vide the resolution passed in the special meeting of the members of the Company held at the registered office of the Company in Dar es salaam on 25th November, 2021.
- The Directors are confident that, the Losses for the period was a result of the estimates of depreciation allowance due to impairment of the depreciable assets acquired by the Company. Thus, the company expects to generate more profit in the near future.
- In the endeavors to expand, the directors are agreed to increase capital through acquisitions of more trucks and trailers with targets to earn high market share in terms of competitive tendering

The directors are confident that the funding described above will be available to the company to support its obligations as required. The financial statements have been prepared on the basis of accounting policies applicable to a going concern. 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 in the ordinary course of business.

2 SIGNIFICANT ACCOUNTING POLICIES

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

a) New standards and amended standards adopted by the company

Changes resulting from the following new or revised standards and interpretations, amendments to existing standards and interpretations and improvements to IFRS that were effective for the current reporting period did not have any impact on the accounting policies, financial position or performance of the Company.

The new standards or amendments are listed below:

- a) IFRS 3 (Amendments) - Reference to the conceptual Framework
- b) IAS 37 (Amendments) - Onerous Contracts (Cost of Fulfilling a contract)
- c) IFRS 1 (Amendments) - Permit a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) New standards and amended standards adopted by the company (Continued)

- d) IFRS 9 (Amendments) - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- e) IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- f) IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

b) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when applicable as they become effective.

The Company expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Company's financial position or performance in the period of initial application. In cases where it will have an impact, the Company is still assessing the possible impact.

Cash and cash equivalents are carried in the statement of financial position at face value. For the purpose of statement of cash flow, cash and cash equivalent comprise of cash at bank, cash in hand and cash held by staff as imprest.

Standard issued but not effective	Effective for accounting period beginning on or after
Definition of Accounting Estimates (Amendments to IAS 8)	1-Jan-23
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1-Jan-23
IFRS 17 Insurance Contracts	1-Jan-23
IFRS 4 Insurance Contracts	1-Jan-23
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1-Jan-23

c) Critical accounting estimates, judgments and assumptions

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

(i) Fair value measurement and valuation process

In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent if it is available. Where level 1 inputs are not available.

(ii) Taxes

The Company is subjected to several taxes and levies by various government and quasi- government regulatory bodies. As a rule of thumb, the Company recognizes liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgement is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of management, in one way or the 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Critical accounting estimates, judgments and assumptions (Continued)

(iii) Equipment and investment property

Critical estimates are made by the management in determining depreciation rates and useful lives for equipment and investment property. The rates used are set out in the accounting policy under Property, Plant and Equipment Note.

(iv) Useful lives of equipment and investment property

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

(v) Revenue recognition

In making their judgement, the directors considered the detailed criteria for the recognition of sales income from customers as set out in IFRS 15 and is accrued as it becomes receivable by the company.

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

The company recognises 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 the company's activity as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the performance of services have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

d) Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Translation of foreign currencies

A foreign currency transaction is recorded, on initial recognition in Tanzanian Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and+
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

The resulting differences from conversion and translation are dealt with in the statement of comprehensive income in the year in which they arise.

f) Financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Management determines all classifications of financial assets at initial recognition.

Financial assets

The company's financial assets which include fixed deposits, cash and cash equivalents, trade and other receivables and tax recoverable, fall into the following categories:

(i) Loans and advances

Financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the statement of financial position date. All assets with maturities greater than 12 months after the statement of financial position date are classified as non-current assets. Such assets are carried at amortized cost using the effective interest rate method. Changes in the carrying amount are recognized in the statement of comprehensive income.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

Interest on overdue financial assets is recognized as it accrues.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in the statement of comprehensive income under administrative expenses when there is objective evidence that the company will not be able to collect all amounts due per the original terms of the contract. Significant financial difficulties of the issuer, probability that the issuer will enter bankruptcy or financial reorganisation, default in payments and a prolonged declining fair value of the asset are considered indicators that the asset is impaired. Interest on overdue financial assets is recognised as it accrues.

The amount of the impairment loss is calculated as the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

Financial assets (continued)

Subsequent recoveries of amounts previously written off/impaired are credited to the income statement/statement of changes in equity in the year in which they occur.

