



ALMAT & ASSOCIATES  
Certified Public Accountants

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STEEL MASTERS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022

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Certified as True Copy of the Original

**Lucy Vitalis**

Advocate, Notary Public & Commissioner



for Oaths  
Sign: *Lucy Vitalis*

Date: .....

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Certified Public Accountants

STEEL MASTERS LIMITED  
Annual report and financial statements  
For the year ended 31 December 2022

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**STEEL MASTERS LIMITED**  
*Company information*  
For the year ended 31 December 2022

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<b>Board of directors</b>	<b>Names</b> Mr. Hitendrakumar Manibhai Patel Mrs. Ranjanbala Hitendrakumar Patel Mr. Ketan Mahendra Patel Mr. Shanil H Patel
<b>Registered office</b>	Plot No. 181 - C Mbozi Road Chang'ombe Industry Area, Dar es Salaam. P O Box 3164 Dar es Salaam Tanzania
<b>Principal banker</b>	Standard Chartered Bank International House Branch Dar es Salaam Tanzania  I & M Bank Ltd Maktaba Square Dar es Salaam Tanzania  Exim Bank Tanzania Ltd Nyerere Road Branch Dar es Salaam Tanzania  NMB Bank PLC Bank House Branch Dar es Salaam Tanzania  CRDB Bank PLC Temeke Branch Dar es Salaam Tanzania  Barclays Bank Tanzania Ltd Ojho Street Branch Dar es Salaam Tanzania  Azania Bank Ltd Nyerere Road Branch Dar es Salaam Tanzania
<b>Independent Practitioner</b>	Almat & Associates Certified Public Accountants and Auditors JMALL- Samora Avenue, Along Morogoro Rd. P.O.Box 11374 Dar es Salaam



**STEEL MASTERS LIMITED**  
*Report of the directors*  
*For the year ended 31 December 2022*

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The directors submit their annual report together with the financial statements for the year ended 31 December 2022, which discloses the state of affairs of the company.

**Incorporation**

The company is domiciled in Tanzania where it is incorporated as a private company limited by shares under the Tanzanian Companies Act 2002. The address of the registered office is set out on page 1.

**Principal activities**

During the year the principal activities of the company are manufacturing of mild steel products of Angles, Flat Bars and Square Bars and dealing in other construction and fabrication materials

**Results and dividend**

The Profit/ (Loss) for the year is of TShs.3,966,427,791 /= The directors do not recommend the declaration of a dividend for the year.

**Performance for the year**

A summary of the key ratios is outlined below:

	2022	2021
Growth in income	-2%	62%
Growth in operating expenditure	-25%	104%
Net profit margin (%)	6%	8%
Current ratio	(11.417)	(3.486)

**Capital structure and cash flows**

The capital structure of the company is outlined in Note 8.

**Financial risk management objectives and policies**

To ensure its financial stability and profitability, the company has implemented policies and practices for a sound and prudent management and control of the principal financial risks to which it is exposed.

The Company's overall risk management programme focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance.

**Employees welfare**

The company gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties. There were no unresolved complaints received by Management from the employees during the year.



**Disabled persons**

It remains the company's policy to accept disabled persons for employment for those vacancies that they are able to fill.

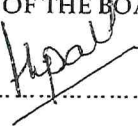
**Directorate**

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

**Practitioner of the Company**

Almat & Associates have indicated their willingness to continue in office in accordance with the companies Act. A motion will be proposed at the Annual General Meeting that they be reappointed & their remuneration be fixed by the directors.

BY ORDER OF THE BOARD

x   
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Handwritten initials "H.M." below the signature line.

Dar es Salaam



**STEEL MASTERS LIMITED**  
*Statement of directors' responsibilities*  
*For the year ended 31 December 2022*

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The Tanzanian Companies Act 2002 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

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


The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2022 and of its loss and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Tanzanian Companies Act 2002.

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

x   
.....

**Managing Director**

*Handwritten initials*

y   
.....

