

ALISTAIR JAMES COMPANY LIMITED
CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

(Company registration number 56401)

TIN: 104-697-757

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CORPORATE INFORMATION

	Name of director	Nationality
BOARD OF DIRECTORS	: Alistair Andrew James	American
	: Alden James	American

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	: Plot No. 27
	: Kurasini Street
	: P.O. Box 15109
	: Dar es Salaam
	: Tanzania

INDEPENDENT AUDITOR	: PKF Associates Tanzania
	: P. O. Box 7323
	: Dar-es-salaam
	: Tanzania

COMPANY SECRETARY	: Nicholas Adrian Edward Zervos
	: 2nd Floor, Kilwa House
	: 369 Toure Drive, Oysterbay
	: P.O. Box 62
	: Dar es Salaam
	: Tanzania

PRINCIPAL BANKERS	: Standard Chartered Bank Tanzania Limited
	: P.O. Box 9011
	: Dar es Salaam
	: Tanzania

REPORT OF THE DIRECTORS

The directors submit their report and the audited consolidated financial statements for the year ended 31 December 2021, which discloses the state of affairs of Alistair James Company Limited and its subsidiary company, Alistair Performance Inc Limited (the group).

INCORPORATION

Alistair James Company Limited is a private company limited by shares. It was registered in the United Republic of Tanzania through Certificate of Incorporation number 56401 on 5 May 2006, in accordance with section 435 of the Companies Act, 2002. The address of the registered office is set out on page 1.

Alistair James Company Limited owns 80% of the equity of Alistair Performance Inc Limited whose main activity is provision of transportation and storage support services.

VISION

To be known as the company that makes Africa work better.

MISION

To enable our customers to work better.

PRINCIPAL ACTIVITY

The principal activities of the company are those of providing first class logistics services in Africa. The subsidiary remained dormant during the year.

CAPITAL STRUCTURE AND SHAREHOLDING

			2021 Tshs'000	2020 Tshs'000
<u>Authorised</u>				
2,000,000 Ordinary shares of Tshs 1,000 each			<u>2,000,000</u>	<u>2,000,000</u>
	2021 Tshs'000	2020 Tshs'000	2021 USD'000	2020 USD'000
<u>Issued and fully paid</u>				
2,000,000 Ordinary shares of Tshs 1,000 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,169</u>	<u>1,169</u>

The shareholders of the company as at 31 December 2021 were as follows:

Name of shareholder:	Number of	% of shares
Alden James	703,000	35%
Alistair Andrew James	703,000	35%
Clementine Juliet James	396,000	20%
Angelo Caruso	<u>198,000</u>	<u>10%</u>
	<u>2,000,000</u>	<u>100%</u>

Directors' interest in the paid up shares of the company

Alden James	703,000	35%
Alistair Andrew James	<u>703,000</u>	<u>35%</u>

REPORT OF THE DIRECTORS (CONTINUED)

RESULTS	Group		Company	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Loss before tax	(870)	(2,322)	(765)	(2,317)
Tax credit	<u>127</u>	<u>280</u>	<u>127</u>	<u>280</u>
Loss for the year	<u><u>(743)</u></u>	<u><u>(2,042)</u></u>	<u><u>(638)</u></u>	<u><u>(2,037)</u></u>

DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2021 (2020: Nil)

DIRECTORS

The names of directors who held office during the year end to the date of this report are shown on page 1.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

The group is committed to the principles of openness, integrity and accountability. It recognizes the developing nature of corporate governance and assesses its compliance with local and international generally accepted corporate governance practice on an ongoing basis through its various strategic departments. Guidelines issued by the Tanzanian legislators from time to time are strictly adheres to.

The directors are responsible for the group's internal control system, which incorporates procedures that have been designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information is reliably reported.

The key procedures which the Board considers essential to the provision of effective controls include:

- i. A strong management team working within defined limits of responsibility and authority.
- ii. An annual budgeting process with quarterly forecasts to reflect changing circumstances and the identification of key risks and opportunities.
- iii. Detailed monthly management accounts with comparisons against budget for comprehensive variance analysis.

During the year under review, nothing has come to the attention of the directors to indicate that a material breakdown in the functioning of these internal control procedures and systems had occurred.

The Board is directly responsible for risk and internal control assessments and as such, a separate audit committee is not considered necessary.

MANAGEMENT

The management of the company is under the Managing Director.

REPORT OF THE DIRECTORS (CONTINUED)

EMPLOYEE WELFARE

Management and employees' relationship

There were continued good relations between employees and management during the year ended 31 December 2021.

The group 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 such as gender, marital status, religion, tribe and disability which does not impair ability to discharge duties.

Training facilities

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

Medical assistance

The group provides medical facilities to staff at facilities designated by the group.

Health and safety

The group has a strong safety and security section which ensures that a culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

Financial assistance to staff

Loans are available to all confirmed employees depending on the group assessment of and the discretion of management as to the need and circumstances.

Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicants concerned. In the event that a member of staff becomes disabled, every effort is made to ensure that his/her employment with the group continues and appropriate training is arranged. It is the policy of the group that training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees.

Employees Benefit Plan

The group pays contributions to the NSSF statutory pension funds which is a mandatory benefit defined plan.

RELATED PARTY TRANSACTIONS

Details of transactions with related parties are disclosed in Note 22 to these financial statements.

POLITICAL AND SOCIAL RESPONSIBILITY

The group did not make political or charitable donations during the year ended 31 December 2021 (2020: Nil)

REPORT OF THE DIRECTORS (CONTINUED)

CORPORATE SOCIAL RESPONSIBILITY

The group recognizes and values good corporate citizenship among its highest priorities, responsibilities and commitments to the social wellbeing and development of the communities in which it works.

SOLVENCY

The company's and group's state of affairs is set out on page 12 of these financial statements

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

ENVIRONMENTAL CONTROL PROGRAM

The group is committed to conducting its business in a manner that protects the environment and it is registered with OSHA (Occupational Safety and Healthy Administration) which requires the group to be committed to developing and establishing a safe working environment, and to provide training, awareness programs and resources necessary to support this commitment. Guiding principles for this are as follows;

- Nothing is more important than protecting human health and safety;
- All incidents are preventable;
- Management is accountable for a healthy and safe working environment (HSE) and will show active leadership in the same;
- Working safely in an environmentally responsible manner is a condition for employment; and
- Preventing incidents and managing environmental impacts are fundamental to good business.

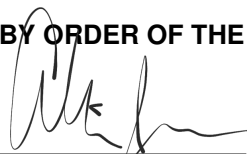
SUBSEQUENT EVENTS

No material events or circumstances have arisen between the accounting date and the date of this report that required either disclosure or adjustment in the financial statements.

INDEPENDENT AUDITOR

PKF Associates Tanzania (PKF) is the auditor of the company for the year ended 31 December 2021. The address and other details of the auditor are shown on page 1. PKF has indicated willingness to continue in office and is eligible for re-appointment. A resolution proposing the re-appointment of PKF as the auditor of the Company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



Alistair James
Director

18 November 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Tanzania Companies Act, 2002 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the group and the company; that disclose, with reasonable accuracy, the financial position of the group and company and that enables them to prepare financial statements of the group and the company that comply with International Financial Reporting Standards and the requirements of the Tanzania Companies Act, 2002. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Tanzania Companies Act, 2002. They also accept responsibility for::

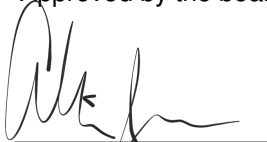
- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies;
- iii. Making accounting estimates and judgements that are reasonable in the circumstances;

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the group and of the company as at 31 December 2021 and of the group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Tanzania Companies Act, 2002.

In preparing these financial statements the directors have assessed the group's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the group will not remain a going concern for at least the next twelve months from the date of this statement.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 18 November 2022 and signed on its behalf by:



Alistair James
Director


DECLARATION OF THE HEAD OF FINANCE OF ALISTAIR JAMES COMPANY LIMITED

The National Board of Accountants and Auditors (NBAA) according to the powers conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance 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 to discharge their responsibility of preparing financial statements of an entity showing a true and fair view of the entity's position and performance in accordance with International Financial Reporting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under the directors responsibility statement on the previous page.

In regard thereof, I ... Omary A Othman on behalf of the Head of Finance of Alistair James Company Limited hereby acknowledge my responsibility of ensuring that the consolidated and company financial statements for the year ended 31 December 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the consolidated and company financial statements give a true and fair view position of Alistair James Company Limited as of that date and that they have been prepared based on properly maintained financial records.

