



ALMAT & ASSOCIATES
Certified Public Accountants

STEEL MASTERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2021


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

ALMAT & ASSOCIATES
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STEEL MASTERS LIMITED
Annual report and financial statements
For the year ended 31 December 2021

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STEEL MASTERS LIMITED
Company information
For the year ended 31 December 2021

Board of directors

Names

Mr. Hitendrakumar Manibhai Patel
Mrs. Renjanbala Hitendrakumar Patel
Mr. Ketan Mahendra Patel
Mr. Shanil H. Patel

Registered office

Plot No. 181 - C
Mbozi Road Chang'ombe Industry Area, Dar es Salaam.
P O Box 3164
Dar es Salaam
Tanzania

Principal banker

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

Baclays Bank Tanzania Ltd
Oicho Street Branch
Dar es Salaam
Tanzania

Azania Bank Ltd
Nyerere Road Branch
Dar es Salaam
Tanzania

Independent Practitioner

Manji Financial Consultants
Certified Public Accountants
Clock Tower/Samora Avenue
P O Box 6128
Dar es Salaam
Tanzania



STEEL MASTERS LIMITED
Report of the directors
For the year ended 31 December 2021

The directors submit their annual report together with the financial statements for the year ended 31 December 2021, 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 principle activities of the company are of manufacturing of corrugated paper boards carton boxes, printing of corrugated board, Sale of Printed corrugated board boxes and other printing products.

Results and dividend

The Profit/ (Loss) for the year is of TShs. 4,804,762,229/= 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:

	2021
Growth in income	62%
Growth in operating expenditure	104%
Net profit margin (%)	8%
Current ratio	(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.



STEEL MASTERS LIMITED
Report of the directors
For the year ended 31 December 2021

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

Manji Financial Consultatns 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


.....

Dar es Salaam



STEEL MASTERS LIMITED
Statement of directors' responsibilities
For the year ended 31 December 2021

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 2021 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:



.....
Managing Director



.....
Director



STEEL MASTERS LIMITED
Declaration of the Head of Finance/ Accounting of STEEL MASTERS LIMITED
For the year ended 31ST DECEMBER 2021

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.

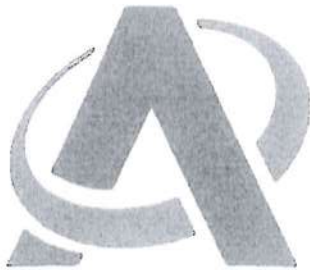
It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting 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, Angela Annah Kapote hereby acknowledge my responsibility of ensuring that financial statements for the period ended 31 December 2021 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 Ltd. as on that date and that they have been prepared based on properly maintained financial records.

Signed by: Angela Annah Kapote
Position: Finance/Accounting
NBAA Membership No: 1204 996


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for Oaths
Sign: Lucy Vitalis
Date:



ALMAT & ASSOCIATES
 Certified Public Accountants and Auditors

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 +255786-452 585
 Email: almat@gmail.com
 2nd Floor PPF(PSSSF) 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

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

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by the directors.
- d) Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

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

Report on other legal and regulatory requirements

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

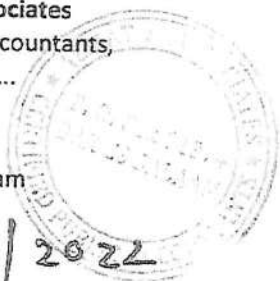
- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
- ii) In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books
- iii) The director's report is consistent with the financial statements;
- iv) Information specified by the law regarding director's remuneration and transactions with the company is disclosed; and
- v) The company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.

