

A.K.TRANSPORT COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

FINCARE AND COMPANY

Certified Public Accountants, Tax and Management Consultants

Ubungo Kisiwani Marlet Close

P O BOX 22228,

Dar es salaam, Tanzania

Emai:fincarecompamy2007@gmail.com

A.K. TRANSPORT COMPANY LIMITED
Annual report and financial statements
FOR THE YEAR ENDED 31 DECEMBER 2022

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A.K.TRANSPORT COMPANY LIMITED
Company information
FOR THE YEAR ENDED 31 DECEMBER 2022

		<u>Nationality</u>
Board of Directors	Mbarak Amer Nahdi	Tanzanian
	Khalid Mohamed Mbarak	Tanzanian
Company Secretary	Mahamud Abdallah Waziri P O BOX 5596 Dar es salaam	
Registered Office	Plot No 57 P.O. Box 13656 Dar es Salaam Tanzania	
Independent Auditor	FINCARE AND COMPANY Certified Public Accountants, Tax and Management Consultants P.O Box 22528 Dar es Salaam - Tanzania	
Principal Banker	Stanbic Bank (T) Limited Head Office Dar es salaam, Tanzania	
	Amana Bank Limited Nyerere Road Branch Dar es salaam, Tanzania	
	Diamond Trust Bank Limited Nyere Road Branch Dar es salaam, Tanzania.	

A.K.TRANSPORT COMPANY LIMITED
Report of the Directors
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors submit their report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of the Company.

Incorporation

The Company is incorporated in Tanzania under the Tanzanian Companies Act 2002 as a Limited Liability Company by shares, and is domiciled in Tanzania. The address of the registered office is set out on page 1.

Principal Activities

The company is engaged in Supplying, Installation and Commissioning of ICT Equipments to to Individual, Private, Non Governmental and Governmental departments etc.

Results and dividends

The net Profit for the period of Shs 1,094 Billion has been transferred to accumulated losses. The Directors do not recommend declaration of a dividend for the period.

The audited financial statements for the year are set out on pages 6 to 22

Business Objectives, Strategies and Future Developments

It is the general long term business objective of the Company to become a locally owned and operated, financially and operationally sustainable company in Tanzania.

Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks including credit, liquidity, and market risks. The Company's overall risk management policies are set out by the Board and implemented by management. These policies involve analysis, evaluation, acceptance and management of some degree of risk or a combination of risks. These risk management objectives and policies are outlined in detail in Note 4.

Corporate Governance

The Board of Directors is responsible for the governance of the Company and is committed to ensure that its business and operations are conducted with integrity and compliance with the law and internationally accepted principles and best practices of corporate governance and business ethics. In this regard the Board confirms that the Company complies with all relevant local and international

The Board of Directors consists of 2 directors. No Director holds an executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing 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.

Borrowings/Liquidity

The Company's main source of liquidity presently is primarily Shareholders' capital and Borrowings.

Shareholders of the Company

The total number of Shareholders during the year is 2

Companies holding shares are listed below:

<u>Name</u>	<u>Nationality</u>
Amer Mohamed Mbarak	Tanzania
Khalid Mohamed Mbarak	Tanzania

Future Development Plans

The Company will continue to improve its profitability through prolonged business growth and Risk Management and Internal Control

The Board accepts final responsibility for the risk management and internal control systems of the

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. While no system, of Solvency

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

Employees' welfare

The Company's employment terms are reviewed annually to ensure that they meet statutory and market conditions. The Company has a medical insurance policy in place to cover medical expenses for employees and their immediate dependants.

To improve human resource skills as well as augment employee motivation, the Company provides training to its staff. In addition, senior management also hold regular meetings with the staff on business growth and development and to elicit their views on the promotion of customer service and working conditions.

Staff loans at a concessionary rates, are available to all confirmed employees, depending on the assessment of the need and circumstances as per approved schemes.

Related party transactions

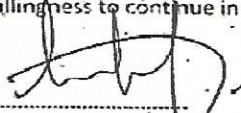
Transactions with related parties during the year were in the normal course of business. Details of these transactions and balances are included in Note 32.

Directorate

The directors who held office during the year and to the date of this report are set out on page 1.

Auditor

During the year, RSM Ashvir was appointed as the Company's auditor and has expressed its willingness to continue in office in accordance with the Tanzanian Companies Act 2002.



Mbarak Amer Nahdi
Director

Date 30.09.2023

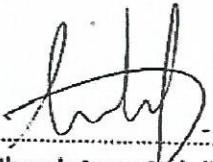
A.K.TRANSPORT COMPANY LIMITED
Statement of Directors' Responsibilities
FOR THE YEAR ENDED 31 DECEMBER 2022

The Tanzanian Companies Act 2002 requires the Directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its profit or loss for that period. It also requires the Directors to ensure that the Company maintains 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 responsibility for the preparation and fair presentation of these financial statements, which are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.