Signed by: 

Position: Senior Accountant

NBAA Membership No.: GA 8217

Date: 18 November 2022

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ALISTAIR JAMES COMPANY LIMITED**

Opinion

We have audited the financial statements of Alistair James Company Limited and its subsidiary company, Alistair Performance Inc Limited (the group) set out on pages 11 to 53, which comprise the consolidated and company statement of financial position as at 31 December 2021, and the consolidated and company statement of profit or loss and other comprehensive income, consolidated and company statement of changes in equity and consolidated and company statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated and company financial position as at 31 December 2021, and of the consolidated and company financial performance and consolidated and company cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Tanzania Companies Act, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements section of our report. We are independent of the Group 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 consolidated and company 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 directors' report, statement of directors responsibility, declaration of head of finance, schedule of expenditure and memorandum Tanzania shillings financial information 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 consolidated and company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 and fair presentation of the consolidated and company financial statements in accordance with International Financial Reporting Standards and the requirements of the Tanzania Companies Act, 2002, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and company financial statements, the directors are responsible for assessing the group's and 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 group and / or the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's and the company's financial reporting process.

PKF Associates Tanzania, Girl Guides Building, 1st Floor of Tower B, Plot No. 1088

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**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ALISTAIR JAMES COMPANY LIMITED (CONTINUED)**

Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and company 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 consolidated and company financial statements.

As part of an audit carried out in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and company 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 group's and 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 group's and 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 consolidated and company 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 group and / or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and company financial statements, including the disclosures, and whether the consolidated and company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and company financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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 internal control that we identify during our audit.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ALISTAIR JAMES COMPANY LIMITED (CONTINUED)**

Report on Other Matters Prescribed by the Tanzania Companies Act, 2002

In our opinion the information given in the report of the directors on pages 2 to 5 is consistent with the financial statements.

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

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion proper books of account have been kept by the group and the company, so far as appears from our examination of those books; and
- (iii) the consolidated and company statement of financial position and consolidated and company statement of profit or loss and other comprehensive income are in agreement with the books of account.

Certified Public Accountants (Dar es salaam)
CPA (Mustansir Gulamhussein), Practising certificate No. ACPA 1810
Signing partner responsible for the independent Audit
PKF Associates Tanzania
Ref: PKF/A057/A/240/22/mg

PKF ASSOCIATES TANZANIA
P.O. Box 17323
Dar es Salaam

Date: 18-11/2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Group		Company	
		2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Revenue from contracts with customers	3	15,087	15,937	15,087	15,937
Direct costs		<u>(11,841)</u>	<u>(12,847)</u>	<u>(11,742)</u>	<u>(12,857)</u>
Gross profit		3,246	3,090	3,345	3,080
Other operation income	4	84	158	84	158
Administrative expenses		(2,726)	(3,525)	(2,720)	(3,512)
Other operating expenses		<u>(1,119)</u>	<u>(1,688)</u>	<u>(1,119)</u>	<u>(1,686)</u>
Operating loss	5	(515)	(1,965)	(410)	(1,960)
Finance costs	6	<u>(355)</u>	<u>(357)</u>	<u>(355)</u>	<u>(357)</u>
Loss before tax		(870)	(2,322)	(765)	(2,317)
Tax credit	7	<u>127</u>	<u>280</u>	<u>127</u>	<u>280</u>
Loss for the year		<u>(743)</u>	<u>(2,042)</u>	<u>(638)</u>	<u>(2,037)</u>
Other comprehensive loss		-	-	-	-
Total comprehensive loss for the year		<u>(743)</u>	<u>(2,042)</u>	<u>(638)</u>	<u>(2,037)</u>
Loss attributable to:					
Equity shareholders		(722)	(2,042)	-	-
Non - controlling interest		<u>(21)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(743)</u>	<u>(2,042)</u>	<u>-</u>	<u>-</u>
Total comprehensive loss attributable to:					
Equity shareholder		(722)	(2,042)	-	-
Non - controlling interest		<u>(21)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(743)</u>	<u>(2,042)</u>	<u>-</u>	<u>-</u>


The notes on pages 15 to 53 form an integral part of these financial statements.

Report of the independent auditor - pages 8 to 10.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Notes	Group		Company	
		2021 USD '000	2020 USD '000	2021 USD '000	2020 USD '000
EQUITY					
Share capital	8	1,169	1,169	1,169	1,169
Retained earnings		3,847	4,569	3,938	4,576
Equity attributable to owners of the company		<u>5,016</u>	<u>5,738</u>	<u>5,107</u>	<u>5,745</u>
Non - controlling interest	21	(22)	(1)	-	-
Total equity		<u>4,994</u>	<u>5,737</u>	<u>5,107</u>	<u>5,745</u>
Non-current liabilities					
Borrowings	9	4,690	4,690	4,690	4,690
Lease liabilities	10	158	163	158	163
		<u>4,848</u>	<u>4,853</u>	<u>4,848</u>	<u>4,853</u>
		<u>9,842</u>	<u>10,590</u>	<u>9,955</u>	<u>10,598</u>
Non-current assets					
Investment in Subsidiary	20	-	-	3	3
Property, plant and equipment	12	2,062	2,683	2,062	2,683
Right of use assets	13	300	317	300	317
Intangible assets	14	1,002	1,552	1,002	1,552
Deferred tax	11	941	738	941	738
		<u>4,305</u>	<u>5,290</u>	<u>4,308</u>	<u>5,293</u>
Current assets					
Inventories	15	139	358	139	358
Trade and other receivables	16	11,416	8,660	11,824	8,667
Cash and cash equivalents	17	1,080	190	1,080	190
Tax recoverable		56	63	56	63
		<u>12,691</u>	<u>9,271</u>	<u>13,099</u>	<u>9,278</u>
Current liabilities					
Borrowings	9	429	471	429	471
Trade and other payables	18	6,391	3,006	6,689	3,008
Lease liabilities	10	98	107	98	107
Capital grant	19	237	387	237	387
		<u>7,155</u>	<u>3,971</u>	<u>7,453</u>	<u>3,973</u>
Net current assets		<u>5,537</u>	<u>5,300</u>	<u>5,647</u>	<u>5,305</u>
		<u>9,842</u>	<u>10,590</u>	<u>9,955</u>	<u>10,598</u>

The financial statements on pages 11 to 53 were approved and authorised for issue by the Board of Directors on 18 November 2022 and were signed on its behalf by:



Alistair James
 Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Ordinary Share capital USD '000	Retained earnings USD '000	Non Controlling Interest USD '000	Total USD '000
Year ended 31 December 2021				
As start of year	1,169	4,569	(1)	5,737
Total comprehensive loss for the year	-	(722)	(21)	(743)
Translation reserve	-	-	-	-
At end of year	<u>1,169</u>	<u>3,847</u>	<u>(22)</u>	<u>4,994</u>
Year ended 31 December 2020				
As start of year	1,169	6,611	(1)	7,779
Total comprehensive loss for the year	-	(2,042)	-	(2,042)
Translation reserve	-	-	-	-
At end of year	<u>1,169</u>	<u>4,569</u>	<u>(1)</u>	<u>5,737</u>
Company				
Year ended 31 December 2021				
As start of year	1,169	4,576	-	5,745
Total comprehensive loss for the year	-	(638)	-	(638)
At end of year	<u>1,169</u>	<u>3,938</u>	<u>-</u>	<u>5,107</u>
Year ended 31 December 2020				
As start of year	1,169	6,613	-	7,782
Total comprehensive loss for the year	-	(2,037)	-	(2,037)
At end of year	<u>1,169</u>	<u>4,576</u>	<u>-</u>	<u>5,745</u>

The notes on pages 15 to 53 form an integral part of these financial statements.

Report of the independent auditor - pages 8 to 10.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Group		Company	
	Notes	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Reconciliation of loss before tax to cash from/(used in) operations:					
Loss before tax		(870)	(2,322)	(765)	(2,317)
Adjustments for:					
Depreciation of property, plant and equipment	12	594	644	594	644
Depreciation of right-of-use assets	13	128	260	128	260
Amortization of intangible assets	14	550	621	550	621
Interest expense on borrowings	6	321	324	321	324
Interest expense on lease liabilities	6	34	33	34	33
Release of grant income	19	(150)	(150)	(150)	(150)
Loss on disposal of property, plant and equipment	4	66	45	66	45
Changes in working capital:					
- inventories		219	43	219	43
- trade and other receivables		(3,157)	3,767	(3,157)	3,762
- trade and other payables		3,788	(2,973)	3,683	(2,973)
Interest paid on borrowings	9	(321)	(367)	(321)	(367)
Interest paid on lease liabilities	10	(34)	(33)	(34)	(33)
Tax paid		(86)	(24)	(86)	(24)
Net cash from/(used in) operating activities		<u>1,081</u>	<u>(132)</u>	<u>1,081</u>	<u>(132)</u>
Cash flows from investing activities					
Cash paid for purchase of property, plant and equipment	12	(45)	14	(45)	14
Cash paid for purchase of intangible assets	14	-	(280)	-	(280)
Proceeds from disposal of property, plant and equipment		24	379	24	379
Net cash used in investing activities		<u>(21)</u>	<u>113</u>	<u>(21)</u>	<u>113</u>
Financing activities					
Payments of principal portion of borrowings		(42)	(74)	(42)	(74)
Payments of principal portion of the lease liability	10	(128)	(279)	(128)	(279)
Net cash used in financing activities		<u>(170)</u>	<u>(353)</u>	<u>(170)</u>	<u>(353)</u>
Increase/(decrease) in cash and cash equivalents		<u>890</u>	<u>(372)</u>	<u>890</u>	<u>(372)</u>
Movement in cash and cash equivalents					
At start of year		190	562	190	562
Increase/(decrease) in cash and cash equivalents		<u>890</u>	<u>(372)</u>	<u>890</u>	<u>(372)</u>
At end of year	17	<u>1,080</u>	<u>190</u>	<u>1,080</u>	<u>190</u>

The notes on pages 15 to 53 form an integral part of these financial statements.