**Director**

*Handwritten initials*



**STEEL MASTERS LIMITED**

**Declaration of the Head of Finance/ Accounting of STEEL MASTERS LIMITED  
For the year ended 31ST DECEMBER 2022**

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

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

I MARUF AMUR KHANZI hereby acknowledge my responsibility of ensuring that financial statements for the period ended 31 December 2022 have been prepared in compliance with applicable accounting standards and statutory requirements.

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

Signed by: *Maruf Amur Khanzi*  
Position: EXTERNAL ACCOUNTANT  
NBAA Membership No: ACPA 976





**ALMAT & ASSOCIATES**  
 Certified Public Accountants and Auditors

Phone: +255655 455 665  
 +255786-452 585  
 Email: almat@gmail.com  
 2nd Floor, P.O. Box 11374 House,  
 Near JMAIL-Samora Avenue Along Morogoro Road  
 P.O. Box 11374 Dar-es-Salaam

**INDEPENDENT AUDITOR'S REPORT**

**TO THE DIRECTORS OF STEEL MASTERS LIMITED**

We have audited the financial statements of **STEEL MASTERS LIMITED**, which comprise the Statement of Financial Position as at 31st December 2022, and the Statement of Comprehensive income, Statement of changes in equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

**Responsibilities of the directors for the financial statements**

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations.

**Auditor's Responsibility for the Audit of Financial Statements**

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

**Opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2022 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards

For: **ALMAT & Associates**  
 Certified Public Accountants

*Frank G. Moshi*  
 Frank G. Moshi- ACPA- FP No: 3892  
 Partner

Date: 31/08/2023



  
 Certified as True Copy of the Original  
**Lucy Vitalis**  
 Advocate, Notary Public & Commissioner  
 for Oaths  
 Sign: *Lucy Vitalis*  
 Date: .....

STEEL MASTERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR  
ENDED 31 DECEMBER 2022

	<u>NOTES</u>	2022 <u>T.SHS.</u>	2021 <u>T.SHS.</u>
Revenue-Main	2	61,509,739,276	62,894,773,006
Less: Cost of Sales			
Opening Stock of F. Goods		2,315,609,881	4,326,337,983
Cost of Production	1	55,692,082,730	51,840,400,031
Less: Closing Stock of F. Goods		<u>(3,927,592,244)</u>	<u>(2,315,609,881)</u>
		54,080,100,367	53,851,128,133
Gross Profit		7,429,638,909	9,043,644,872
Foreign Exchange Gain/(Loss)		(360,813,534)	(198,121,482)
Rent Received		247,934,285	317,241,100
Service Charges		9,150,900	9,284,484
Profit on Sale of Car		<u>1,298,131</u>	<u>120,000,000</u>
		7,327,208,691	9,292,048,974
<u>Operating Expenses</u>			
Administrative Cost	3	3,308,610,098	4,405,344,092
Finance Cost	4	52,170,802	81,942,654
		<u>3,360,780,900</u>	<u>4,487,286,746</u>
Net Profit/(Loss) Before Tax		3,966,427,791	4,804,762,228
<u>LESS:</u> Corporation Tax 30%		<u>1,089,929,990</u>	<u>1,400,426,531</u>
		2,876,497,800	3,404,335,697
<u>ADD:</u> Balance brought forward		<u>27,447,854,905</u>	<u>24,078,321,874</u>
Prior year Taxes		<u>(539,719,436)</u>	<u>(34,802,667)</u>
Retained Earnings		<u><u>29,784,633,270</u></u>	<u><u>27,447,854,904</u></u>

  
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**Lucy Vitalis**  
Advocate, Notary Public & Commissioner  
for Oaths  
Sign:   
Date: .....