For ALMAT & Associates
 Certified Public Accountants,


 Partner

Place :Dar-es-Salaam
 Date:

22 / 4 / 2022



STEEL MASTERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 DECEMBER 2021

	<u>NOTES</u>	2021 <u>T.SHS.</u>	2020 <u>T.SHS.</u>
Revenue-Main	2	62,894,773,006	38,938,526,166
Less: Cost of Sales			
Opening Stock of F. Goods		4,326,337,983	6,289,175,686
Cost of Production	1	51,840,400,031	31,974,130,849
Less: Closing Stock of F. Goods	-	<u>2,315,609,881</u>	<u>- 4,326,337,983</u>
		53,851,128,133	33,936,968,552
Gross Profit		9,043,644,872	5,001,557,614
Foreign Exchange Gain/(Loss)	-	198,121,482	78,850,586
Rent Received		317,241,100	325,104,360
Service Charges		9,284,484	18,367,391
Interest on Loan		<u>120,000,000</u>	<u>180,000,000</u>
		9,292,048,975	5,446,178,779
<u>Operating Expenses</u>			
Administrative Cost	3	4,405,344,092	1,911,679,339
Finance Cost	4	81,942,654	286,124,080
		<u>4,487,286,746</u>	<u>2,197,803,418</u>
Net Profit/(Loss) Before Tax		4,804,762,229	3,248,375,361
LESS: Corporation Tax 30%		<u>1,400,426,531</u>	<u>892,010,468</u>
		3,404,335,698	2,356,364,893
ADD: Balance brought forward		24,078,321,874	21,783,953,205
Prior year Taxes		<u>(34,802,667)</u>	<u>(61,996,224)</u>
Retained Earnings		<u><u>27,447,854,904</u></u>	<u><u>24,076,321,874</u></u>


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STEEL MASTERS LIMITED


STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021

	<u>NOTES</u>	<u>2021</u> <u>T.SHS</u>	<u>2020</u> <u>T.SHS</u>
<u>ASSETS</u>			
<u>Non-current Assets</u>			
Property, Plant & Equipment	5	8,112,567,434	8,013,093,580
		<u>8,112,567,434</u>	<u>8,013,093,580</u>
<u>Current Assets</u>			
Stock in hand	6	3,534,724,627	6,170,118,840
Trade & Other Recieveables	7	7,622,312,662	6,296,855,676
Taxation	-	119,426,531	17,121,388
Cash & Cash Equivalents	8	4,182,193,925	1,000,925,903
		<u>15,219,804,683</u>	<u>13,450,779,031</u>
Total Assets		<u><u>23,332,372,117</u></u>	<u><u>21,463,872,611</u></u>
<u>Capital & Reserves</u>			
Share Capital	9	251,000,715	251,000,715
Retained Earnings		<u>27,447,854,904</u>	<u>24,078,321,874</u>
		<u>27,698,855,619</u>	<u>24,329,322,589</u>
Trade & Other Payables	10	- 4,413,385,330	(3,119,625,452)
Bank Overdraft		<u>46,901,827</u>	<u>254,175,474</u>
		<u>- 4,366,483,502</u>	<u>(2,865,449,978)</u>
Total Equity & Liabilities		<u><u>23,332,372,117</u></u>	<u><u>21,463,872,611</u></u>

"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 2021 and are true and correct."