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



Mbarak Amer Nahdi
Director

30.09.2023



Certified Public Accountants, Tax and Management Consultants
Ubungu Kisiwani Market Close
P. O. Box 22228,
Dar es Salaam, Tanzania.
Email: fincarecompany2007@gmail.com

REPORT OF THE INDEPENDENT AUDITORS TO AK TRANSPORT COMPANY LIMITED

Opinion

We have audited the Financial statement for **AK Transport Company Limited**, set out on which Comprise the organization of financial statement of financial position as at 31st December 2022, and the statement of profit or loss and other compressive income, the company statement of changes in equity and statement of cash flows for the period, 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 for the organization as at 31st December 2022 and of its financial performance and cash flows of the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Company Act 2002.

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 section of our report. We are Independent of the company in accordance with the International Ethics Standards Boards for Accountants Code of Ethics for professional Accountants (IESB 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.

Other information

The directors are responsible for the other information. The other information comprises the Director`s report, the schedule of expenditure but does not include the financial statements and our auditor`s report thereon.

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 Directors for the financial statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with (IFRS) and for such of 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 the financial statements, the Directors are responsible for assessing the organization ability to continue as a going concern basis of accounting unless the Directors either intend to liquidate the organization or to cease operations, or have no legalistic alternative to do so.

Those charged with governance are responsible for overseeing the organization financial reporting process.

Auditor`s Responsibilities for the Audit of the Financial statements

Our objective is 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 IAS will always detect a material misstatement when it exists. If statements can arise from fraud or error are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an Audit in accordance with IASs, we exercise the professional judgment and maintain professional skepticism throughout the audit. We also:

- a) 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 of 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 omission, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the company`s internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director`s
- d) Conclude on the appropriateness of Director`s use of the going concerns bases of accounting and bases on the Audi evidence obtained, whether a material uncertainty exist related to events or conditions that may cast significant doubt on the company`s ability to continue as 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.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

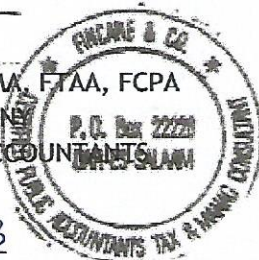
Report on other legal requirements

As required by the Company 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 accounts have been kept by the organization, so far as appears from our examination of those books; and
- iii) The company`s statement of financial position and statement of compressive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor`s report is:

T. Sheet
G.N KASARO-MS_c, SIMA, FTAA, FCPA
FINCARE AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
DAR ES SALAAM
DATE: 30/12/2023

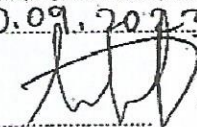


A.K.TRANSPORT COMPANY LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 TZS'000	2021 TZS'000
Annual Revenue	5	34,623,726	29,819,949
Cost of Services	6	24,984,369	22,246,297
Gross Profit		9,639,357	7,573,652
Other Operating Income	7	434,317	384,951
Total Operating Income		10,073,674	7,958,603
Less: Expenses			
Operating Expenses	8	1,151,581	1,169,858
Human Resources Expenses	9	1,645,160	1,123,999
Finance Expenses	10	210,957	240,352
Depreciation Expenses	11	5,502,268	4,490,620
Total Operating Expenses		8,509,966	7,024,828
Profit/(Loss) before tax		1,563,708	933,775
Tax Provided (30% of the profit)		469,113	280,132
Profit/(Loss) for the period and total comprehensive income for the period attributable to the owners of the Company		1,094,596	653,642

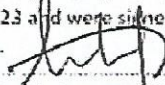
The financial statements on pages 6 to 21 were approved by the Board of Directors on 30.09.2023 2023 and were signed on its behalf by:


Mbarak Amer Nahdi
Director

A.K. TRANSPORT COMPANY LIMITED
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2022
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 TZS'000	2021 TZS'000
ASSETS			
Current assets			
Cash and cash equivalents	12	135,438	55,671
Trade and Other Receivables	13	2,465,675	2,977,239
Inventories	14	101,523	45,412
Total Current Assets		2,702,636	3,078,322
Fixed Assets			
Property, Plant and Equipments		16,629,785	14,298,393
Total Fixed Assets		16,629,785	14,298,393
TOTAL ASSETS		19,332,421	17,376,716
LIABILITIES AND CAPITAL			
LIABILITIES			
Current Liabilities			
Trade and Other Payables	15	4,731,768	2,796,137
Current Tax Liabilities	16	585,851	500,017
Bank Overdraft	17	99,292	220,000
Total Current Liabilities		5,416,911	3,516,154
Non Current Liability			
Borrowings	18	8,466,881	9,172,421
Deferred Taxation		-	334,110
Total Non Current Liability		8,466,881	9,506,531
Total Liabilities		13,883,792	13,022,685
SHAREHOLDERS' EQUITY			
Share capital			
Ordinary Share Registered 100 each shs 1000,000		1,000	1,000
Ordinary share Registered and Paid Up		1,000	1,000
Shareholders Fund		391,960	391,960
Retained Earnings C/F	19	5,055,667	3,961,071
Total Shareholders' Equity		5,448,627	4,354,031
TOTAL LIABILITIES AND CAPITAL		19,332,419	17,376,716