**STEEL MASTERS LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2022**

	<u>NOTES</u>	<u>2022</u> <u>T.SHS</u>	<u>2021</u> <u>T.SHS</u>
<b><u>ASSETS</u></b>			
<b><u>Non-current Assets</u></b>			
Property, Plant & Equipment	5	12,697,739,676	8,112,567,434
		<u>12,697,739,676</u>	<u>8,112,567,434</u>
<b><u>Current Assets</u></b>			
Stock in hand	6	7,510,421,739	3,534,724,627
Goods in Transit		271,609,861	-
Trade & Other Receivables	7	7,719,331,319	7,622,312,662
Taxation		(39,929,990)	(119,426,531)
Cash & Cash Equivalents	8	480,211,538	4,182,193,925
		<u>15,941,644,467</u>	<u>15,219,804,683</u>
<b>Total Assets</b>		<b><u>28,639,384,143</u></b>	<b><u>23,332,372,117</u></b>
<b><u>Capital &amp; Reserves</u></b>			
Share Capital	9	251,000,715	251,000,715
Retained Earnings		29,784,633,270	27,447,854,904
		<u>30,035,633,985</u>	<u>27,698,855,619</u>
Trade & Other Payables	10	(1,461,799,950)	(4,413,385,330)
Bank Overdraft		65,550,108	46,901,827
		<u>(1,396,249,841)</u>	<u>(4,366,483,502)</u>
<b>Total Equity &amp; Liabilities</b>		<b><u>28,639,384,143</u></b>	<b><u>23,332,372,117</u></b>

"We certify that to the best of our knowledge and belief, the above accounts reflects all the transactions of our business for the year ended 31st December 2022 and are true and correct."

  
 \_\_\_\_\_  
 Managing Director  
 HMP

  
 \_\_\_\_\_  
 Director  
 SJP



STEFL MASTERS LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 <u>T. SHS.</u>	2021 <u>T. SHS.</u>
<b><u>CASHFLOW FROM OPERATING ACTIVITIES</u></b>		
Profit/(Loss) for the year before Tax	3,966,427,791	4,804,762,228
<b><u>ADJUSTMENT FOR ITEMS NOT INVOLVING MOVEMENT OF FUND</u></b>		
Depreciation	719,400,094	536,666,066
Prior year Taxes	(539,719,435)	(34,802,667)
<b>NET CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL</b>	<b>4,146,108,449</b>	<b>5,306,625,627</b>
<b><u>CHANGE IN WORKING CAPITAL ITEMS:</u></b>		
(Decrease)/Increase in Trade & Other Payables	2,951,585,380	(1,293,759,877)
Decrease/(increase) in Trade & Other Receivables	(97,018,657)	(1,325,456,986)
Decrease/(Increase) in Inventory	(3,975,697,112)	2,635,394,213
Decrease/(Increase) in Goods in Transit	(271,609,861)	-
	<u>(1,392,740,250)</u>	<u>16,177,350</u>
	2,753,368,200	5,322,802,977
TAX PAID FOR THE YEAR	(1,050,000,000)	(1,281,000,000)
TAX PAID FOR PRIOR YEAR	(119,426,532)	17,121,388
<b>NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES</b>	<b><u>1,583,941,668</u></b>	<b><u>4,024,681,589</u></b>
Acquisition of Fixed Assets	(5,391,901,494)	(642,072,124)
Disposal of fixed assets	87,329,157	5,932,204
<b>NET CASH PROVIDED/(USED) IN INVESTMENT ACTIVITIES</b>	<b><u>(5,304,572,337)</u></b>	<b><u>(636,139,920)</u></b>
<b><u>FINANCING ACTIVITES</u></b>		
Share Capital	-	-
<b>NET CASH PROVIDED/(USED) IN FINANCIAL ACTIVITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>INCREASE/(DECREASE) IN CASH &amp; EQUIVALENTS</u></b>		
NET INCREASE/(DECREASE) IN CASH EQUIVALENT	(3,720,630,669)	3,388,541,669
CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	4,135,292,098	746,750,429
<b>CASH &amp; CASH EQUIVALENT AT THE YEAR END</b>	<b><u>414,661,430</u></b>	<b><u>4,135,292,098</u></b>



**STEEL MASTERS LIMITED**

**STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022**

	SHARE CAPITAL	RETAINED EARNINGS	TOTAL T.SHS
Balance as at 1.1.2021	251,000,715	24,078,321,874	24,329,322,589
Change in accounting policy	-	-	-
Change in equity	-	-	-
Net profit for the year ended 31.12.2021	-	3,404,335,697	3,404,335,697
Prior year Taxes	-	(34,802,667)	(34,802,667)
Restated balance	251,000,715	27,447,854,905	27,698,855,620
Net profit for the year ended 31.12.2022	-	2,876,497,801	2,876,497,801
Prior year Taxes	-	(539,719,436)	(539,719,436)
Balance as at 31.12.2022	251,000,715	29,784,633,270	30,035,633,985

  
 Certified as True Copy of the Original  
**Lucy Vitalis**  
 Advocate, Notary Public & Commissioner  
 for Oaths  
 Sign: *[Signature]*  
 Date: .....