Report of the independent auditor - pages 8 to 10.

NOTES

1. 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 all years presented, unless otherwise stated.

These financial statements comply with the requirements of the Tanzanian Companies Act, 2002. The statement of profit or loss and statement of comprehensive income represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

a) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 - Inventories or value in use in IAS 36 - Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Transfer between levels of the fair value hierarchy are recognised by the directors at the end of the reporting period during which the change occurred.

Going concern

The financial performance of the group is set out in the report of the directors and in the statement of profit or loss and the other comprehensive income. The financial position of the group is set out in the statement of financial position.

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

New standards, amendments and interpretations adopted by the group

The group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New standards, amendments and interpretations adopted by the group (continued)

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the group. The group intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

New standards, amendments and interpretations issued but not effective

At the date of authorisation of these consolidated financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current' (issued in January 2020), effective for annual periods beginning on or after 1 January 2023, clarify a criterion for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date.
- Amendments to IAS 8 'Definition of Accounting Estimates' (issued in February 2021), effective for annual reporting periods beginning on or after 1 January 2023, introduce a definition of 'accounting estimates' and clarify the distinction between changes in accounting estimates and change in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New standards, amendments and interpretations issued but not effective (continued)

- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (issued in February 2021)

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

- Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
- Amendments to IAS 37 'Onerous Contracts – Costs of Fulfilling a Contract' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022, specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.
- Amendment to IAS 41 Agriculture 'Taxation in fair value measurements' (issued in May 2020), effective for annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted, removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards 'Subsidiary as a first-time adopter' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.
- Amendments to IFRS 3 Business Combinations - The amendments added an exception to the the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. The amendments also clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.
- Amendment to IFRS 9 Financial Instruments 'Fees in the '10 per cent' test for derecognition of financial liabilities' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New standards, amendments and interpretations issued but not effective (continued)

- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (issued in September 2014), applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.
- IFRS 17 'Insurance Contracts' (issued in May 2017), effective for annual periods beginning on or after 1 January 2023, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Group does not issue insurance contracts.

The directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The group plans to apply the changes above, if applicable, from their effective dates.

b) Significant accounting judgements, estimates 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.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Measurement of expected credit losses (ECL):

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Significant accounting judgements, estimates and assumptions (continued)

- Measurement of Expected Credit Losses (ECL) (continued):

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model applied for financial assets, other than trade receivables, contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments that are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The group uses these guidelines in determining the staging of its financial assets unless there is persuasive evidence available to rebut these presumptions.

For trade receivables, the group has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

The carrying amounts of the group's financial assets that are subject to impairment assessment are disclosed in note 23.

- Useful lives, depreciation methods and residual values of property, plant and equipment, intangible assets and right-of-use assets

Management reviews the useful lives, depreciation methods and residual values of the items of property, plant and equipment, intangible assets and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 12, 13 and 14 respectively.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Significant accounting judgements, estimates and assumptions (continued)

- Accounting for leases under IFRS 16

Management has made various judgements and estimates under IFRS 16 as detailed below:

Incremental borrowing rate: To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing;
- and
- makes adjustments specific to the lease, e.g.. term, country, currency and security.

Lease term/period: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
- Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 12, 13 and 14 respectively.

- Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 12, 13 and 14 respectively.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods and services. Revenue is recognised at the fair value of the considerations received or receivable, net of returns, contracted trade discounts and Value Added Tax.

Any amounts invoiced or received in advance, in excess of the revenue recognised are presented as contract liabilities in the statement of financial position.

i) Transportation services

The company provides transportation services that are either sold separately or bundled together with other services to customers. Performance obligations for bundled services contracts are capable of being distinct and separately identifiable. Accordingly, the company allocates the transaction price based on the relative stand-alone selling price determined at contract inception, for each performance obligation in the contract.

The company recognises revenue from transportation services over time as the customer simultaneously receives and consumes the benefits as the company performs. Such revenue is recognised using an output method, by measuring the progress towards complete satisfaction of the service based on distance covered at the reporting date relative to the total distance of the trip.

ii) Vehicles, equipment rental and operators income

The company has operating lease contracts of vehicles and equipment of the customers. The lease contracts typically include the provision of the operators. At the contract inception, the company assesses and separates the lease and non lease components of the contracts. Accordingly, the company allocates the consideration in the contract on the basis of relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Lease income from operating leases is recognised on a straight line basis over the lease term.

iii) Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods to, and acceptance by, the customer. Having accepted the goods, customers do not have the right to return them. There is no variable element to the contract price, and payment, less any deposit already paid (if any), is typically due within 30 days of delivery.

iv) Demurrage

The company charges a flat rate for each day of delay caused by the customer at the time of either loading, border crossing or offloading of the cargo.

Revenue from demurrage is recognised in the accounting period in which the delays occur and the entity has a right to invoice.

v) Storage

Revenue earned from the provision of storage services is recognised over time as the customer simultaneously receives and consumes the benefit of storage. The company is entitled to and has a right to invoice a fixed amount per day for each tonne of cargo stored by the customer, which in turn corresponds directly with the entity's performance completed to date of the obligation in the contract.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition

vi) Customs clearing agency fees

The company provides customs clearance services to customers. Revenue from customs clearance services is recognised at the point in time when the customer's cargo is delivered.

d) Investment in subsidiaries/Consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 December 2021. Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies. Control is achieved when the company; has power over the investee; is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The group also assesses the existence of control where it does not have the power of majority of the voting rights but is able to govern the financial and operating policies of a subsidiary. Control may arise in certain circumstances where including the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, where potential voting rights are held by the company and rights from other contractual arrangements.

When the company has assessed and has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Assets, liabilities, income and expenses liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

- Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in the statement of changes in equity.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Investment in subsidiaries/Consolidation (continued)

- Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

- Business combinations

The group applies the acquisition method to account for business combinations. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to/by the group, liabilities incurred by the group to the former owners of the acquire and the equity interests issued by the group in exchange for control of the acquire. Acquisition related costs are generally recognised in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date through profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments' are recognised in profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

e) Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amounts and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Non-current assets (or disposal groups) held-for-sale (continued)

When the group is committed to a disposal plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the above criteria are met regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

f) Translation of foreign currencies

i) Transactions and balances

Transactions in foreign currencies during the year are converted into US Dollar (the functional currency), at the rates ruling at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The resulting differences from settlement and translation of monetary items are dealt with in profit or loss in the year in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain future foreign currency risks which meet the criteria for hedge accounting which are recognised in the other comprehensive income; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as FVOCI, are included in other comprehensive income.

ii) Group companies

The results and financial position of the subsidiary companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position (i.e. including comparatives) presented are translated at the closing rate at the date of that statement of financial position.
- income and expenses for each statement of profit or loss and other comprehensive income (i.e. including comparatives) are translated at average exchange rates for the period.
- all resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity.

On disposal of a foreign operation resulting in loss of control of subsidiary, loss of joint control over a jointly controlled entity or loss of significant influence of an associate, all of the accumulated exchange differences in respect of the foreign operation are reclassified to profit or loss.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Property, plant and equipment

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

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 derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

	<u>Rate %</u>
Light duty vehicles	25
Heavy duty vehicles	25
Plant & machinery	12.5
Furniture & fittings	12.5
Computer equipment	12.5
Motor cycles	25
Leasehold improvements	25
Software	5 years straight line

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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.

An item of property, plant and equipment is derecognised upon disposal or when no future future economic benefits are expected from its use or disposal. Gains and losses on disposal future economic benefits are expected from its use or disposal. Gains and losses on disposal amount and are taken into account in determining operating profit/loss.

h) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Intangible assets (continued)

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Depreciation is calculated on the reducing balance basis method to write down the cost of each asset, to its residual value over its estimated useful life of 3 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production 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 software development staff costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives which are estimated to be 5 years.

i) Impairment of non-financial assets other than goodwill

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually.

An impairment loss is recognised for the amount by which the carrying amount of an asset or a cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, management determines the recoverable amount of the CGU to which the asset belongs.

A CGU is the smallest identifiable group of assets that generates cash flows that are largely independent of cash inflows from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Impairment of non-financial assets other than goodwill (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

j) Financial instruments

Financial instruments are recognised when, and only when, the group becomes party to the contractual provisions of the instrument.

- **Financial assets**

All financial assets are recognised initially using the trade date accounting which is the date the group commits itself to the purchase or sale.