The financial statements on pages 6 to 21 were approved by the Board of Directors on 30.09.2023 2023 and were signed on its behalf by:

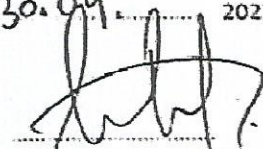

Mbarak Amer Nahdi
Director

A.K.TRANSPORT COMPANY LIMITED
Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital TZS'000	Share Fund TZS'000	Retained TZS'000	Total Equity TZS'000
At 1 January 2021	1,000	391,960	3,307,429	3,700,389
Changes in equity in 2021				
Profit for the year			653,642	653,642
Prior Year Taxation				
Total comprehensive income for the period			<u>653,642</u>	<u>653,642</u>
At 31 December 2021	<u>1,000</u>	<u>391,960</u>	<u>3,961,071</u>	<u>4,354,031</u>
At 1 January 2022	1,000	391,960	3,961,071	4,354,031
Changes in equity in 2022				
Profit for the year			1,094,596	1,094,596
Prior Year Taxation				
Total comprehensive income for the period			<u>1,094,596</u>	<u>1,094,596</u>
At 31 December 2022	<u>1,000</u>	<u>391,960</u>	<u>5,055,667</u>	<u>5,448,627</u>

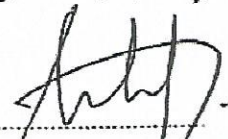
The financial statements on pages 6 to 21 were approved for issue by the Board of Directors on 30.09.2023 and were signed on its behalf by:


Mbarak Amer Nahdi
Director

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	2022 TZS'000	2021 TZS'000
OPERATING ACTIVITIES			
Profit before tax		1,563,708	933,775
Adjustment fr non Cash Items:e			
Add: Depreciation on Assets		5,502,268	4,490,620
		<u>7,065,976</u>	<u>5,424,394</u>
Movement in Working Capital:			
Changes in Inventories		(56,111)	(101,512)
Changes in Trade and Other Receivables		511,564	(4,969)
Changes in Trade and Other Payables		1,935,630	(2,415,204)
Cash Gereated from Operating Activities		<u>9,457,059</u>	<u>2,899,709</u>
Less: Income tax paid		(120,250)	(160,138)
Net Cash used in Operating Activities		<u>9,336,809</u>	<u>2,739,571</u>
INVESTING ACTIVITIES			
Proceeds from sales of Assets			
Purchase of Property,Plant and Equipments		(7,833,659)	(3,534,355)
Purchase of Intangible Assets			
Net Cash Generated in Investing Activities		<u>(7,833,659)</u>	<u>(3,534,355)</u>
FINANCING ACTIVITIES			
Repayment of Borrowings		(1,302,678)	(801,377)
Overdraft Repayments		(120,708)	(310,295)
Net Cash Generated in Financing Activities		<u>(1,423,386)</u>	<u>(1,111,672)</u>
Net Increase in Cash and Cash Equivalent		79,764	(1,906,456)
Cash and Cash Equivalent		55,671	1,962,127
Cash and Cash Equivalent	12	<u>135,435</u>	<u>55,671</u>

The financial statements on pages 6 to 21 were approved for issue by the Board of Directors on 30.09.2023 and were signed on its behalf by:



Mbarak Amer Nahdi
 Director

NOTES

1. GENERAL INFORMATION

The Company is incorporated in Tanzania under the Tanzanian Companies Act 2002 and is domiciled in Tanzania. The address of its registered office is as disclosed on page 1.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of Preparation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). They are presented in Tanzania Shillings Thousands (TZS "), which is also the functional currency. The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

The financial statements comprise a profit and loss account (income statement), statement of comprehensive income, balance sheet (statement of financial position), statement of changes in equity, statement of cash flows, and notes. Income and expenses are recognised in the profit and loss account. Transactions with the owners of the Company in their capacity as owners are recognised in the statement of changes in equity.

Where the changes in Presentation format between the prior year and the current year financial statements has been made during the period, the comparative figures have been restated accordingly

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the Company. Although such estimates and assumptions are based on the Directors' best knowledge of the information available, actual results may differ from those estimates. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in Note 4.

b) Translation of Foreign Currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Company operates), which is Tanzania Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the profit and loss account in the year in which they arise.