 Managing Director Director



 Director


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STEEL MASTERS LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 <u>T. SHS.</u>	2020 <u>T. SHS.</u>
<u>CASHFLOW FROM OPERATING ACTIVITIES</u>		
Profit/(Loss) for the year before Tax	4,804,762,229	3,248,373,361
<u>ADJUSTMENT FOR ITEMS NOT INVOLVING MOVEMENT OF FUND</u>		
Depreciation	536,666,066	604,463,381
Prior year Taxes	- 34,802,667	- 61,996,224
NET CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL	5,306,625,628	3,790,842,518
<u>CHANGE IN WORKING CAPITAL ITEMS:</u>		
(Decrease)/Increase in Trade & Other Payables	- 1,293,759,877	- 5,829,670,070
Decrease/(increase) in Trade & Other Receivables	- 1,325,456,986	1,962,085,427
(Increase)/Decrease in due from shareholders		-
(Decrease)/Increase in Inventory	2,635,394,213	1,238,193,746
	<u>16,177,350</u>	<u>- 2,629,390,897</u>
	5,322,802,978	1,161,451,621
TAX PAID FOR THE YEAR	-	-
TAX PAID FOR PRIOR YEAR	- 1,281,000,000	- 836,676,696
NET CASH PROVIDED (USED) FOR OPERATING ACTIVITIES	<u>- 17,121,388</u>	<u>-</u>
	<u>4,024,681,589</u>	<u>324,774,925</u>
Acquisition of Fixed Assets	-	-
Disposal of fixed assets	642,072,124	429,073,129
NET CASH PROVIDED/(USED) IN INVESTMENT ACTIVITIES	<u>5,932,204</u>	<u>30,677,966</u>
	<u>- 636,139,920</u>	<u>(398,395,163)</u>
<u>FINANCING ACTIVITIES</u>		
Share Capital	-	-
NET CASH PROVIDED/(USED) IN FINANCIAL ACTIVITIES	<u>-</u>	<u>-</u>
<u>INCREASE/(DECREASE) IN CASH & EQUIVALENTS</u>		
NET INCREASE/(DECREASE) IN CASH EQUIVALENT	3,388,541,670	(73,620,238)
CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	746,750,429	820,370,667
CASH & CASH EQUIVALENT AT THE YEAR END	<u>4,135,292,099</u>	<u>746,750,429</u>


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STEEL MASTERS LIMITED

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

	SHARE CAPITAL	RETAINED EARNINGS	TOTAL T.SHS
Balance as at 1.1.2020	251,000,715	21,783,953,205	22,034,953,920
Change in accounting policy	-	-	-
Change in equity	-	-	-
Net profit for the year ended 1.1.2020	-	2,356,364,893	2,356,364,893
Prior year Taxes	-	(61,996,224)	(61,996,224)
Restated balance	251,000,715	24,078,321,874	24,329,322,589
Net profit for the year ended 31.12.2021	-	3,404,335,698	3,404,335,698
Prior year Taxes	-	34,802,667	(34,802,667)
Balance as at 31.12.2021	251,000,715	27,482,657,572	27,698,855,620


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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%

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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.

Date:
Sign: 
for Oaths
Advocate, Notary Public & Commissioner
Lucy Vitalis
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STEEL MASTERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2021 T.SHS.	2020 T.SHS.
1) Cost Of Production		
Opening Inventory	1,646,580,407	950,765,522
ADD: Purchases	43,223,971,579	26,745,333,979
Cost Of Goods Available For Sale	<u>44,870,551,986</u>	<u>27,696,099,501</u>
Less: Closing Inventory	<u>(1,178,864,336)</u>	<u>(1,646,580,407)</u>
A	<u>43,691,687,650</u>	<u>26,049,519,094</u>
Direct Expenses		
Workers Cost ,Benefits	820,561,679	792,174,654
Depreciation	408,121,922	466,425,054
Diesel	79,750,500	58,276,856
Electricity & Water Charges	2,599,789,086	1,697,203,478
Factory Running Expenses	135,097,306	101,118,165
Fuel, Oil, Gas & Lubricants	998,829,118	861,599,867
Material Procurement Expenses	66,111,904	36,222,477
NSSF Contribution	78,347,386	66,849,519
Repairs, Plant & Machinery	511,415,155	660,278,674
Skills & Development levy	32,073,281	33,447,289
Staff Welfare - Factory	177,347,050	104,502,600
Freight Charges	670,947,082	311,407,743
B	<u>6,578,391,470</u>	<u>5,189,506,376</u>
Opening Stock of Consumable Goods		
Consumables Goods	197,200,450	168,371,378
Less: Closing Stock of Consumable Goods	1,413,370,871	763,934,452
	<u>(40,250,410)</u>	<u>(197,200,450)</u>
C	<u>1,570,320,911</u>	<u>735,105,380</u>
Total Cost of Production	(A+B+C) <u>51,840,400,031</u>	<u>31,974,130,850</u>
2) Revenue		
Revenue for Sale of Goods	62,894,773,006	38,938,526,166
Less: Cost of Sales		
Opening Stock of F. Goods	4,326,337,983	6,289,175,686
Cost of Production	51,840,400,031	31,974,130,849
Less: Closing Stock of F. Goods	<u>(2,315,609,881)</u>	<u>(4,326,337,983)</u>
	<u>53,851,128,133</u>	<u>33,936,968,552</u>
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Rent Received	317,241,100	325,104,360
Service Charges	9,284,484	18,367,391
Interest on Loan	120,000,000	180,000,000
	<u>9,292,048,975</u>	<u>5,446,178,779</u>