**STEEL MASTERS LIMITED**  
**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 the years presented, unless otherwise stated.

**1 Basis of preparation and summary of significant accounting policies**

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. They are presented in Tanzania Shillings (TShs). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

The transition to IFRS for SMEs has no significant effect on the statement of financial position, statement of comprehensive income and accounting policies. Therefore figures have not been restated during this transition.

*Revenue recognition*

Revenue from sales of services is recognised when the services are rendered. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value added tax (VAT) collected on behalf of the government of Tanzania.

*Translation of foreign currencies*

All transactions in foreign currencies are initially recorded in Tanzania Shillings, using the spot rate at the date of the transaction. Foreign currency monetary items at the statement of financial position date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in the statement of comprehensive income.

*Property, Plant & Equipment*

All categories of furniture and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance is charged to the statement of comprehensive income in the year to which it relates.

Depreciation is calculated using the reducing line method. The the following are the depreciation annual rates:

	%
Land & Building(Msasani) Plot no.576	0.0%
Land & Building(Upanga)Plot No. 670	0.0%
Land & Building Plot no.181C	0.0%
Land & Building (Kibaha)Plot No. 25	0.0%
VIVA Towers Flat	0.0%
Plant & Machinery	12.5%
Motor Vehicle	25.0%
Forklift	12.5%
Furniture & Fittings	12.5%
Bore Hole	12.5%



**STEEL MASTERS LIMITED**

**Report of the directors**

**2 Basis of preparation and summary of significant accounting policies (continued)**

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

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains and losses on disposal of Property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

*Intangible assets*

Intangible assets are purchased computer software that is stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortised over its estimated life of three years using the reducing line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

*Financial assets*

Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of comprehensive income.

*Financial liabilities*

Financial liabilities are initially recognised at the transaction price (including transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

*Retirement benefit obligations*

The company and the employees contribute to the National Social Security Fund, a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the statement of comprehensive income in the year to which they relate.

*Income tax*

Income tax expense is the aggregate of the charge to the statement of comprehensive income in respect of current income tax and deferred income tax.



STEEL MASTERS LIMITED

2 **Basis of preparation and summary of significant accounting policies (continued)**

Current income tax

The tax currently payable is based on taxable profit for the year, determined in accordance with the Tanzanian Income Tax Act.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand, net of bank overdraft and demand deposits.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling.

3 **Key sources of estimation/uncertainty**

In the process of applying the accounting policies adopted by the company, the directors make certain estimates and judgements that may affect the carrying values of assets and liabilities in the next financial period. Such estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate such estimates and judgements at each financial reporting date to ensure that they are still believed to be reasonable under the prevailing circumstances based on the information available.

Critical accounting estimates and judgements made by the directors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

i) **Income taxes:**

Estimates made in determining the income tax expense for transactions for which the ultimate determination of the income tax expense is uncertain in the ordinary course of business.

ii) **Impairment losses:**

Estimates made in determining the impairment losses on financial assets and receivables. Such estimates include the determination of the net realisable value or the recoverable amount of the asset. Moreover, in determining whether an impairment loss should be recognised in the statement of comprehensive income for receivables or financial assets, judgement is made as to whether there is a measurable decrease in the estimated future cash flows of any receivable or financial asset.