NOTES (CONTINUED)

2. Summary of Significant Accounting Policies (continued)

c) Income Recognition

Revenue represents the fair value of consideration received or receivable for the sales of services in the course of company's activities. It is recognised when it is probable that future economic benefit will flow in to the company and the amount of revenue can be measured reliably. It is stated net of value added Tax, rebates and trade discount. Cash discount are included as part of financial cost. Sales of services are recognised upon performance of services and customers acceptances based on proportion of actual services rendered to the total services to be provided.

d) Contract Liability

Contract Assets: is a right to consideration in exchange of goods or services transferred to a customer. If the company performs by transferring goods or services before the customer pays consideration or payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade Receivables: A receivable represents a company's rights to an amount of consideration that is unconditional (i.e. only the passage of time is required before the payment of consideration is due).

e) Trade Receivables:

: Is the obligation of the company to transfer goods or services to customer for which the company has received consideration (or an amount of consideration due) from the customer. If a customer pays a consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the company performs under the contract.

f) Recognition of Expenses

The effect of expenses are recognised when they occur (and not as cash or its equivalent is part), as they are recorded in the accounting and reported in the financial statements of the period to which they relate.

g) Plant Property and Equipments

Property, Plant and Equipments are recorded at cost less accumulated depreciation and accumulated impaired losses. Such costs include the cost of replacing parts of the plant and equipment when that cost is incurred if the replacement criteria are met.

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 of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

Depreciation is calculated using the straight line basis by reference to the expected useful lives of the assets concerned. The rates used are as follows:-

Asset	Rate
Motor Vehicles	25%
Office equipment	12.5%
Furniture and fittings	12.5%
Computers and printers	37.5%

Furniture and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

NOTES (CONTINUED)

2. Summary of Significant Accounting Policies (continued)

Newly acquired assets are depreciated on pro-rata basis on their uses period. Similarly, depreciation on fixed assets disposed off is charged on pro-rata basis basing on period of use during the year. Gains and losses on disposal property, Plant and Equipments are determined by reference to their carrying amount and are taken into accounting determining the net loss or surplus for the year

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 of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

h) Revenue from Contracts from Customers

Revenue is measured based on the considerations specified on the contract with customers and exclude amounts collected on behalf of third parties. The company recognises Revenue when it transfers control of the products or services to customers.

i) Intangible Assets - Software Costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production or procurement of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software implementation consultancy costs and an appropriate portion of relevant overheads. The costs are amortised on a straight line basis over the expected useful life of five years for methodology and softwares (at the rate of 20% per

j) Leases

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease period. Prepaid operating lease rentals are recognised as assets and are subsequently amortised over the lease period.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration, which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial rights of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of assets as well as the right to direct the use of the assets.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgements and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease Liability and corresponding Right of Use Asset are recognised at the lease commencement date. For all lease agreement for which the company is a lessee, except for short term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expenses on a straight line basis over the term of leases unless another systematic basis is over more representative of the time pattern in which economic benefits from the leases asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease component and the aggregate stand-alone price of the non-lease components (Where non-lease components exist)

A.K.TRANSPORT COMPANY LIMITED
Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2022
NOTES (CONTINUED)

2. Summary of Significant Accounting Policies (continued)

l) Income Tax

Income Tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit and loss account except when it relates to the items recognised in the comprehensive income, in which case it is also recognised in other comprehensive income or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current Income Tax is the amount of income tax payable on the profit for the year determined in accordance with the Tanzania Income Tax Act

Defferred Income Tax is provided in full, using the liability method, for all temporary differences arising between the Tax basis of Assets and Liabilities and their carrying values for financial Reporting purposes. Tax rates enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred tax assets are realised or the deferred liability is settled are used to determine deferred tax.

Defferred Tax Assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

l) Cash and Cash Equivalents:

Cash and Cash Equivalent include Cash on Hands and demand short term deposits with maturity of three months or less from the date of acquisition, that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value net of Bank Overdrafts. Bank Overdrafts repayable on demand forms part of Cash and Cash Equivalents.

m) Borrowings:

Long Term Borrowings are recognised initially at fair values being the issue proceeds (fair value of consideration received), net of transaction costs incurred. Financial Liabilities are subsequently stated at amortised cost, and any difference between proceeds net of transactions costs and the redemption value is recognised in the income statements. Long Term borrowings are derecognised when extinguished.

n) Inventories:

Inventories are measured at the lower of cost and net realisable value on the First In First Out (FIFO) basis

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sales.

The cost of inventories comprises of all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

o) Value Added Tax (VAT)

Revenue, expenses and Assets are recognised at amount net of Value Added Tax (VAT) EXCEPT WHERE THE Value Added Tax incurred on purchases of asset or services is not recoverable from the taxable authority in which the case value added taxes is recognised as part of the cost of acquisition of the asset or part of the expenses item as applicable. Receivable and payables are stated with the amount of VAT included.

p) Comparatives

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

q) Dividend

Dividend on ordinary share are recognised as a liability in year in which they are declared. Proposed dividend are accounted for as a separate component of equity until they have been declared at the annual general meeting of the company

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Dividend on ordinary share are recognised as a liability in year in which they are declared. Proposed dividend are accounted for as a separate component of equity until they have been declared at the annual general meeting of the company

r) Cost of Sales

When inventories are sold, the carrying amount of those inventories is recognised as an expenses in the period in which the related revenue is recognised. The amount of any written down inventories to net realisable value and all losses of inventories are recognised as an expenses in the period the written down or loss occurs. The amount of any reversal of any written down of inventories recognised as an expenses in the period in which the reversal occurs

Cost of Sales is reduced by the amount recognised in inventory as "Right to returned goods Asset" which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy.