Gains and losses on disposal of assets whose changes in fair value were initially recognised in the statement of comprehensive income are determined by reference to their carrying amount and are taken into account in determining operating loss. On disposal of assets whose changes in fair value were initially recognised in equity, the gains/losses are recognised in the reserve, where the fair values were initially recognised. Any resultant surplus/deficit after the transfer of the gains/losses are transferred to retained earnings.

Management classifies financial assets as follows:

Fixed deposits are classified as held to maturity as the company has the intention and ability to hold these to maturity. These are carried at amortised cost. Cash and cash equivalents, trade and other receivables and tax recoverable are classified as loan and advances, and are carried at amortised cost.

Management classify the fair values of financial assets based on the qualitative characteristics of the fair valuation as at the financial year end. The three hierarchy levels used by management are:

Level 1: where fair values are based on non-adjusted quoted prices in active markets for identical financial assets.

Level 2: where fair values are based on adjusted quoted prices and observable prices of similar financial assets.

Level 3: where fair values are not based on observable market data.

Financial liabilities

The company's financial liabilities which include borrowing from related party and trade and other payables, fall into the following category:

Financial liabilities measured at amortized cost: These include non interest borrowings from related party and trade and other payables. These are initially measured at fair value and subsequently measured at amortized cost, using the effective interest rate method.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in profit or loss under finance costs under the effective interest rate method.

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in the statement of comprehensive income under finance costs.

Fees associated with the acquisition of borrowing facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facilities will be acquired. In this case the fees are deferred until the draw down occurs. If it is not probable that some or all of the facilities will be acquired the fees are accounted for as prepayments under trade and other receivables and amortized over the period of the facility.

All financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Financial liabilities are derecognized when, and only when, the company's obligations are discharged, cancelled or expired.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Impairment of non financial assets

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher an asset's fair value less cost to sell and value in use.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Share Capital

Ordinary shares are recognised at par value and classified as 'share capital' in equity.

h) Comparatives

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

i) PPE (Property Plant and Equipment)

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the reducing balance method. Except the Cost of building which depreciated on Straight Line Method The following annual rates are used for the depreciation of equipment:

Asset	Rate (%)
Trucks and Trailers	25%
Trankers, Tanks and Forklift	25%
Cars, Motorbikes and Pickups	37.5%
Land and Building	5%
Work In Progress	0%
Transformer	12.5%
Computer and Accessories	12.5%
Tipper	37.5%
Inverter and Lifts	12.5%
Furniture and Fixtures	12.5%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each 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 assets are determined by comparing the proceeds with the carrying amount and are taken into account in determining profit before tax.

The Company Major Acquisition

The WIP of the construction of Company Business Building (Godown) located at Kahama for storing the goods so transported for customers completed during the year 2021 and start operation in the Same period.

The Company acquired 15 New Trucks and 15 Trailers for the purpose of expansion of the transport operation business in Tanzania

j) Provision for liabilities and charges

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount of provision is the present value of the expenditure expected to be required to settle the obligation.

k) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprises of cash in hand and in bank deposits held at call with banks and financial assets with maturity of less than 12 months, net of bank overdrafts (if any).