The group classifies its financial assets into the following categories:

i) Amortised cost;

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost; The carrying amount of these assets is adjusted by any expected credit loss allowance measured and recognised.

ii) Fair Value Through Other Comprehensive Income (FVTOCI):

Financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are classified and measured at value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gain or losses, interest revenue and foreign exchange gains and losses. Gains and losses previously recognised in OCI are reclassified from equity to profit or loss on disposal of such instruments. Gains and losses related to equity instruments are not reclassified.

iii) Fair Value Through Profit or Loss (FVTPL):

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit or loss and other comprehensive income.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (continued)

- Financial assets (continued)

Notwithstanding the above, the group may:

- on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it **at fair value through other comprehensive income**
- on initial recognition of a debt instrument, irrevocably designate it as classified and measured **at fair value through profit or loss** if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

At initial recognition of a financial asset, the group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period, the group has not identified a change in its business models.

- Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the group has transferred substantially all risks and rewards of ownership, or when the group has no reasonable expectations of recovering the asset.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

- Impairment

Debt instruments that are subsequently measured at amortised cost or at impairment assessment. No impairment loss is recognised on investments measured at FVTPL.

The group recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost or at fair value through other comprehensive income (FVTOCI):

- Cash and cash equivalents
- Trade and other receivables
- Other financial assets

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (continued)

- **Financial assets (continued)**
- **Impairment (continued)**

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

- **Financial liabilities**

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The group may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

- All other financial liabilities are classified and measured at **amortised cost**.
- All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
- All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the group's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the group does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (continued)

- Financial liabilities (continued)

- Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

- Offsetting financial instruments

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

k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a the first-in-first-out (FIFO) method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

l) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts and restricted cash balance.

In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

m) Share capital

Ordinary shares are classified as equity.

n) Dividends

Proposed dividends are disclosed as a separate component of equity until declared.

Dividends are recognised as a liabilities in the period in which they are approved by the company's shareholders.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in statement of profit or loss except to the extent that it relates to items recognised in equity, in which case, the tax is also recognised in income or equity.

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward of unused tax credits and tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The Group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

p) Accounting for leases

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group as lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the group recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the group is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the group's incremental borrowing rate is used.

For leases that contain non-lease components, the group allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Accounting for leases (continued)

The group as lessee (continued)

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Leasehold land and buildings are subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the group at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are recognised in profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset recognised in profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation reserve to the retained earnings.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

The group as lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognised as income in profit or loss on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Provisions (continued)

Provisions for environmental restoration, restructuring costs and legal claims 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 the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions for future operating losses are not recognised.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

The amount recognised as a provision is the best estimate of the present value of expenditures expected to be incurred to settle the obligation using a pre-tax rate that reflects the current market assessments of time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in profit or loss under finance costs.

r) Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

s) Retirement benefit obligations

The company and its employees contribute to the National Social Security Fund (NSSF) statutory defined contribution schemes. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the asset based either on actual cost on specific borrowings or, in the case of general borrowings, based on a weighted average cost.

Capitalisation of borrowing costs ceases when all activities necessary to prepare the asset for its intended use or sale are complete. All other borrowing costs are recognised in profit or loss.

u) Comparatives

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

NOTES (CONTINUED)

	Group		Company	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
3. Revenue from contracts with customers				
Recognised over time:				
- Transport income	14,651	15,119	14,651	15,119
- Warehousing rental	79	92	79	92
Recognised at a point in time:				
- Sale of goods	356	720	356	720
- Equipment rental income	1	6	1	6
	<u>15,087</u>	<u>15,937</u>	<u>15,087</u>	<u>15,937</u>
4. Other operating income				
Release of project funds	-	53	-	53
Amortisation of capital grant (Note 19)	150	150	150	150
Loss on disposal of property, plant and equipment	(66)	(45)	(66)	(45)
	<u>84</u>	<u>158</u>	<u>84</u>	<u>158</u>
5. Operating loss				
The following items have been charged in arriving at the operating loss:				
Depreciation on property, plant and equipment (Note 12)	150	223	150	223
Depreciation on right-of-use assets (Note 13)	152	260	152	260
Amortisation of intangible assets (Note 14)	550	621	550	621
Auditor's remuneration				
- current year	18	20	18	18
- under provision in prior years	-	4	-	4
Cost of inventories recognised as expense	11,742	12,847	11,742	12,857
Provision for expected credit losses	35	176	35	176
Short term leases	100	284	100	284
Staff costs (Note 5.1)	1,418	1,985	1,418	1,985
	<u>1,418</u>	<u>1,985</u>	<u>1,418</u>	<u>1,985</u>
5.1. Staff costs				
Salaries and wages	1,051	1,554	1,051	1,554
Staff leave provision	-	50	-	50
Medical expenses	71	24	71	24
National social security fund	122	150	122	150
Skills and development levy	50	64	50	64
Workers compensation fund	89	16	89	16
Staff welfare expenses	26	109	26	109
Staff training expenses	9	18	9	18
	<u>1,418</u>	<u>1,985</u>	<u>1,418</u>	<u>1,985</u>

NOTES (CONTINUED)

	Group		Company	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
6. Finance costs				
Interest on loan (Note 9)	321	324	321	324
Interest expense on lease liabilities (Note 10)	34	33	34	33
	<u>355</u>	<u>357</u>	<u>355</u>	<u>357</u>
7. Tax				
Current tax	75	-	75	-
Current year under estimation in provisional tax	1	-	1	-
Deferred tax credit to profit or loss (Note 11)	(203)	(376)	(203)	(376)
- 2015	-	33	-	33
- 2016	-	15	-	15
- 2017	-	48	-	48
Tax credit	<u>(127)</u>	<u>(280)</u>	<u>(127)</u>	<u>(280)</u>
The tax on the company's loss before tax differs from the theoretical amount that would arise using the basic rate as follows:				
Loss before tax	<u>(870)</u>	<u>(2,322)</u>	<u>(765)</u>	<u>(2,317)</u>
Tax calculated at a tax rate of 30%	(261)	(697)	(230)	(695)
Tax effect of:				
- expenses not deductible for tax purpose	134	134	103	135
- prior year under provision in corporate tax	-	96	-	96
- under provision in prior year deferred tax charge	-	187	-	184
Tax credit	<u>(127)</u>	<u>(280)</u>	<u>(127)</u>	<u>(280)</u>
8. Share capital			2021	2020
Authorised			Tshs'000	Tshs'000
2,000,000 Ordinary shares of Tshs 1,000 each			<u>2,000,000</u>	<u>2,000,000</u>
	2021	2020	2021	2020
	Tshs'000	Tshs'000	USD'000	USD'000
Issued and fully paid				
2,000,000 Ordinary shares of Tshs 1,000 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,169</u>	<u>1,169</u>
9. Borrowings			Group/Company	
			USD'000	USD'000
Non-current				
Loan from US International Development Finance Corporation (USIDFC)			<u>4,690</u>	<u>4,690</u>
Current				
Loan from US International Development Finance Corporation (USIDFC)			-	-
Loans from Directors (Note 22 (vii))			<u>429</u>	<u>471</u>
			<u>429</u>	<u>471</u>
Total borrowings			<u>5,119</u>	<u>5,161</u>

NOTES (CONTINUED)

	Group/Company	
	2021	2020
	USD'000	USD'000
9. Borrowings (continued)		
Reconciliation of liabilities arising from financing activities:		
At start of year	5,161	5,278
Interest charged to profit or loss (Note 6)	321	324
Cash flows:		
- Operating activities (interest paid)	(321)	(367)
- Proceeds from long-term borrowings	-	-
- Repayments of long-term borrowings	(42)	(74)
	<u>5,119</u>	<u>5,161</u>

Borrowings from directors

The borrowings from directors are subject to interest at 7.4 % p.a, have no specific dates of repayment and are unsecured.

Borrowings from directors USIDFC

The current loan facility from USIDFC is for a facility of up to USD 30 million, fully disbursed and is available to Alistair James Company Limited (AJC) and its affiliate company Alistair Logistics Zambia Limited (ALZ). The loan is to be used by AJC or ALZ to fund their obligations, subject to prior fulfilment, to USIDFC's satisfaction in its sole discretion, of the conditions precedent as stipulated in the loan agreement, for each disbursement request.

The Loan is to be repaid in twenty-seven (27) approximately equal installments (collectively, the "Principal Installments") on each Payment Date beginning on July 14, 2023 (the period from first Closing Date until such date, the "Grace Period"); and ending no later than the twenty-seventh (27th) payment date following the end of the Grace Period (the "Loan Maturity Date"). The loan attracts interest rate of 3.25% above the US treasury rate.

The borrowings from USIDFC is secured by a debenture or general charge over all the borrowers assets including the local debt service reserve account and charge over all of the shareholders ownership interest in the borrower.

The company may not incur, assume, guarantee or permit to exist, or become liable to any indebtedness of whatsoever nature, including trade credit facilities from suppliers that is not permitted by the agreement.