The related cost of providing services recognised as revenue in the current period is included in the cost of sales

s) Contract cost comprises:

- Cost that relate directly to the specific contract.
- Costs that are attributable to contract activity in general and can be allocated to the contract
- Such other costs as are specifically chargeable to the customer under the terms of the contract

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Estimate and Judgements are continuously evaluated and are based on historical experienced and other factors, including expectations of future events that are believed to be reasonable under circumstances.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. i.e.:

Taxation :

The company is subject to numerous Taxes and levies by various governments quasi-government regulatory bodies, Generally the company recognises liabilities with regard to anticipated taxes and levies payables with utmost care and diligence. However significant judgement is required in the interpretation and application of those taxes and levies. In the event that managements assess that that the initially recorded liability was erroneously, the difference are charged to the profit and loss account in the period in which the difference are determined.

Impairment of Accounts Receivables

The company review its Accounting Receivables to assess impairments at least annually in determining whether an impairment loss should be recorded in Financial Statement of income and Expenditure. when company makes judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimate future cash flow in individual receivable in the accounts Receivables.

NOTES (CONTINUED)

4. FINANCIAL RISK MANAGEMNET

The company activities exposes it to various financial risks,namely Market risk,Credit Risk and Liquid Risk The company's overall risk management policy focuses on un predictability of financial markets and seek to minimize potential adverse effects on its financial performance.The company does not hedge any of its risk risk exposures.

Risk Management Policies is carried out by the Finance department approved by the board of Dirrectors.Risk Management policies and system are reviewed regulary to reflect changes in the market conditions,aims to develop a displine and constructive controlenvironment in which all employoee and stake holders understand their roles and obligations.

a. A description of the significant Risk factors is given belowtogether with risk management Policies aoolicable:

a. Credit Risk

Credit Risk arises from cash and Cash Equivalent ,Bank deposit and FINANCIAL Institutions as well as credit credit exposures to cutomers including Receivables and committed transactions.The amount that represents the best company"s maxmum expenditure to credit risk as at 31 December 2022.

	2,022	2,021
	TZS'000	TZS'000
Cash and Cash Equivalent	135,438	55,671
Trade and Other Reccivables (Execluding Pre Payments	2,465,675	2,977,239
	<u>2,601,113</u>	<u>3,032,910</u>

Trade and Other Receivables comprise a large and a widesread a customer based company performance ongoing credit evaluation on the financial conditions of its clients.The amount presentedin the financial positions are net of allowances for doubtfull receivable estimated by

The determining recoverable of trade receivables the company's consider and change in the credit quality of trade receivables from the date was initially granted to the reporting date.Accordingly directors believes that there is no credit provisions required in the excess of allowance for doubtfull debt already recognised.

b. Liquidity Risk

The company is exposed to liquidity lisk,which is the risk that the company will ecounter difficulties in the meeting its obligation as they become due.

The company manages its liquidity risk by effective managing its working capital,capital expenditure and cash fliows.The financing requirments are met through a mixture of cash generated from operations and long and short term borrowings.Committed borrowing facilities are available for meeting liquidity requirments and deposits are held at a reputable banking intitutions.

The maturity profile of contractual cash flows of non-derivatives financial liabilities,and financial assets held to mitigate the risk.The cash flows are undiscountedcontractual amounts.

c. Foreign Currency Risk

The company is exposed to foreign currency risk as a result certain transactions and borrowings which are denominated in foreighn currencies.Exchange rates exposures are managed qithi approvedpolicy parameters utilising foreign exchange contracts where necessary.The foreign currencies in which the company deals primarily is United States Dollers (USD)

Company's policies to manage foreigexchange risk is to manage foreign currency bank account which act as natural hedge for payments.

A.K.TRANSPORT COMPANY LIMITED
Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES (CONTINUED)

	2022	2,021
	TZS'000	TZS'000
5 REVENUE		
Transport of Local Cargo	6,349,527	6,467,192
Transport of Transit Cargo	27,821,184	23,050,774
Rental Income	453,015	301,983
Total Annual Revenue	34,623,726	29,819,949
6 COST OF SERVICE		
Opening Stock	45,412	36,453
Licences & Rates	4,980	4,700
Loading & OffLoading Charges	20,652	19,081
Calibration Fee	137,333	134,514
Transit Permit C28 & C40	117,744	65,720
Fuel Running Expenses	11,942,192	11,230,774
Road Tolls and Toll Gate Expenses	6,573,730	5,462,251
Transit Expenses (comesa.carbon etc)	278,636	276,613
Oil and Lubricant Expenses	183,676	125,455
Road Permits	45,543	19,334
Repair & Maintanance M/Vehicle	457,769	375,419
Mileage & Drivers Allowance	2,124,535	2,545,418
City Services Levy (arrears)	103,026	63,600
Motor Vehicles Insurance	90,371	85,250
Truck Spare Parts & Services	2,542,539	1,451,677
Tyre Expenses	368,868	352,415
Port Charges	48,883	43,036
Cost of Services Available	25,085,890	22,291,709
Less Closing Stock	101,521	45,412
Cost of Services	24,984,369	22,246,297
7 OTHER OPERATING INCOME		
Miscellaneous Income	101,521	
Write back of creditors	272,561	384,951
Forex Gain/(Loss)	60,235	
Total Other Operating Income	434,317	384,951