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3) Administrative Cost		
Accounting Fees	10,000,000	8,400,000
Business licence & Other Fees	30,321,498	33,629,500
City Service Levy	189,683,909	116,908,492
Depreciation	128,544,144	138,038,326
Directors Fees	1,600,000,000	800,000,000
Discount Allowed	585,745	4,258,646
Bad Debts	1,470,000,000	-
Insurance	102,224,893	89,625,924
Land Rent & Property tax	4,554,789	5,864,789
Medical Expenses	36,494,375	13,289,675
Motor Vehicle Running Expenses	94,887,533	47,204,327
NSSF	14,131,264	11,115,231
Permit Fees	137,005,300	37,366,850
Printing & Stationery	14,683,923	8,152,827
Repair & Maintenance	81,896,154	240,162,312
Salaries & Wages	103,225,000	122,319,833
Security Charges	45,903,650	49,942,803
Homesick Support	204,800,000	93,000,000
Sewerage & Drainage Charges	-	4,613,926
Skills & Development levy	4,878,186	5,652,258
Telephone, Postage & Telex	16,574,468	17,767,268
Transport & Travelling Charges	107,674,223	55,223,317
Workers Compensation Fund	7,275,058	9,143,036
	<u>4,405,344,092</u>	<u>1,911,679,339</u>

4) Finance Cost

Bank Charges	39,389,261	269,613,135
Interest on Overdraft	42,553,393	16,510,945
	<u>81,942,654</u>	<u>286,124,080</u>


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Lucy Vitalis
 Advocate, Notary Public & Commissioner
 for Oaths
 Sign: *[Signature]*
 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.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%

	Balance as at 1.1.2021 Tshs.	Additions Tshs.	(Disposal) Tshs.	Balance as at 31.12.2021 Tshs.
Land & Building(Msasani) Plot no.576	474,368,793	-		474,368,793
Land & Building(Upanga)Plot No. 670	772,215,674	-		772,215,674
Land & Building Plot no.181C	1,137,581,666	-		1,137,581,666
Land & Building (Kibaha)Plot No. 25	-	533,375,800		533,375,800
VIVA Towers Flat	1,922,425,549	-		1,922,425,549
Plant & Machinery	7,673,942,720	-		7,673,942,720
Motor Vehicle	1,493,592,443	96,438,387	- 5,932,204	1,584,098,626
Forklift	2,900,000	-		2,900,000
Furniture & Fittings	159,570,767	12,257,937		171,828,704
Bore Hole	9,976,733	-		9,976,733
	13,646,574,345	642,072,124	-5,932,204	14,282,714,265

	Balance as at 1.1.2021 Tshs.	Charges for the year Tshs.	Balance as at 31.12.2021 Tshs.
Land & Building(Msasani) Plot no.576	-	-	-
Land & Building(Upanga)Plot No. 670	-	-	-
Land & Building Plot no.181C	-	-	-
Land & Building (Kibaha)Plot No. 25	-	-	-
VIVA Towers Flat	-	-	-
Plant & Machinery	4,408,967,343	468,121,822	4,817,089,265
Motor Vehicle	1,100,036,116	121,015,827	1,221,051,744
Forklift	2,900,000	-	2,900,000
Furniture & Fittings	112,631,256	7,399,481	120,030,937
Bore Hole	8,946,050	128,835	9,074,886