NOTES TO FINANCIAL STATEMENTS

	2021	2020
	TZS	TZS
3 REVENUE		
Transportation Income (Local)	3,481,065,984	7,187,396,388
Transportation Income (Transit)	5,177,079,980	-
	8,658,145,964	7,187,396,388
4 OTHER INCOME		
Other Income (Forex Gain)	4,241,688	-
	4,241,688	-
5 COST OF SALES		
Opening Stock	153,678,540	184,362,900
Fuel, Oil & Lubricant	3,467,256,267	2,760,591,738
Explosive Permit & Escort fees	93,341,529	73,026,118
Driver Safari	936,958,440	856,749,910
GPRS Tracking Costs	37,058,936	31,533,962
Loading & Offloading	24,460,187	22,515,051
Import Duty, Port & Other Charges	8,753,550	8,108,941
License & Other Fees	86,313,773	71,065,570
Spares, Repairs, Hiring & Maintenance	739,643,623	742,128,968
Sub contract Transport Costs	52,350,599	91,436,000
Tyres, Tubes & Batteries	423,250,474	527,425,701
Road Transport and Entry fees	978,546,193	630,771,053
Pre Operational Audit	16,214,769	-
Insurance	39,975,254	33,547,000
Less: Closing Ctock	(143,338,350)	(153,678,540)
	6,914,463,784	5,879,584,371
6 EMPLOYMENTS EXPENSES		
Salaries and wages	443,753,500	471,870,000
Director's Remuneration	24,000,000	24,000,000
Skills & Development Levy	14,845,200	21,085,325
NSSF Employer's Contribution	31,808,000	33,744,000
Staff Welfare	48,285,200	8,485,000
Staff Uniform	28,333,022	5,132,800
Worker's Compensation Fund	2,950,060	3,715,400
	593,974,982	568,032,525
7 ADMINISTRATIVE EXPENSES		
Auditing Fees	10,000,000	10,000,000
Advertisement Fees	-	10,490,000
Agency Fees	-	1,174,022
City Service Levy	22,545,620	9,425,816
Director's Expenses	7,815,569	461,017
Professional & Consultation Fees	40,075,260	6,525,000
Donations	79,279,203	59,329,169
Electricity & Water	51,490,467	74,524,871
Fire Extinguisher & Other Costs	2,524,000	5,644,800
Fines & Penalties	2,433,451	6,570,254
Garbage Collection Charges	1,665,000	1,200,000
License and Other Fees	10,518,000	2,690,000
Motor Vehicle running Expenses	27,221,291	19,971,900
Medical Expenses	36,593,227	21,434,542
Office Expenses	56,448,324	42,335,158
Printing & Stationeries	8,350,099	5,730,709
Property Tax & Land Rent	11,703,000	7,207,300
Repairs & Maintenance	1,006,017	591,900
Security Expenses	8,859,260	13,701,147
Subscription Fees	4,401,925	4,112,331
Telephone, Internet & postage	21,509,683	26,434,931
Travelling and Accommodation	16,356,437	9,820,621
Depreciation	1,063,129,417	323,002,219
	1,483,925,251	662,377,707

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	2021	2020
	TZS	TZS
8 FINANCE COSTS		
Bank charges	23,082,985	14,355,784
	23,082,985	14,355,784
9 TAXATION		
Prior year tax		
CIT Self Assessment (2019)	8,968,654	-
Corporate Income Tax (2019)	40,268,866	-
Corporate Income Tax (2020)	37,764,079	-
Pay As You Earn (2019)	25,829,730	-
Pay As You Earn (2020)	39,037,970	-
Skills & Development Levy (2020)	3,989,058	-
Skills & Dvelopment Levy (2019)	4,965,814	-
Stamp Duty (2019)	204,800	-
Stamp Duty (2020)	494,500	-
Stamp Duty - Penalty (2019)	204,800	-
Stamp Duty - Penalty (2020)	494,500	-
Value Added Tax (2019)	1,638,232	-
Value Added Tax (2020)	6,488,160	-
Withholding (Rental Tax) (2019)	2,395,941	-
Withholding (Rental Tax) (2020)	5,785,121	-
Withholding Tax (Bank Interest) (2019)	15,495,318	-
Withholding Tax (Bank Interest) (2020)	12,415,547	-
Withholding Tax (Service) Resident (2020)	10,202,177	-
Withholding Tax (Services) Resident (2019)	16,146,530	-
	232,789,797	-
Current income tax		
The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:		
Profit/(loss) before tax	(585,849,147)	63,046,001
Expenses not allowed for tax deduction;		
Add: Depreciation expenses	1,063,129,417	323,002,219
Donation	79,279,203	59,329,169
Directors expenses	7,815,569	461,017
Office Expenses	14,112,081	10,583,790
Prior year tax	232,789,797	-
Fines & Penalties	2,433,451	6,570,254
Less: Depreciation allowance	(1,060,916,466)	(312,922,436)
	(247,206,095)	150,070,013
Tax calculated at a statutory tax rate of 30%	-	45,021,004
Tax effect of:		
- Additional tax liability from TRA audit for 2020	-	-
Total Current income tax charge	-	45,021,004

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9 TAXATION (CONTINUED)

The normal procedure for agreeing final income tax liability in Tanzania involves the company filing its final income tax returns with the Tanzania Revenue Authority (TRA) followed by TRA performing their own review of the company's submissions and issuing their notice of income tax assessments to the company. The final income tax liability as determined by TRA after their review may differ from the liability determined by the company and procedures are in place for the company to object and appeal against such assessments. It is common that a time frame from the company's own submission of its final tax returns and for TRA performing their review and issuing of notice of final tax assessment may take several months or years.