The exposure of the company's borrowings to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	2021	2020
	USD'000	USD'000
6 - 12 months	429	471
1 - 5 years	4,690	3,474
Above 5 years	-	1,216
	<u>5,119</u>	<u>5,161</u>
Weighted average effective interest rates at the reporting date were:	%	%
USIDFC loan	5.5 - 6.0	5.5 - 6.0
Borrowings from directors	7.4	7.4

The carrying amounts of the borrowings have been measured at amortised cost and approximate to their fair value.

The carrying amounts of the company's borrowings are denominated in United States Dollars (USD).

NOTES (CONTINUED)

9. Borrowings (continued)

	Group/Company	
	2021	2020
	USD'000	USD'000
Maturity based on the repayment structure of non-current borrowings is as follows:		
Between 1 and 2 years	429	461
Between 2 and 5 years	4,690	3,474
Over 5 years	-	1,216
	<u>5,119</u>	<u>5,151</u>

Subsequent to yearend on 14 July 2022 the company received waiver from USIDFC to defer its principal repayment by a further 12 months from the date of the letter.

	Group/Company	
	2021	2020
	USD'000	USD'000
10. Lease liabilities		
Non-current	158	163
Current	98	107
	<u>256</u>	<u>270</u>

The total cash outflow for leases in the year was:
 Payments of principal portion of the lease liability
 Interest paid on lease liabilities

128	279
34	33
<u>162</u>	<u>312</u>

Reconciliation of lease liabilities arising from financing activities:

At start of year	270	549
Interest charged to profit or loss (Note 6)	34	33
Cash flows:		
- Operating activities (interest paid)	(34)	(33)
- Payments under leases	(128)	(279)
- Amounts financed through leases	242	-
- Derecognition of lease due to early termination of contract	(128)	-
At end of year	<u>256</u>	<u>270</u>

The leases expiring within one year are subject to review at various dates during the next financial year.

	2021	2020
	USD'000	USD'000
The exposure of the company's leases to interest rate changes and the contractual repricing dates at the reporting date are as follows:		
6 - 12 months	98	107
1 - 5 years	158	163
	<u>256</u>	<u>270</u>
Weighted average effective interest rates at the reporting date was:	<u>9%</u>	<u>9%</u>

NOTES (CONTINUED)

10. Lease liabilities (continued)

The carrying amounts of the company's lease liabilities are denominated in United States Dollar.

Maturity based on the repayment structure of lease liabilities is as follows:	Group/Company	
	2021	2020
	USD'000	USD'000
Gross lease liabilities - minimum lease payments		
Not later than 1 year	117	126
Later than 1 year and not later than 5 years	180	176
	<u>297</u>	<u>302</u>
Total gross leases	297	302
Future interest expense on leases liabilities	(41)	(32)
	<u>(41)</u>	<u>(32)</u>
Present value of lease liabilities	<u>256</u>	<u>270</u>
Present value of lease liabilities - minimum lease payments		
Not later than 1 year	98	107
Later than 1 year and not later than 5 years	158	163
	<u>158</u>	<u>163</u>
	<u>256</u>	<u>270</u>

The company leases office buildings and warehouse under non-cancellable lease agreements. The lease terms are between 2 and 5 years, and ownership of the assets lie with the lessors.

11. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a tax rate of 30%. The movement on the deferred tax account is as follows:

	Group/Company	
	2021	2020
	USD'000	USD'000
At start of year	(738)	(362)
Credit to profit or loss (Note 7)	(203)	(376)
	<u>(941)</u>	<u>(738)</u>
At end of year	<u>(941)</u>	<u>(738)</u>

Deferred tax (assets) and liabilities, deferred tax charge/(credit) in profit or loss are attributable to the following items:

	At start of year	(Credited)/ charged to profit or loss	At end of year
Year ended 31 December 2021			
Property, plant and equipment - historical cost	451	16	467
Right-of-use assets - accelerated depreciation	(95)	5	(90)
Lease liabilities	81	(4)	77
Unrealised foreign exchange difference	-	-	-
Tax losses carried forward	(1,011)	(220)	(1,231)
Provisions	(164)	-	(164)
	<u>(738)</u>	<u>(203)</u>	<u>(941)</u>
Net deferred tax asset	<u>(738)</u>	<u>(203)</u>	<u>(941)</u>

NOTES (CONTINUED)

12. Group/Company Property, plant and equipment	Light duty vehicles USD'000	Heavy duty vehicles USD'000	Plant & machinery USD'000	Furniture & fittings USD'000	Computer equipment USD'000	Motor cycles USD'000	Leasehold improvements USD'000	Leasehold land USD'000	Work in progress USD'000	Total USD'000
31 December 2021										
Cost										
At start of year	246	11,192	460	176	302	65	624	40	-	13,105
Additions	6	-	1	5	12	-	-	7	14	45
Disposals	(33)	-	-	-	(114)	(1)	-	-	-	(148)
At end of year	<u>219</u>	<u>11,192</u>	<u>461</u>	<u>181</u>	<u>200</u>	<u>64</u>	<u>624</u>	<u>47</u>	<u>14</u>	<u>13,002</u>
Accumulated depreciation										
At start of year	202	9,405	201	94	91	53	376	-	-	10,422
Charge for the year	12	446	33	12	27	3	62	-	-	595
Eliminated on disposal	(19)	-	-	-	(57)	(1)	-	-	-	(77)
At end of year	<u>195</u>	<u>9,851</u>	<u>234</u>	<u>106</u>	<u>61</u>	<u>55</u>	<u>438</u>	<u>-</u>	<u>-</u>	<u>10,940</u>
Net carrying amount	<u>24</u>	<u>1,341</u>	<u>227</u>	<u>75</u>	<u>139</u>	<u>9</u>	<u>186</u>	<u>47</u>	<u>14</u>	<u>2,062</u>
31 December 2020										
Cost										
At start of year	648	11,897	462	170	275	69	383	40	241	14,185
Reclassifications	26	(63)	36	7	(6)	-	-	-	-	-
Additions	-	-	16	5	27	-	-	-	-	48
Transfer	-	-	-	-	-	-	241	-	(241)	-
Eliminated on disposal	(431)	(915)	(18)	-	-	(2)	-	-	-	(1,366)
Adjustments	3	273	(36)	(6)	6	(2)	-	-	-	238
At end of year	<u>246</u>	<u>11,192</u>	<u>460</u>	<u>176</u>	<u>302</u>	<u>65</u>	<u>624</u>	<u>40</u>	<u>-</u>	<u>13,105</u>
Accumulated depreciation										
At start of year	292	9,460	172	81	72	49	294	-	-	10,420
Reclassifications	12	(13)	(1)	-	-	2	-	-	-	-
Eliminated on disposal	(180)	(752)	(9)	-	-	(1)	-	-	-	(942)
Charge for the year	60	426	39	13	19	5	82	-	-	644
Adjustments	18	284	-	-	-	(2)	-	-	-	300
At end of year	<u>202</u>	<u>9,405</u>	<u>201</u>	<u>94</u>	<u>91</u>	<u>53</u>	<u>376</u>	<u>-</u>	<u>-</u>	<u>10,422</u>
Net carrying amount	<u>44</u>	<u>1,787</u>	<u>259</u>	<u>82</u>	<u>211</u>	<u>12</u>	<u>248</u>	<u>40</u>	<u>-</u>	<u>2,683</u>

The company's assets have been pledged as security for the company's borrowings (Note 9)

NOTES (CONTINUED)

13. Right-of use assets	Group/Company	
	2021 USD'000	2020 USD'000
Land and buildings		
At 1 January	315	577
Additions	241	-
Disposals	(104)	-
Depreciation charge	(152)	(260)
At 31 December	<u>300</u>	<u>317</u>

The company leases various offices, warehouses, yard spaces and houses. The leases are typically for periods of between 1 and 3 years. None of the leases contains any restrictions or covenants other than the protective rights of the lessor nor carries a residual value guarantee.

14. Intangible assets	Group/Company	
	Capitalised software USD'000	Total USD'000
Year ended 31 December 2021		
Cost		
Balance at 1 January 2021	2,986	2,986
Additions	-	-
Balance at 31 December 2021	<u>2,986</u>	<u>2,986</u>
Amortisation and impairment		
Balance at 1 January 2021	1,434	1,434
Depreciation	550	550
Balance at 31 December 2021	<u>1,984</u>	<u>1,984</u>
Carrying amount 31 December 2021	<u>1,002</u>	<u>1,002</u>
Year ended 31 December 2020		
Cost		
Balance at 1 January 2020	2,706	2,706
Additions	317	317
Adjustments	(37)	(37)
Balance at 31 December 2020	<u>2,986</u>	<u>2,986</u>
Amortisation and impairment		
Balance at 1 January 2020	813	813
Depreciation	621	621
Balance at 31 December 2020	<u>1,434</u>	<u>1,434</u>
Carrying amount 31 December 2020	<u>1,552</u>	<u>1,552</u>

NOTES (CONTINUED)

	Group		Company	
	2021	2020	2021	2020
	USD'000	USD'000	USD'000	USD'000
15. Inventories				
Spare parts	-	200	-	200
Tyres	30	24	30	24
Consumables	109	134	109	134
	<u>139</u>	<u>358</u>	<u>139</u>	<u>358</u>
16. Trade and other receivables				
Trade receivables	976	1,365	976	1,365
Other receivables	208	120	206	120
Contract assets**	1,657	80	1,657	80
Receivable from related parties (Note 22 (vi))	6,945	6,182	7,377	6,189
Advances to suppliers	505	267	505	267
Unpaid share capital (Note 22 (v))	279	279	279	279
Less: provision for expected credit losses	(395)	(395)	(395)	(395)
Net trade and other receivables	10,175	7,898	10,605	7,905
Value Added Tax (VAT)	732	437	732	437
Prepayments	509	325	487	325
	<u>11,416</u>	<u>8,660</u>	<u>11,824</u>	<u>8,667</u>

**This represents revenue recognised based on inputs in excess of amounts invoiced to customers. No impairment losses have been recognised on contract assets as the probability of default is considered insignificant.