Net Book Value	5,633,480,766	536,666,066	6,170,146,832
As at 31 December 2021	8,013,093,579	105,406,058 - 5,932,204	8,112,567,433

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 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 stated at the lower of cost and net realisable value. This is determined by the director of the Company. The amount determined is 3,534,724,627/=

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 according to the terms of the receivables. The amount of provision is the difference between the carrying amount and the receivable amount.

	2021 T.SHS.	2020 T.SHS.
Advance & Loan	92,858,824	2,679,912,048
Debtors and Prepayment	7,505,222,707	3,601,196,897
Deposit	24,231,131	15,746,731
	<u>7,622,312,662</u>	<u>6,296,855,676</u>
8) Cash & Cash Equivalent		
Cash in Hand	14,219,456	106,303,820
Cash at Bank	4,167,974,469	894,622,077
	<u>4,182,193,925</u>	<u>1,000,925,903</u>
9) Capital & Liabilities		
Capital Account		
AUTHORISED SHARE CAPITAL		
451,000 Shares of TShs. 1,000/- each	451,000,000	451,000,000
ISSUED & FULLY PAID UP CAPITAL		
251,001 Shares of TShs. 1,000/- each	251,000,715	251,000,715
10) Trade & Other Payables		
Creditors and Accruals	(6,372,911,388)	(4,602,932,711)
Due to Directors	1,959,526,059	1,483,307,259
	<u>(4,413,385,330)</u>	<u>(3,119,625,452)</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 2021, 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 2021, the Company had no capital expenditure contracted or accrued.



STEEL MASTERS LIMITED

INCOME TAX COMPUTATION FOR THE YEAR OF INCOME 2021
ACCOUNTING TO 31ST DECEMBER 2021

	<u>T.SHS.</u>
Profit/(Loss) as per Accounts	4,804,762,229
<u>ADD BACK:</u>	
<u>Depreciation</u>	536,666,066
	<u>5,341,428,295</u>
<u>LESS:</u> Depreciation Allowance	(625,360,425)
Adjusted Taxable Profit	4,716,067,870
Initial Allowance	(47,979,432)
	<u>4,668,088,438</u>
Adjusted Profit Carried Forward	
	<u>4,668,088,438</u>
Corporation Tax 30% on T.Shs.	1,400,426,531
	<u>1,400,426,531</u>

POSITION OF TAXATION

Balance Brought Forward	
Corporate Tax as above	1,400,426,531
<u>LESS:</u> Provisional Tax paid for the Year	(1,241,451,132)
Withholding Tax paid for the Year	(39,548,868)
Tax Payable/(Recoverable)	<u>119,426,531</u>
INITIAL ALLOWANCE - 2020 (FA 2004 Part VII ,S35:553 B) b/f	<u>47,979,432</u>

DEPRECIATION ALLOWANCE AS PER 3RD SCHEDULE

	<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 1.1.2021	1,204,316,740	37,899,215	2,255,087,782	3,497,303,737
ADD: Additions	96,438,387	12,257,937	533,375,800	642,072,124
Disposal	5,932,204	-	-	5,932,204
Residual Expenditure - 2019	623,847,486	-	-	623,847,486
	<u>1,918,670,409</u>	<u>50,157,152</u>	<u>2,788,463,582</u>	<u>4,757,291,143</u>
<u>LESS:</u> Annual Allowance	479,667,602	6,269,644	139,423,179	625,360,425
	<u>479,667,602</u>	<u>6,269,644</u>	<u>139,423,179</u>	<u>625,360,425</u>
W.D.V as at 31.12.2021	<u>1,439,002,807</u>	<u>43,887,508</u>	<u>2,649,040,403</u>	<u>4,131,930,718</u>