A.K. TRANSPORT COMPANY LIMITED
Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 TZS'000	2021 TZS'000
8 OPERATING EXPENSES		
Interest in Leases		
Trip Expenses	7,522	5,514
Sumatra Charges	58,773	45,412
Donation & Charities	3,555	12,505
Fees Penalties & Fines	27,861	22,341
Directors fees	36,000	32,500
Professional Fees	3,000	3,000
Postage & Deliveries	2,217	1,444
Petrol Expenses	1,922	1,512
Internet & Telephones	5,571	4,904
Generator Expenses	2,875	2,400
Water & Electricity	18,225	17,255
Repair & Maintenance Office Equipments	5,519	4,125
Audit Fees	6,000	6,000
Transportation Exp. Local	6,518	5,589
Printing & Stationeries	58,773	7,543
Office Expenses	59,455	54,819
Travel & Accomodation	37,415	25,419
Repair & Maintenance Office Premises	7,125	57,855
Other Expenses	797,100	854,201
Cotwu (T) Expenses	2,955	2,320
Osha Expenses	3,200	3,200
Total Operating Expenses	1,151,581	1,169,858
9 HUMAN RESOURCES EXPENSES		
Salary and Wages	1,541,522	1,021,514
NSSF Employers Contributions Expenses	48,404	54,514
Skills and Development Levy	21,415	20,550
WCF Contribution	2,124	4,418
Medical and Staff welfare Expenses	9,274	7,515
Staff Allowances	22,421	15,489
Total Human Resources Expenses	1,645,160	1,123,999
10 FINANCE EXPENSES		
Bank Interest	135,752	128,215
Bank Charges	75,205	112,137
Total Finance Cost	210,957	240,352

A.K TRANSPORT COMPANY LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022
 FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES (CONTINUED)

11 PROPERTY, PLANT AND EQUIPMENTS

2022	COST OR VALUATION														Total TZS '000
	Land TZS '000	Buildings TZS '000	Machinery TZS '000	Motor Vehicle TZS '000	Office Equipm TZS '000	Computer TZS '000	Trailers TZS '000	Heavy Duty TZS '000	Light Vehicles TZS '000	Motor Cycles TZS '000	Total				
712,025	1,149,696	21,921	41,308	66,925	25,910	594	4,182,069	10,911,445	1,677,121	-	18,789,013	7,833,659	-	-	26,622,673
	Less: Disposal														
	Net carrying amount	712,025	1,149,696	21,921	41,308	66,925	25,910	1,936,462	10,079,860	10,911,445	1,677,121	18,789,013	7,833,659	-	26,622,673

2021	COST OR VALUATION														Total TZS '000
	Land TZS '000	Buildings TZS '000	Machinery TZS '000	Motor Vehicle TZS '000	Office Equipm TZS '000	Computer TZS '000	Trailers TZS '000	Heavy Duty TZS '000	Light Vehicles TZS '000	Motor Cycles TZS '000	Total				
712,025	1,037,600	12,331	31,626	37,645	19,837	1,210,150	6,775,757	6,137,688	655,125	-	16,629,785	14,298,393	-	-	30,928,178
	Less: Disposal														
	Net carrying amount	712,025	1,037,600	12,331	31,626	37,645	19,837	1,210,150	6,775,757	6,137,688	655,125	16,629,785	14,298,393	-	30,928,178

2021	COST OR VALUATION														Total TZS '000
	Land TZS '000	Buildings TZS '000	Machinery TZS '000	Motor Vehicle TZS '000	Office Equipm TZS '000	Computer TZS '000	Trailers TZS '000	Heavy Duty TZS '000	Light Vehicles TZS '000	Motor Cycles TZS '000	Total				
712,025	1,149,696	21,921	41,308	66,925	25,910	594	4,182,069	10,911,445	1,677,121	-	18,789,013	7,833,659	-	-	26,622,673
	Less: Disposal														
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2021	COST OR VALUATION														Total TZS '000
	Land TZS '000	Buildings TZS '000	Machinery TZS '000	Motor Vehicle TZS '000	Office Equipm TZS '000	Computer TZS '000	Trailers TZS '000	Heavy Duty TZS '000	Light Vehicles TZS '000	Motor Cycles TZS '000	Total				
712,025	1,089,185	14,614	35,407	61,950	22,208	238	2,881,920	8,330,375	690,349	-	14,298,393	14,298,393	-	-	28,596,786
	Less: Disposal														
	Net carrying amount	712,025	1,089,185	14,614	35,407	61,950	22,208	2,881,920	8,330,375	690,349	14,298,393	14,298,393	-	-	28,596,786