Trade and other receivables	2021			2020		
	Gross Amount	ECL Allowance	Carrying Amount	Gross Amount	ECL Allowance	Carrying Amount
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Trade receivables	976	(353)	623	1,365	(353)	1,012
Contract assets	1,657	-	1,657	80	-	80
Other receivables	206	-	206	120	-	120
Advances to suppliers	505	-	505	267	-	267
Related party balance	7,656	(42)	7,614	6,468	(42)	6,426
	<u>11,000</u>	<u>(395)</u>	<u>10,605</u>	<u>8,300</u>	<u>(395)</u>	<u>7,905</u>

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

The carrying amounts of the company's trade and other receivables are denominated in the following currencies:

	2021	2020
	USD'000	USD'000
Tanzania Shillings	595	271
US Dollar	10,010	7,634
	<u>10,605</u>	<u>7,905</u>

NOTES (CONTINUED)

17. Cash and cash equivalents	Group		Company	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Cash in hand	16	2	16	2
Cash at bank	1,064	188	1,064	188
	<u>1,080</u>	<u>190</u>	<u>1,080</u>	<u>190</u>

For the purposes of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Cash and bank balances	<u>1,080</u>	<u>190</u>	<u>1,080</u>	<u>190</u>
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The carrying amounts of the company's cash and cash equivalents are denominated in the following currencies:

USD	941	118	941	118
Tshs	139	72	139	72
	<u>1,080</u>	<u>190</u>	<u>1,080</u>	<u>190</u>

18. Trade and other payables	Group		Company	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Trade payables	812	1,274	812	1,274
Accruals	2,167	724	2,465	722
Other payables	556	491	556	491
Contract liabilities**	557	28	557	28
Payable to related parties (Note 22 (vi))	2,299	489	2,299	493
	<u>6,391</u>	<u>3,006</u>	<u>6,689</u>	<u>3,008</u>

**This represents any amounts invoiced or received in advance, in excess of the revenue recognised based on the company's revenue recognition policies set out in Note 1(c).

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

The carrying amounts of the company's trade and other payables are denominated in the following currencies:

	Group		Company	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
USD	233	233	233	233
Tshs	6,158	2,773	6,456	2,775
	<u>6,391</u>	<u>3,006</u>	<u>6,689</u>	<u>3,008</u>

NOTES (CONTINUED)

18. Trade and other payables (continued)

The maturity analysis of the trade and other payables is as follows:

Company	0 to 1 month USD '000	2 to 3 months USD '000	4 to 12 months USD '000	Total USD '000
Year ended 31 December 2021				
Trade payables	812	-	-	812
Contract liabilities	-	557	-	557
Accruals	2,465	-	-	2,465
Other payables	556	-	-	556
Payable to related parties	2,299	-	-	2,299
	<u>6,132</u>	<u>557</u>	<u>-</u>	<u>6,689</u>
Year ended 31 December 2020				
Trade payables	1,274	-	-	1,274
Contract liabilities	-	28	-	28
Accruals	722	-	-	722
Other payables	491	-	-	491
Payable to related parties	493	-	-	493
	<u>2,980</u>	<u>28</u>	<u>-</u>	<u>3,008</u>

19. Deferred capital grants

The company and Trademark East Africa have a contracted to develop a software named Alistair+ under LIFT (Logistics Innovation for Trade Challenge Fund) for USD 1,500,000 which aims to address the challenges that come with uneven cargo flows and inefficient location of cargo on the Central Corridor in Tanzania.

This project was fifty percent (50%) financed by Trademark East Africa for USD 750,000 as a grant given to the company to develop the software. The development of the software started in 2016 and was fully completed and in operation since August 2018. The useful life of the software has been estimated at 5 years.

	Group/Company	
	2021	2020
	USD'000	USD'000
The movement of the deferred capital grants is as follows:		
At the start of the year	387	537
Release of grant income to profit and loss (Note 4)	<u>(150)</u>	<u>(150)</u>
At end of the year	<u>237</u>	<u>387</u>

NOTES (CONTINUED)

20. Investment in subsidiary	Company	
	2021 USD	2020 USD
Investment in Alistair Performance Inc at cost	3	3

The investment in the Subsidiary is as follows:

Subsidiary	Country of incorporation	Principal activity	Holding
Alistair Performance Inc Ltd	Tanzania	Transportation and storage support services in Tanzania.	80%

21. NON-CONTROLLING INTEREST (NCI)

The below summarises the information relating to NCI of the Group's subsidiary, Alistair Performance Inc Limited.

	Company	
	2021 USD	2020 USD
NCI percentage	80%	80%
Assets		
Current assets	24	5
Liabilities		
Current liabilities	129	5
Net liabilities	(105)	-
Net liabilities attributable to NCI	(21)	-
Loss for the year	(105)	-
Other comprehensive income	-	-
Total comprehensive loss	(105)	-
Total comprehensive loss allocated to NCI	(21)	-

22. Related party transactions

The company is controlled by Alden James and Alistair James, who each own 35% of the company's shares. The remaining 30% shares are owned by Clementine James (20%) and Angelo Caruso (10%).

The company is related to other companies through common shareholding or common directorships. The following transactions were carried out with related parties;

NOTES (CONTINUED)

22. Related party transactions (continued)

The following transactions were carried out with related parties.

	Group		Company	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
i) Sale of goods or services				
ALM Transport (Mauritius) Ltd	10,860	9,298	10,860	9,298
Alistair Equipment Services Tanzania Ltd	157	61	157	61
Alistair Logistics Zambia Limited	-	21	-	21
Alistair Group South Africa (Pty) Ltd	932	-	932	-
	<u>11,949</u>	<u>9,380</u>	<u>11,949</u>	<u>9,380</u>
ii) Purchases of goods or services				
ALM Transport (Mauritius) Ltd	697	-	697	-
Alistair Group South Africa (Pty) Ltd	169	293	169	293
Alistair Logistics Zambia Limited	373	1,437	373	1,437
Alistair Performance Inc Ltd	-	503	-	503
	<u>1,239</u>	<u>2,233</u>	<u>1,239</u>	<u>2,233</u>

NOTES (CONTINUED)

22. Related party transactions (continued)

vi) Outstanding balances arising from sale and purchase of goods/services and payments on behalf of other related parties	Group		Company	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Payable to related parties (Note 18)				
Alistair Equipment Services Tanzania Ltd	31	-	31	-
ALM Transport (Mauritius) Ltd	831	-	831	-
Alistair Group South Africa (Pty) Ltd	1,103	-	1,103	-
Alistair Performance Inc	-	-	-	4
	<u>1,965</u>	<u>-</u>	<u>1,965</u>	<u>4</u>
Other payables to related parties				
ALM Transport (Mauritius) Ltd	221	-	221	-
Alistair Group South Africa (Pty) Ltd	63	479	63	479
Alistair Tanzania Performance Trust	34	10	34	10
Alistair Logistics Namibia (Pty) Ltd	16	-	16	-
	<u>334</u>	<u>489</u>	<u>334</u>	<u>489</u>
	<u>2,299</u>	<u>489</u>	<u>2,299</u>	<u>493</u>

The receivables/payable from/to related parties are interest free, have no specific dates of repayment and are unsecured.

vii) Loan from Directors (Note 9)	<u>429</u>	<u>471</u>	<u>429</u>	<u>471</u>
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The borrowings from directors are subject to interest at 7.4% p.a. have no specific dates of repayment and are unsecured.

viii) Key management compensation

Key management includes Directors (executive and non-executive, and members of senior management).

Remuneration of key personnel	<u>263</u>	<u>465</u>	<u>263</u>	<u>465</u>
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23. Risk management objectives and policies

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

NOTES (CONTINUED)

23. Risk management objectives and policies (continued)

Financial risk management (continued)

Risk management is carried out by the management under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(a) Market risk

- Foreign exchange risk

The company is exposed to foreign exchange risk arising primarily with respect to the Tanzanian Shilling. The risk arises from future transactions on assets and liabilities in the statement of financial position date.

The table below summarises the effect of post-tax profit and components of equity had the US Dollar weakened by 10% against the Tanzanian Shillings, with all other variables held constant. If the US Dollar strengthened against the Tanzanian Shillings, the effect would have been the opposite.