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

**STEEL MASTERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2023**


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

STEEL MASTERS LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

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1	Corporate Information	1
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Date:

STEEL MASTERS LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

CORPORATE INFORMATION

Board of Directors

<u>Name</u>	<u>Nationality</u>
Mr. Hitendrakumar Manibhai Patel	British
Mrs. Ranjanbala Hitendrakumar Patel	Tanzanian
Mr. Sonali Hitendra Patel	British
Mr. Shanil H. Patel	British

Registered Office of the Company

Plot No. 181 C,
Mbozi Road, Chang'ombe Industrial Area
P.O.Box 1364
Dar Es Salaam
Tanzania

Auditors

Baker Tilly DGP & Co.,
Certified Public Accountants
P. O. Box 1314,
Dar Es Salaam
Tanzania

Company Secretary

Shanil H. Patel
P. O. Box, 1364
Dar Es Salaam
Tanzania

Bankers

CRDB Bank Plc, Temeke Branch - Dar Es Salaam
NMB Bank Plc, Bank House Branch - Dar Es Salaam
Azania Bank Ltd, Nyerere Road Branch - Dar Es Salaam
Exim Bank Tanzania Ltd, Nyerere Road Branch - Dar Es Salaam
Baclays Bank Tanzania Ltd, Ohio Street Branch - Dar Es Salaam
Standard Chartered Bank, International House Branch - Dar Es Salaam
I & M Bank Ltd, Maktaba Square - Dar Es Salaam


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for Oaths
Sign: 
Date:

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2023

1. INTRODUCTION

The Directors have the pleasure of submitting their report together with the audited financial statements for the financial year ended 31st December 2023, which disclose the state of affairs of the company.

2. INCORPORATION

The company is incorporated in Tanzania under the Companies Act as a private company limited by shares, and is domicile in Tanzania. The address of the registered office is set out on page 1.

3. PRINCIPAL ACTIVITIES

The Company's principal activity is manufacturing and selling of mild steel products of Angles, Flat bars, Square bars and other related products. During the year, the Company opened another manufacturing plant located at Kibaha.

4. DIRECTORS OF THE COMPANY

The Directors of the company at the date of this report all of whom have served the Company are:

<u>Name</u>	<u>Nationality</u>
Mr. Hitendrakumar Manibhai Patel	British
Mrs. Ranjanbala Hitendrakumar Patel	Tanzanian
Ms. Sonali Hitendrakumar Patel	British
Mr. Shanil Hitendrakumar. Patel	British

During the year, Mr. Ketan Mahendra Patel was a director up to 15th August 2023, replaced by Ms. Sonali Hitendrakumar Patel who became a director as from that date (15th August 2023).

5. CORPORATE GOVERNANCE

The Board of Directors consists of four directors. The directors take overall responsibility for the Company, including responsibility of identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management, business plans and budgets. The directors are also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The directors believe that high standard of corporate governance directly influence the confidence of the organization's stakeholders and investors. The company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability.

6. MANAGEMENT

The management of the company is under the directors who have been handling the administration functions for the period under review.



DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2023

7. COMPANY SHAREHOLDING

There are changes in the company's shareholding during the year. As at 31st December 2023, the company had the following shareholders

Member	Number of Shares	
	2023	2022
Mrs. Ranjabala Hitendrakumar Patel	145,844,000	145,844,000
Mr. Shanil Hitendrakumal Patel	5,258,000	5,258,000
Mr. Ketan Mahendra Patel	-	5,258,000
Ms. Sonali Hitendrakumal Patel	5,258,000	-
Mr. Hitendrakumal Manibhai Patel	15,773,000	15,773,000
Dolmite Trading Limited	78,867,000	78,867,000
Total	251,000,000	251,000,000