2021	COST OR VALUATION														Total TZS '000
	Land TZS '000	Buildings TZS '000	Machinery TZS '000	Motor Vehicle TZS '000	Office Equipm TZS '000	Computer TZS '000	Trailers TZS '000	Heavy Duty TZS '000	Light Vehicles TZS '000	Motor Cycles TZS '000	Total				
712,025	57,485	5,480	5,163	16,731	3,239	223	1,045,517	2,727,861	628,920	-	4,490,620	4,490,620	-	-	8,981,240
	Less: Disposal														
	Net carrying amount	37,475	57,485	5,480	16,731	3,239	1,045,517	2,727,861	628,920	-	4,490,620	4,490,620	-	-	8,981,240

2021	COST OR VALUATION														Total TZS '000
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712,025	60,510	7,307	5,901	4,975	3,701	356	1,300,150	2,581,070	986,773	-	4,490,620	4,490,620	-	-	8,981,240
	Less: Disposal														
	Net carrying amount	37,475	60,510	7,307	4,975	3,701	1,300,150	2,581,070	986,773	-	4,490,620	4,490,620	-	-	8,981,240

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	Land TZS '000	Buildings TZS '000	Machinery TZS '000	Motor Vehicle TZS '000	Office Equipm TZS '000	Computer TZS '000	Trailers TZS '000	Heavy Duty TZS '000	Light Vehicles TZS '000	Motor Cycles TZS '000	Total				
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	Land TZS '000	Buildings TZS '000	Machinery TZS '000	Motor Vehicle TZS '000	Office Equipm TZS '000	Computer TZS '000	Trailers TZS '000	Heavy Duty TZS '000	Light Vehicles TZS '000	Motor Cycles TZS '000	Total				
712,025	1,149,696	21,921	41,308	66,925	25,910	594	4,182,069	10,911,445	1,677,121	-	18,789,013	7,833,659	-	-	26,622,673
	Less: Disposal														
	Net carrying amount	712,025	1,149,696	21,921	41,308	66,925	25,910	1,936,462	10,079,860	10,911,445	1,677,121	18,789,013	7,833,659	-	26,622,673

2021	COST OR VALUATION														Total TZS '000
	Land TZS '000	Buildings TZS '000	Machinery TZS '000	Motor Vehicle TZS '000	Office Equipm TZS '000	Computer TZS '000	Trailers TZS '000	Heavy Duty TZS '000	Light Vehicles TZS '000	Motor Cycles TZS '000	Total				
712,025	1,037,600	12,331	31,626	37,645	19,837	1,210,150	6,775,757	6,137,688	655,125	-	16,629,785	14,298,393	-	-	30,928,178
	Less: Disposal														
	Net carrying amount	712,025	1,037,600	12,331	31,626	37,645	19,837	1,210,150	6,775,757	6,137,688	655,125	16,629,785	14,298,393	-	30,928,178

2021	COST OR VALUATION														Total TZS '000
	Land TZS '000	Buildings TZS '000	Machinery TZS '000	Motor Vehicle TZS '000	Office Equipm TZS '000	Computer TZS '000	Trailers TZS '000	Heavy Duty TZS '000	Light Vehicles TZS '000	Motor Cycles TZS '000	Total				
712,025	57,485	5,480	5,163	16,731	3,239	223	1,045,517	2,727,861	628,920	-	4,490,620	4,490,620	-	-	8,981,240
	Less: Disposal														
	Net carrying amount	37,475	57,485	5,480	16,731	3,239	1,045,517	2,727,861	628,920	-	4,490,620	4,490,620	-	-	8,981,240

2021	COST OR VALUATION														Total TZS '000
	Land TZS '000	Buildings TZS '000	Machinery TZS '000	Motor Vehicle TZS '000	Office Equipm TZS '000	Computer TZS '000	Trailers TZS '000	Heavy Duty TZS '000	Light Vehicles TZS '000	Motor Cycles TZS '000	Total				
712,025	60,510	7,307	5,901	4,975	3,701	356	1,300,150	2,581,070	986,773	-	4,490,620	4,490,620	-	-	8,981,240
	Less: Disposal														
	Net carrying amount	37,475	60,510	7,307	4,975	3,701	1,300,150	2,581,070	986,773	-	4,490,620	4,490,620	-	-	8,981,240

2021	COST OR VALUATION														Total TZS '000
	Land TZS '000	Buildings TZS '000	Machinery TZS '000	Motor Vehicle TZS '000	Office Equipm TZS '000	Computer TZS '000	Trailers TZS '000	Heavy Duty TZS '000	Light Vehicles TZS '000	Motor Cycles TZS '000	Total				
712,025	1,089,185	14,614	35,407	61,950	22,208	238	2,881,920	8,330,375	690,349	-	14,298,393	14,298,393	-	-	28,596,786
	Less: Disposal														
	Net carrying amount	712,025	1,089,185	14,614	35,407	61,950	22,208	2,881,920	8,330,375	690,349	14,298,393	14,298,393	-	-	28,596,786