**STEEL MASTERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

	2022 <u>T.SHS.</u>	2021 <u>T.SHS.</u>
<b><u>1) Cost Of Production</u></b>		
Opening Inventory	1,178,864,336	1,646,580,407
ADD: Purchases	49,437,940,401	43,223,971,579
Cost Of Goods Available For Sale	<u>50,616,804,737</u>	<u>44,870,551,986</u>
Less: Closing Inventory	<u>(3,349,888,395)</u>	<u>(1,178,864,336)</u>
A	<u>47,266,916,342</u>	<u>43,691,687,650</u>
<b>Direct Expenses</b>		
Workers Cost ,Benefits	874,989,100	820,561,679
Depreciation	449,620,425	408,121,922
Diesel	170,873,500	79,750,500
Electricity & Water Charges	2,492,769,753	2,599,789,086
Factory Running Expenses	188,195,672	135,097,306
Fuel, Oil, Gas & Lubricants	947,335,495	998,829,118
Material Procurement Expenses	58,690,475	66,111,904
NSSF Contribution	85,633,151	78,347,386
Repairs, Plant & Machinery	913,669,438	511,415,155
Skills & Development levy	34,253,259	32,073,281
Staff Welfare - Factory	185,135,050	177,347,050
Freight Charges	551,922,991	670,947,082
B	<u>6,953,088,310</u>	<u>6,578,391,469</u>
Opening Stock of Consumable Goods	40,250,410	197,200,450
Consumables Goods	1,664,768,767	1,413,370,871
Less: Closing Stock of Consumable Goods	<u>(232,941,100)</u>	<u>(40,250,410)</u>
C	<u>1,472,078,077</u>	<u>1,570,320,911</u>
Total Cost of Production	(A+B+C) <u>55,692,082,730</u>	<u>51,840,400,030</u>
<b><u>2) Revenue</u></b>		
Revenue for Sale of Goods	61,509,739,276	62,894,773,006
Less: Cost of Sales		
Opening Stock of F. Goods	2,315,609,881	4,326,337,983
Cost of Production	55,692,082,730	51,840,400,031
Less: Closing Stock of F. Goods	<u>(3,927,592,244)</u>	<u>(2,315,609,881)</u>
	<u>54,080,100,367</u>	<u>53,851,128,133</u>
Gross Profit	7,429,638,909	9,043,644,872
Foreign Exchange Gain/(Loss)	(360,813,534)	(198,121,482)
Rent Received	247,934,285	317,241,100
Service Charges	9,150,900	9,284,484
Profit on Sale of Car	1,298,131	120,000,000
	<u>7,327,208,691</u>	<u>9,292,048,974</u>



STEEL MASTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	<u>2022</u> <u>T.SHS.</u>	<u>2021</u> <u>T.SHS.</u>
<b>3) Administrative Cost</b>		
Accounting Fees	10,000,000	10,000,000
Business licence & Other Fees	75,800,342	30,321,498
City Service Levy	185,423,924	189,683,909
Depreciation	269,779,669	128,544,144
Directors Fees	1,600,000,000	1,600,000,000
Discount Allowed	86,786	585,745
Bad Debts	-	1,470,000,000
Insurance	130,095,029	102,224,893
Land Rent & Property tax	7,434,730	4,554,789
Medical Expenses	27,302,400	36,494,375
Motor Vehicle Running Expenses	54,345,850	94,887,533
NSSF	14,109,455	14,131,264
Permit Fees	101,376,600	137,005,300
Printing & Stationery	10,719,496	14,683,923
Quality Testing	9,129,000	-
Repair & Maintenance	84,035,148	81,896,134
Salaries & Wages	122,607,717	103,225,000
Security Charges	56,470,367	45,903,650
Homesick Support	373,500,000	204,800,000
Loss on Return of Machine	26,628,447	-
Skills & Development levy	5,643,783	4,878,186
Telephone, Postage & Telex	16,544,966	16,574,468
Transport & Travelling Charges	122,102,691	107,674,223
Workers Compensation Fund	5,473,698	7,275,058
	<u>3,308,610,098</u>	<u>4,405,344,092</u>
<b>4) Finance Cost</b>		
Bank Charges	37,813,431	39,389,261
Interest on Overdraft	14,357,371	42,553,393
	<u>52,170,802</u>	<u>81,942,654</u>

  
Certified as True Copy of the Original  
**Lucy Vitalis**  
Advocate, Notary Public & Commissioner  
for Oaths  
Sign:   
Date: .....