The carrying amounts of the company's material foreign currency denominated monetary assets and liabilities that will have an impact on profit or loss when exchange rates change, at the end of the reporting period are as follows:

	Company USD'000	Total
Effect on profit in USD - increase	<u>646</u>	<u>646</u>
Effect on equity components - increase	<u>646</u>	<u>646</u>

A 10% sensitivity rate is being used when reporting foreign risk internally to key management personnel and represents managements assessment of the reasonably possible change in foreign exchange rates.

- Interest rate risk

The company has no interest bearing assets and as a result its cash flows are substantially independent of changes in market interest rates.

The company's exposure to interest rate risk arises from noncurrent and current borrowings. Financial liabilities obtained at different rates expose the company to interest rate risk. Financial liabilities obtained at fixed rates expose the company to fair value interest rate risk, except where the instruments are carried at amortised costs. The company maintains adequate ratios of borrowings when compared to total borrowings in fixed interest rates.

The table below summarises the effect on post-tax profit had interest rates been one percentage point higher, with all other variables held constant. If the interest rates were lower by one percentage point, the effect would have been the opposite.

NOTES (CONTINUED)

23. Risk management objectives and policies (continued)

Financial risk management (continued)	2021 USD'000	2020 USD'000
- Interest rate risk (continued)		
Effect on profit	<u>5,119</u>	<u>5,161</u>
Effect on equity	<u>5,119</u>	<u>5,161</u>

A 1% sensitivity rate is being used when reporting interest risk internally to key management personnel and represents managements assessment of the reasonably possible change in interest rates.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Individual limits are set based on internal or external information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

In assessing whether the credit risk on a financial asset has increased significantly, the company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the company groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument;
- industry in which the debtor operates; and
- nature of collateral.

NOTES (CONTINUED)

23. Risk management objectives and policies (continued)

Financial risk management (continued)

(b) Credit risk (continued)

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Company	12-month expected credit losses	Lifetime expected credit losses (see note below)			Total
		a)	b)	c)	
Basis for measurement of loss allowance	USD'000	USD'000	USD'000	USD'000	USD'000
As at 31 December 2021					
Trade receivables	-	-	-	976	976
Other receivables	206	-	-	-	206
Advances to suppliers	505	-	-	-	505
Related parties	279	-	-	7,377	7,656
Contract assets	-	-	-	1,657	1,657
Cash at bank	1,064	-	-	-	1,064
Gross carrying amount	2,054	-	-	10,010	12,064
Loss allowance	-	-	-	(395)	(395)
Exposure to credit risk	2,054	-	-	9,615	11,669
As at 31 December 2020					
Trade receivables	-	-	-	1,365	1,365
Other receivables	120	-	-	-	120
Advances to suppliers	267	-	-	125	392
Related parties	279	-	-	6,189	6,468
Contract assets	-	-	-	80	80
Cash at bank	188	-	-	-	188
Gross carrying amount	854	-	-	7,759	8,613
Loss allowance	-	-	-	(395)	(395)
Exposure to credit risk	854	-	-	7,364	8,218

NOTES (CONTINUED)

23. Risk management objectives and policies (continued)

Financial risk management (continued)

(b) Credit risk (continued)

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

- a) Financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
- b) Financial assets that are credit impaired at the statement of financial position date;
- c) Trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

The age analysis of the trade receivables at the end of each year was as follows:

Company	Not past USD'000	30 to 90 USD'000	Over 120 USD'000	Total USD'000
As at 31 December 2021	412	150	457	1,019
As at 31 December 2020	242	235	517	994

The changes in the loss allowance during the year were as follows:

Basis for measurement of loss allowance	12-month expected credit losses USD'000	Lifetime expected credit losses			Total USD'000
		a) USD'000	b) USD'000	c) USD'000	
As at 31 December 2021					
At start of year	-	-	-	395	395
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	-	-	-	-	-
	-	-	-	395	395
As at 31 December 2020					
At start of year	-	-	-	451	451
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	-	-	-	(56)	(56)
	-	-	-	395	395

The company does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.⁵¹

NOTES (CONTINUED)

23. Risk management objectives and policies (continued)

Financial risk management (continued)

(c) Liquidity risk

Cash flow forecasting is performed by the finance department of the company by monitoring the company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

Prudent liquidity risk management implies maintaining sufficient cash and bank balance, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the company's management maintains flexibility in funding by maintaining availability under committed credit lines.

Note 9 and 18 discloses the maturity analysis of borrowings and trade and other payables respectively.

	Interest rate % age	Within 1 year USD'000	Between 1 - 5 years USD'000	Total USD'000
Year ended 31 December 2021				
Interest bearing liabilities				
- Borrowings	5% - 8%	429	4,690	5,119
- Lease liabilities	9.0%	98	158	256
				-
Non-interest bearing liabilities				
- Trade and other payables	-	6,926	-	6,926
		7,453	4,848	12,301
Year ended 31 December 2020				
Interest bearing liabilities				
- Borrowings	5% - 8%	471	4,690	5,161
- Lease liabilities	9.0%	107	163	270
Non-interest bearing liabilities				
- Trade and other payables	-	3,395	-	3,395
		3,973	4,853	8,826

24. Capital management

The company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products commensurate with the level of risk;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong asset base to support the development of business.
- to maintain an optimal capital structure to reduce the cost of capital.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

NOTES (CONTINUED)

24. Capital management (continued)

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or adjust the amount of capital expenditure. Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt. Net debt is calculated as total debt less cash and cash equivalents. Capital comprises all components of equity.

	2021 USD'000	2020 USD'000
Total borrowings, including lease liabilities	5,375	5,421
Less cash and cash equivalents	(1,080)	(190)
Net debt	<u>4,295</u>	<u>5,231</u>
Total equity	<u>5,107</u>	<u>5,745</u>
Gearing ratio	<u>84%</u>	<u>91%</u>

25. Contingent liabilities

On 28 January 2022, the company received an assessment from the Tanzania Revenue Authority (TRA) for Tshs 2,033,549,253. The assessment related to skills development levy (SDL) (Tshs 221,276,238), withholding tax on services (Tshs 178,363,076), PAYE (Tshs 1,408,551,863), Value added tax (Tshs 197,509,968) and Corporate tax (Tshs 27,848,108 for the years 2018 to 2019). On 24 March 2022, The company paid the lesser deposit of Tshs 50,000,000 as agreed with the Tanzania Revenue Authority for admission of the objection of the assessment. The Tanzania Revenue Authority admitted the company's objections and the matter is pending resolution.

On 17 and 23 March 2022, the company received an revised assessment from the TRA for Tshs 1,899,719,835. The assessment relates to corporate tax (Tshs 1,439,835,447), PAYE (Tshs 194,168,346), skills and development levy (Tshs 25,885,856) and withholding tax (Tshs 239,830,186) for the years 2015 to 2017. The company on 14 April lodged notice of intention to appeal to the Tax Revenue Appeals Board against the tax decision in accordance with section 53(1) of the Tax Administration Act, 2015.

26. Events after the reporting period

The directors are not aware of any matters or circumstances arising since the end of the financial period to the date of this report, not dealt with in the annual financial statements, which would have a material effect on the financial results or operations of the company.

27. Incorporation

Alistair James Company Limited is a private company limited by shares. It is registered in the United Republic of Tanzania through Certificate of Incorporation number 56401, in accordance with section 435 of the Companies Act, 2002.

28. Presentation currency

These financial statements are presented in US Dollar and are rounded to the nearest thousand (USD'000)

SCHEDULE OF EXPENDITURE

	Group		Company	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
1. DIRECT COSTS				
Clearing and customs	2,277	1,006	2,277	1,124
Equipment running and maintenance	664	195	664	195
Vehicle hire	1,567	4,765	1,567	4,765
Fuel and gas	1,856	1,661	1,856	1,661
Salaries and wages	399	408	399	408
Allowance, permits & road tolls	2,065	1,802	2,065	1,802
Insurance	59	79	59	79
Other direct costs	725	760	725	760
Vehicle running and maintenance	1,340	1,071	1,340	1,071
Consumables	16	244	16	244
Security (Safety equipments)	53	95	53	95
Equipment Hire	-	14	-	14
Cost of goods sold	376	292	277	184
Warehousing charges	-	34	-	34
Depreciation on property, plant and equipment	444	421	444	421
Total cost of sales	11,841	12,847	11,742	12,857
2. ADMINISTRATIVE EXPENSES				
Employment:				
Salaries and wages	1,051	1,554	1,051	1,554
Staff leave provision	-	50	-	50
Medical expenses	71	24	71	24
Social security contributions	122	150	122	150
Skills and development levy	50	64	50	64
Workers compensation fund expenses	89	16	89	16
Staff welfare expenses	26	109	26	109
Staff training expenses	9	18	9	18
Total employment costs	1,418	1,985	1,418	1,985

SCHEDULE OF EXPENDITURE (CONTINUED)