A.K TRANSPORT COMPANY LIMITED
Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES (CONTINUED)

	2022	2021
	TZS'000	TZS'000
12 CASH AND CASH EQUIVALENTS		
Cash In Hand-TZS	10,505	-
Cash un Hand USD	-	-
Cash at Bank :		
Amana Bank Limited TZS	1,274	4,512
Amana Bank Limited USD	1,624	8,258
Diamond Trust Bank Limited TZS	140	452
Diamond Trust Bank Limited USD	99,981	42,316
Stanbic Bank Tanzania Limited USD	21,914	134
Cash and Cash Equivalent	135,437	55,671
13 TRADE AND OTHER RECEIVABLES		
Financial Instruments		
Trade Receivables	2,465,675	2,977,239
Other Receivables	-	-
Non Financial Instruments		
VAT	-	-
Total Trade and Other Receivables	2,465,675	2,977,239
14 INVENTORIES		
Fuel and Oils	101,523	45,412
Total Inventories	101,523	45,412
15 TRADE AND OTHER PAYABLES		
Financial Instruments		
Trade Creditors	4,243,309	2,716,222
Audit Fees Payables	6,000	-
VAT	366,076	6,000
City Service Levy Payables	103,026	63,600
Skills and Development Levy	1,785	1,506
NSSF Contribution Payables	8,067	7,528
WCF Contribution Payables	484	226
PAYE	2,505	225
Stamp Duty Payables	515	831
Total Trade and Other Payables	4,731,767	2,796,137
16 TAXATION		
Profit/(Loss) for the year	1,563,708	933,775
Add: Depreciation	5,502,268	4,490,620
Fine and Penalties	27,861	22,341
Interest on Lease	-	-
Annual Adjustable Income	<u>7,093,837</u>	<u>5,446,735</u>
Less: Wearand Tear	(5,502,268)	(4,490,620)
Rent Expensces	(12,000)	(12,000)
Annual Taxable Income	1,591,569	956,116
INCOME TAX		
Openng Balance	500,016	405,719
Corporate Tax for the year	477,471	286,835
Add Taxes from Tax Audit	-	315,897
Total Tax Liability	977,487	1,008,450
Less: Provision Corporate Tax Paid	(120,000)	(160,000)
Other Taxes Paid	(271,386)	(348,296)
Total Current Tx Liability	585,851	500,016
17 OVERDRAFTS		
Stanbic Bank Tazania Limited	99,292	220,000
Total Overdraft	99,292	220,000

The company obtained the Overdraft Facility from Stanbic Bank Tanzania Limited the same bearing 11% Interest rate per annum .The Overdraft facility is secured by unlimited personal Guarantee issued by all Directors ,Company Motor Vehicles and specific Debenture over the additional for the year of operation

A.K.TRANSPORT COMPANY LIMITED
Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2022

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NOTES (CONTINUED)

	2022	2021
	TZS'000	TZS'000
18 BORROWINGS		
Held at amortised cost Asset Finacing	8,466,881	9,172,421
Total Borrowings	8,466,881	9,172,421

Borrowings comprises of loan from Amana Bank Limited amd Asset Finacing.Loan from Amana Bank Limited and NBC Bank Limitedis secured by the following Assets:

- (a) Legal Mortagage on plot in Kariakoo along Agrey Strret in the name of the company
- (b) Bebenture over the entire Assets of the Company
- © Personal Guarantee of Mr.Mbarak Nahd

19 DEFFERRED TAXATION

20 DEFFERRED TAX

Deffered Tax Liability	334,110
Property Planly and Equipment	334,110

The Defferred Tax Assets and the Defferred Tax Liability relate to income Tax in some Jurisdiction,and the law allows net settlement.Therefore they have been offset in the statement of Financial posotion as follow:

Defferred Tax Liability	334,110
-------------------------	---------

Reconciliation of Defferred Tax Asset/Liability

At the beginning of year	(278,220)
Defferred Ta Liability	(55,890)
	(334,110)

20 SHARE CAPITAL

	No. of ordinary Shares Registered	Issued and fully paid up share Capital	TZS
At incorporation	1,000	1,000,000	
At incorporation and 31 December 2022	1,000	1,000,000	
The total number of authorised ordinary shares is 1,000 with a par value of Shs 1,000			

Opening Retained Earnings	3,961,071	3,307,429
Current Retaines Earnings	1,094,596	653,642
Closing Retained Earnings	5,055,667	3,961,071

21 COMMITMENTS

There were no capital commitments at the year end.

22 RELATED PARTIES

There ware no related transaction during the year

23 EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any material events which occurred after the reporting date and up to the date of this report

24 GOING CONCERN

As at 31 December 2022 the company will continue to trade as a going cocern company for the unforeseeable future.The major shareholders have confirmed that they will continue to provide fiancial support to the company

25 COMPARATIVE FIGURES

Certain comparative figures have been reclassified confort with current year presentations.