TRA completed their audit for the year 2019 and 2020 which resulted to additional tax for the year of Tshs 232,789,797. The audit for the year 2021 is yet to start and its outcome is not yet determined. Therefore, no liability or adjustment to the below mentioned recoverable amount is determined for the year.

Tax Movement	2021 TZS	2020 TZS
At start of year	21,021,004	-
Charge for the year	-	45,021,004
Provisional tax paid for current year	(24,000,000)	(24,000,000)
Tax paid for prior years	(21,021,004)	-
(Recoverable)/Payable at end of the year	(24,000,000)	21,021,004

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

10 PROPERTY, PLANTS & EQUIPMENTS

	Trucks and Trailers	Trankers, Tanks and Forklift	Cars, Motorbikes and Pickups	Land and Building	Work In Progress	Transformer	Computer and Accessories	Tipper	Inverter and Lifts	Furniture and Fixtures	TOTAL
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
At 31 December 2021											
Cost											
At start of the year	911,330,297	102,805,524	201,727,260	2,895,303,269	-	14,247,307	4,896,615	8,989,453	32,472,940	132,946,152	4,304,718,817
Additions	2,703,201,078	-	61,814,476	255,668,745	-	30,908,668	7,005,475	-	833,750	296,610	3,059,728,801
Disposal											
At end of the year	3,614,531,375	102,805,524	263,541,736	3,150,972,014	-	45,155,975	11,902,089	8,989,453	33,306,690	133,242,762	7,364,447,618
Depreciation											
At start of the year	398,707,005	44,977,417	95,831,693	91,069,808	-	3,339,213	865,586	5,477,948	7,610,845	28,114,941	675,994,456
Charges for the year	803,956,092	14,457,027	62,891,266	157,548,601	-	5,227,095	1,379,563	1,316,814	3,211,981	13,140,978	1,063,129,417
At end of the year	1,202,663,097	59,434,444	158,722,959	248,618,409	-	8,566,308	2,245,149	6,794,762	10,822,826	41,255,918	1,739,123,873
Net book value	2,411,868,277	43,371,080	104,818,777	2,902,353,604	-	36,589,667	9,656,940	2,194,691	22,483,864	91,986,844	5,625,323,745
At 31 December 2020											
Cost											
At start of the year	911,330,297	102,805,524	129,177,413	890,481,503	1,459,448,541	14,247,307	2,317,801	8,989,453	32,472,940	105,112,425	3,656,383,204
Additions	-	-	72,549,847	40,433,164	504,940,061	-	2,578,814	-	-	27,833,727	648,335,613
At end of the year	911,330,297	102,805,524	201,727,260	930,914,667	1,964,388,602	14,247,307	4,896,615	8,989,453	32,472,940	132,946,152	4,304,718,817
Depreciation											
At start of the year	227,832,574	25,701,381	32,294,353	44,524,075	-	1,780,913	289,725	3,371,045	4,059,118	13,139,053	352,992,238
Charges for the year	170,874,431	19,276,036	63,537,340	46,545,733	-	1,558,299	575,861	2,106,903	3,551,728	14,975,887	323,002,219
At end of the year	398,707,005	44,977,417	95,831,693	91,069,808	-	3,339,213	865,586	5,477,948	7,610,845	28,114,941	675,994,456
Net book value	512,623,292	57,828,107	105,895,567	839,844,858	1,964,388,602	10,908,094	4,031,028	3,511,505	24,862,095	104,831,212	3,628,724,361

In the opinion of directors, there is no impairment in the value of Plant, Properties and Equipment's.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	2021 TZS	2020 TZS
11 INVENTORIES		
Inventories	143,338,350	153,678,540
	143,338,350	153,678,540
12 TRADE AND OTHER RECEIVABLES		
Trade Receivables	1,791,464,229	999,026,480
Prepayments	-	35,110,000
VAT Receivables	401,290,055	7,210,061
Other Receivables	-	115,049,750
	2,192,754,284	1,156,396,290

The carrying amounts of the company's trade and other receivables are denominated in Tanzania Shillings.