	Group		Company	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
2. ADMINISTRATIVE EXPENSES (CONTINUED)				
Other administrative expenses:				
Shared service expenses	652	532	652	532
Postage and telephone	92	93	92	93
Vehicle running	128	177	128	177
Entertainment and travel	138	201	138	201
Printing and stationery	44	58	44	58
Clearing & Forwarding	134	32	134	32
Advertising	48	1	48	1
Auditor's remuneration				
- current year	20	20	18	18
- under provision in prior years	-	4	-	4
Professional and legal fees	80	199	80	193
(Decrease)/increase in provision for expected credit losses	35	176	35	176
Bank charges and commissions	32	78	32	78
Donations	-	-	-	-
Fines and penalties	10	25	10	25
Visa and work permit	24	17	24	17
Miscellaneous	(87)	(10)	(87)	(15)
Foreign exchange gains	(42)	(104)	(46)	(104)
2015-2017 prior year SDL assessment	-	3	-	3
2015-2018 prior year SDL assessment	-	14	-	14
2015-2017 prior year Withholding tax assessment	-	10	-	10
2015-2018 prior year Withholding tax assessment	-	14	-	14
	<u>1,308</u>	<u>1,540</u>	<u>1,302</u>	<u>1,527</u>
Total other administration expenses				
	<u>1,308</u>	<u>1,540</u>	<u>1,302</u>	<u>1,527</u>
Total administrative expenses	<u>2,726</u>	<u>3,525</u>	<u>2,720</u>	<u>3,512</u>
3. OTHER OPERATING EXPENSES				
Establishment:				
Short term leases	100	284	100	284
Electricity and water	34	47	34	47
Licenses and subscription	55	121	55	121
Repairs and maintenance	52	69	52	69
Security expenses	3	5	3	5
City service levy	47	58	47	56
Depreciation on property, plant and equipment	150	223	150	223
Amortisation of intangible assets	550	621	550	621
Depreciation on right-of-use assets	152	260	152	260
Gain resulted from termination of long term lease	(24)	-	(24)	-
	<u>1,119</u>	<u>1,688</u>	<u>1,119</u>	<u>1,686</u>
Total other operating expenses	<u>1,119</u>	<u>1,688</u>	<u>1,119</u>	<u>1,686</u>

MEMORANDUM FINANCIAL INFORMATION

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COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Company 2021 TZS'000	Company 2020 TZS'000
Revenue		34,673,547	36,568,881
Cost of sales		<u>(26,985,934)</u>	<u>(29,501,544)</u>
Gross profit		<u>7,687,613</u>	<u>7,067,337</u>
Other operation income		193,052	362,545
Administrative expenses		(6,251,213)	(8,058,600)
Other operating expenses		<u>(2,571,916)</u>	<u>(3,868,679)</u>
Operating loss		(942,464)	(4,497,397)
Finance costs		<u>(815,875)</u>	<u>(819,169)</u>
Loss before tax		<u>(1,758,339)</u>	<u>(5,316,566)</u>
Tax credit	1	<u>291,697</u>	<u>642,485</u>
Loss for the year		<u><u>(1,466,642)</u></u>	<u><u>(4,674,081)</u></u>
Other comprehensive income			
Foreign currency translation loss		<u>(3,368)</u>	<u>72,715</u>
		<u><u>(1,470,010)</u></u>	<u><u>(4,601,366)</u></u>

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	Company	
		2021 TZS'000	2020 TZS'000
EQUITY			
Share capital		2,000,000	2,000,000
Translation reserves		443,565	446,933
Retained earnings		9,290,330	10,756,972
Equity attributable to owners of the company		11,733,895	13,203,905
Non - controlling interest		-	-
Total equity		11,733,895	13,203,905
Non-current liabilities			
Borrowings		10,776,729	10,779,731
Lease liabilities		363,054	374,647
		11,139,783	11,154,378
		22,873,678	24,358,283
Non-current assets			
Investment in Subsidiary		6,893	6,895
Property, plant and equipment		4,738,084	6,166,741
Right of use assets		689,343	728,609
Intangible assets		2,302,406	3,567,194
Deferred tax		2,162,059	1,696,256
		9,898,785	12,165,695
Current assets			
Inventories		319,396	822,845
Trade and other receivables		27,169,305	19,919,977
Cash and cash equivalents		2,481,956	436,706
Tax recoverable	2	128,677	144,802
		30,099,334	21,324,330
Current liabilities			
Borrowings		985,760	1,082,570
Trade and other payables		15,368,915	6,913,738
Lease liabilities		225,185	245,934
Capital grant		544,581	889,500
		17,124,441	9,131,742
Net current assets		12,974,893	12,192,588
		22,873,678	24,358,283

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STATEMENT OF CHANGES IN EQUITY

	Ordinary Share capital TZS'000	Retained earnings TZS'000	Foreign currency reserves TZS'000	Total TZS'000
Company				
Year ended 31 December 2021				
As start of year	2,000,000	10,756,972	446,933	13,203,905
Movement in foreign currency translation reserve	-	-	(3,368)	(3,368)
Total comprehensive loss for the year	<u>-</u>	<u>(1,466,642)</u>	<u>-</u>	<u>(1,466,642)</u>
At end of year	<u><u>2,000,000</u></u>	<u><u>9,290,330</u></u>	<u><u>443,565</u></u>	<u><u>11,733,895</u></u>
Year ended 31 December 2020				
As start of year	2,000,000	15,431,053	374,218	17,805,271
Movement in foreign currency translation reserve	-	-	72,715	72,715
Total comprehensive loss for the year	<u>-</u>	<u>(4,674,081)</u>	<u>-</u>	<u>(4,674,081)</u>
At end of year	<u><u>2,000,000</u></u>	<u><u>10,756,972</u></u>	<u><u>446,933</u></u>	<u><u>13,203,905</u></u>

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STATEMENT OF CASH FLOWS

	Company	
	2021	2020
	TZS'000	TZS'000
Cash flows from operating activities		
Loss before tax	(1,758,339)	(5,316,566)
Adjustments for:		
Translation differences	(79,403)	4,036
Depreciation of property, plant and equipment	1,365,155	1,477,716
Depreciation of right-of-use assets	294,360	596,593
Amortization of intangible assets	1,264,032	1,424,940
Interest expense	737,735	743,447
Interest expense on lease liabilities	78,140	-
Release of grant income	(344,736)	(344,189)
Loss on disposal of property, plant and equipment	151,684	103,257
Expected credit loss charged through equity	-	-
Decrease in LTIP	-	-
Changes in working capital:		
- inventories	503,315	98,667
- trade and other receivables	(7,256,233)	8,633,258
- trade and other payables	8,463,282	(6,821,816)
Interest paid	(737,735)	(842,115)
Tax paid	(197,649)	(55,070)
Net cash from operating activities	<u>2,483,608</u>	<u>(297,842)</u>
Cash flows from investing activities		
Cash paid for purchase of property, plant and equipment	(103,421)	32,124
Cash paid for purchase of intangible assets	-	(642,485)
Proceeds from disposal of property, plant and equipment	55,158	869,650
Net cash used in investing activities	<u>(48,263)</u>	<u>259,289</u>
Financing activities		
Proceeds from long term borrowing	(96,526)	(169,800)
Payments of principal portion of the lease liability	(294,175)	(640,191)
Net cash used in financing activities	<u>(390,701)</u>	<u>(809,991)</u>
(Decrease)/increase in cash and cash equivalents	<u>2,044,644</u>	<u>(848,544)</u>
Movement in cash and cash equivalents		
At start of year	437,312	1,285,856
(Decrease)/increase in cash and cash equivalents	<u>2,044,644</u>	<u>(848,544)</u>
At end of year	<u>2,481,956</u>	<u>437,312</u>

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	Memorandum	
	2021 TZS'000	2020 TZS'000
1 Tax		
Current year tax	175,515	-
Deferred tax credit to profit or loss	(466,363)	(862,766)
- 2015	-	75,721
- 2016	-	34,419
- 2017	-	110,140
Exchange differences	(849)	1
Tax credit	<u>(291,697)</u>	<u>(642,485)</u>
2 Tax recoverable		
At the beginning of the year	144,802	308,880
Current year charge	(175,515)	-
Tax paid during the year	-	55,070
Provision tax paid	149,766	-
Withholding tax credit	6,427	-
Prio year under provision in corporate tax 2015, 2016 and 2017	-	(220,280)
Exchange differences	3,197	1,132
	<u>128,677</u>	<u>144,802</u>

3 Memorandum TZS amounts

The company maintains its general ledger and accounts for its transactions in United States Dollar (USD). The memorandum Tanzanian Shillings (TZS) amounts have been translated at an exchange rate of USD 1: Tshs 2,297.81 (2020: Tshs 2,298.45) for the statement of profit or loss and other comprehensive income and USD 1: Tshs 2,298.24 (2020: Tshs 2,294.59) for the year end translation of monetary assets and liabilities included in the statement of financial position. The share capital and retained earnings are not re-translated every year. The resulting exchange difference is accounted for within equity as a translation reserve.