**STEEL MASTERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5) Property & equipment**

The Property, Plant & Equipment held by the company are initially recorded at cost. Depreciation is provided by using reducing balance method. A provision for impairment is established wherever there is an objective Indication that there has been a material impairment on that particular asset.

Applicable depreciation rate used are as follows:-

	%
Land & Building(Msasani) Plot no	0.0%
Land & Building(Upanga)Plot No.	0.0%
Land & Building Plot no.181C	0.0%
Land & Building (Kibaha)Plot No.	0.0%
VIVA Towers Flat	0.0%
Plant & Machinery	12.5%
Motor Vehicle	25.0%
Forklift	12.5%
Furniture & Fittings	12.5%
Bore Hole	12.5%

	Balance as at 1.1.2022 Tshs.	Additions Tshs.	(Disposal) Tshs.	Balance as at 31.12.2022 Tshs.
Land & Building(Msasani) Plot no	474,368,793	-	-	474,368,793
Land & Building(Upanga)Plot No.	772,215,674	-	-	772,215,674
Land & Building Plot no.181C	1,137,581,666	80,156,218	-	1,217,737,884
Land & Building (Kibaha)Plot No.	533,375,800	3,780,051,095	-	4,313,426,895
VIVA Towers Flat	1,922,425,549	-	-	1,922,425,549
Plant & Machinery	7,673,942,720	827,042,321	(148,302,790)	8,352,682,251
Motor Vehicle	1,584,098,626	675,585,682	(16,701,602)	2,242,982,706
Forklift	2,900,000	-	-	2,900,000
Furniture & Fittings	171,828,704	29,066,178	-	200,894,882
Bore Hole	9,976,733	-	-	9,976,733
	<b>14,282,714,265</b>	<b>5,391,901,494</b>	<b>(165,004,392)</b>	<b>19,509,611,367</b>
<b>Depreciation</b>	<b>Balance as at 1.1.2022 Tshs.</b>	<b>Charges for the year Tshs</b>		<b>Balance as at 31.12.2022 Tshs.</b>
Land & Building(Msasani) Plot no	-	-	-	-
Land & Building(Upanga)Plot No.	-	-	-	-
Land & Building Plot no.181C	-	-	-	-
Land & Building (Kibaha)Plot No.	-	-	-	-
VIVA Towers Flat	-	-	-	-
Plant & Machinery	4,817,089,265	449,620,425	(61,370,417)	5,205,339,273.16
Motor Vehicle	1,221,051,744	259,558,945	(16,304,817)	1,464,305,871.56
Forklift	2,900,000	-	-	2,900,000.00
Furniture & Fittings	120,030,937	10,107,993	-	130,138,930.13
Bore Hole	9,074,885	112,731	-	9,187,616.00
	<b>6,170,146,831</b>	<b>719,400,094</b>	<b>(77,675,235)</b>	<b>6,811,871,691</b>
<b>Net Book Value As at 31 December 2021</b>	<b>8,112,567,434</b>	<b>4,672,501,400</b>	<b>(87,329,157)</b>	<b>12,697,739,676</b>

  
 Certified as True Copy of the Original  
**Lucy Vitalis**  
 Advocate, Notary Public & Commissioner  
 for Oaths  
 Sign: *Lucy Vitalis*  
 Date: .....

## STEEL MASTERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS.

#### 6) Inventories.

Inventories are valued by Management following FIFO method at the lower of cost and net realisable value.  
The total value of the stock is Tshs. 7,510,421,739/=

#### 7) Trade & Other Receivables

Outstanding amounts from debtors are carried at invoice amount less provision for impairment. A provision for impairment is established where there is an objective evidence that the company will not be able to collect all amounts due accordingly to the terms of the receivables. The amount of provision is the difference between the carrying amount and the receivable amount.