In the opinion of the directors, the carrying amounts of trade and other receivables approximate to their fair value.

In the opinion of the directors, it is impracticable to assign fair values to the company's long-term trade and other receivables due to inability to forecast interest and foreign exchange rate changes.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

	2021 TZS	2020 TZS
13 TRADE AND OTHER PAYABLES		
Trade Payables	1,755,235,415	967,995,478
PAYE Payable	560,800	563,750
SDL Payable	1,304,000	6,468,825
Audit fee Payable	10,000,000	10,000,000
City Service Levy Payable	12,068,538	1,732,346
WCF Payable	195,600	2,459,800
Pension Fund Payable	5,190,000	5,284,000
Prior Year Taxes Payables	306,653,804	372,152,279
	2,091,208,156	1,366,656,478

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.

The carrying amounts of trade and other payables are denominated in Tanzania Shillings.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

14 CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposits rates. For the purpose of statement of cash flows, cash and cash equivalents comprises of the following at 31 December 2021:

	2021	2020
	TZS	TZS
Cash at banks	529,988,581	1,224,535,384
Cash on Hand	16,735,795	4,420,400
	546,724,376	1,228,955,784

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the above.

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2021	2020
	TZS	TZS
US Dollars	475,713,182	1,102,702,483
Tanzania Shillings	71,011,194	126,253,301
	546,724,376	1,228,955,784

15 SHARE CAPITAL

The total number of authorised ordinary shares are 400,000 with a par value of TZS 10,000 each.

	4,000,000,000	4,000,000,000
Issued and paid up share capital		
	No. of shares	Value issued and paid up TZS
		Outstanding Balance TZS
By 31 December 2021		
Salim Seif El-Busaidy	311,820	3,118,200,000
Nasra Nassor Said	77,955	779,550,000
	389,775	3,897,750,000
		10,225

16 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may limit the amount of dividends paid to shareholders. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net of debt divided by total capital. Net debt is calculated as total borrowing less cash and cash equivalents. Total capital is calculated as equity plus net debt. The gearing ratios at 31 December 2021 were as follows:

	2021	2021
	TZS	TZS
Capital management		
Trade and other payables	2,091,208,156	1,366,656,478
Less: Cash and cash equivalents	546,724,376	1,228,955,784
Net debt	1,544,483,780	137,700,694
Equity	6,440,932,599	4,780,077,493
Capital and net debt	7,985,416,379	4,917,778,187
Gearing ratio	(0.24)	(0.03)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

17 RELATED PARTY TRANSACTIONS AND BALANCES

The following were related party transaction disclosure during this year.

- a) Payment of remunerations to directors of Tshs 24,000,000 per annum
- b) The Additional investment through acquisition of Trucks and Trailers and Other PPE originated from Inheritance and bequests worth the Value of Tshs 2,246,704,253. This and the balance from Prior years in Total of Tshs 4,337,731,120 is the balance of Advance by Directors as at the year ended 2021

18 RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Financial risk management

The company's activities expose it to a variety of financial risks including liquidity and market risks. The company's overall risk management policies focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the company's performance by setting acceptable levels of risk. The company does not hedge against any risks.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization has limited exposure to credit risk from trade and other receivables as the balances arises from shareholders and related parties. Credit risk mainly arises from financial assets, and is managed on a company -wide basis.

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company has managed its risk by receiving an undertaking from the shareholders to provide all necessary financial support in meeting the obligations.

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks; currency risk, interest rate risk and other price risk.

The company does not exposed to currency risk.

19 PRESENTATION CURRENCY

The financial statements are presented in Tanzania Shillings (TZS) nearest to whole number

20 SUBSEQUENT EVENTS

There is no any subsequent issue subsequent to the year end which may require adjustments or disclosure in the financial statements as required under IAS 10.