	2022 <u>T.SHS.</u>	2021 <u>T.SHS.</u>
Advance & Loan	865,710,649	92,858,824
Debtors and Prepayment	6,852,452,239	7,505,222,707
Deposit	1,168,431	24,231,131
	<u>7,719,331,319</u>	<u>7,622,312,662</u>

#### 8) Cash & Cash Equivalent

Cash and Cash Equivalents	<u>480,211,538</u>	<u>4,182,193,925</u>
	<u>480,211,538</u>	<u>4,182,193,925</u>

#### 9) Capital & Liabilities

##### Capital Account

##### AUTHORISED SHARE CAPITAL

451,000 Shares of TShs. 1,000/- each	<u>451,000,000</u>	<u>451,000,000</u>
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##### ISSUED & FULLY PAID UP CAPITAL

251,001 Shares of TShs. 1,000/- each	<u>251,000,715</u>	<u>251,000,715</u>
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#### 10) Trade & Other Payables

Creditors and Accruals	(3,522,327,508)	(6,372,911,388)
Due to Directors	<u>2,060,527,558</u>	<u>1,959,526,059</u>
	<u>(1,461,799,950)</u>	<u>(4,413,385,330)</u>

#### 11) Going concern

The Company meets day to day working capital requirements through operating cashflows and related party borrowings. The shareholder's have undertaken to finance the company to meet its financial needs for the foreseeable future. Based on this, the directors have considered it appropriate to prepare the financial statements on a going concern basis.

#### 12) Contingent liability

As at 31 December 2022, the Company had no litigations.

#### 13) Subsequent event

There were no subsequent events after the year end, which requires adjustments or disclosures in the financial statements.

#### 14) Capital Commitments

As at 31 December 2022, the Company had no capital expenditure contracted or accrued.

STEEL MASTERS LIMITED

INCOME TAX COMPUTATION FOR THE YEAR OF INCOME 2022  
ACCOUNTING TO 31ST DECEMBER 2022

Profit/(Loss) as per Accounts	<u>T.SHS.</u> 3,966,427,791
<u>ADD BACK:</u>	
Depreciation	719,400,094
	<u>4,685,827,885</u>
<u>LESS:</u> Depreciation Allowance	(845,967,337)
Adjusted Taxable Profit	3,839,860,548
Initial Allowance	(206,760,580)
	<u>3,633,099,968</u>
Adjusted Profit Carried Forward	
Corporation Tax 30% on T.Shs.	<u>1,089,929,990</u>

POSITION OF TAXATION

Balance Brought Forward	-
Corporate Tax as above	1,089,929,990
<u>LESS:</u> Provisional Tax paid for the Year	(1,016,850,500)
Withholding Tax paid for the Year	(33,149,500)
Tax Payable/(Recoverable)	<u>39,929,990</u>

DEPRECIATION ALLOWANCE AS PER 3RD SCHEDULE

	<u>CLASS I</u> <u>37.50%</u>	<u>CLASS II</u> <u>25.00%</u>	<u>CLASS III</u> <u>12.50%</u>	<u>CLASS VI</u> <u>5.00%</u>	<u>TOTAL</u> <u>T.SHS</u>
W.D.V as at 1.1.2022	-	1,439,002,807	43,887,508	2,649,040,403	4,131,930,718
ADD: Additions	-	675,585,682	29,066,178	3,860,207,313	4,564,859,173
Disposal		(165,004,392)	-	-	(165,004,392)
Residual Expenditure - 2020		95,958,864	-	-	95,958,864
	-	2,045,542,961	72,953,686	6,509,247,716	8,627,744,363
<u>LESS:</u> Annual Allowance	-	511,385,740	9,119,211	325,462,386	845,967,337
	-	511,385,740	9,119,211	325,462,386	845,967,337
W.D.V as at 31.12.2022	-	<u>1,534,157,221</u>	<u>63,834,475</u>	<u>6,183,785,330</u>	<u>7,781,777,026</u>

INITIAL ALLOWANCE - 2022

Cost	827,042,321
Less: 50% Initial Allowance	413,521,161
Residual Expenditure	<u>413,521,161</u>

To be Claimed:

IA Y1 2021	206,760,580	(FA 2004 Part VII,S35:55 3 A)
IA Y1 2022	206,760,580	(FA 2004 Part VII ,S35:553 B)
Residual Expenditure: Y1 2023 (Added to	<u>413,521,161</u>	

(FA 2004 Part VII ,S35:553 B) b/f

IA Y1 2022	206,760,580
	<u>206,760,580</u>