8. FINANCIAL RESULTS AND DIVIDENDS

During the year, the Company incurred a Net Profit of TZS 3,217,108,861 (2022: TZS 2,876,497,801) an increase of 12%. The Directors of the company do not recommend the declaration of any dividends for current year (2022: NIL)

9. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operations control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding: -

- The effectiveness and efficiency of operations;
- The safeguarding of Company's assets;
- Compliance with applicable Laws and Regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company's internal control system is designed to provide the board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial period ended 31st December 2023 and is of the opinion that they met accepted criteria. The Board carries out risk and internal control assessment through Board Meetings and Management meetings, on regular basis.

10. SOLVENCY

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

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2023

11. EMPLOYEES WELFARE

Management and employees' welfare

The relationship between management and employees continued to be cordial during the year. There were no unsolved complaints received by Management from the employees during the year.

The company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard of factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

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

12. RELATED PARTY TRANSACTIONS

During the year, the Company had transactions with its related parties carried out at an arm's length. The details are displayed in Note 20.

13. POLITICAL AND CHARITABLE DONATIONS

During the year, no donations or contributions made to political and charitable institution.

14. AUDITORS

The auditors, M/S Baker Tilly DGP & Co, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing their re-appointment as auditors of the Company for the year 2024 will be put to the annual general meeting.

15. ACKNOWLEDGEMENT

The Directors wish to place on records, their sincere thanks and deep sense of appreciation for the overwhelming co-operation and assistance received from the Government of Tanzania, the Tanzania Revenue Authority, various other Government Organizations and the bankers of the company. The management looks forward for the continued support from all.

.....
Managing Director
Name: Mr. Hitendrakumar Manibhai Patel
Dar Es Salaam

Date: 24/4/24

.....
Director
Name: Mrs. Ranjanbala Hitendrakumar Patel
Dar Es Salaam

Date: 24/4/24



**STEEL MASTERS LIMITED,
P. O. BOX - 1364, DAR ES SALAAM**

**DIRECTORS' RESPONSIBILITY STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2023**


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 Statement of comprehensive income 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 these financial statements, which are free from material misstatement whether due to fraud or error, that have been prepared in accordance with the Tanzanian Companies Act 2002. 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 judgments 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 2023 and of its financial performance and cash flows for the year then ended in accordance with the requirements of the Tanzanian Companies Act 2002.

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


.....
Managing Director
Name: Mr. Hitendrakumar Manibhai Patel
Dar Es Salaam

Date: 24/4/24


.....
Director
Name: Mrs. Ranjanbala Hitendrakumar Patel
Dar Es Salaam

Date: 24/4/24



STEEL MASTERS LIMITED,
P. O. BOX - 1364, DAR ES SALAAM

**DECLARATION OF THE HEAD OF ACCOUNTING AND FINANCE
FOR THE YEAR ENDED 31ST DECEMBER 2023**

The National Board of Accountants and Auditors (NBAA) according to power conferred under the Auditors and Accountants (Registration) Act 33 of 1972, as amended by Act No. 2 of 1995, require 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, CPA AILEN MWITAU, hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st December 2023 have been prepared in compliance with the applicable accounting standard and statutory requirements. I thus confirm that the financial statements give a true and fair view position of the Steel Masters Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed: 

NBAA Membership No.: ACPA 3603

Date: 25/04 2024





Advisory | Assurance | Tax

Office 10-2, Level 10, IT Plaza,
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www.bakertilly.co.tz

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STEEL MASTERS LIMITED

Opinion

We have audited the financial statements of Steel Masters Limited (the Company), which comprise the Statement of Financial Position as at 31st December 2023, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2023 and of its financial performance and its cash flows for the year then ended in accordance with the 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 financial statements* section of our report. We are independent of the Company in accordance with The National Board of Accountants and Auditors (Code of Ethics) By - Laws, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the Matter

1. Attention is drawn to Note No. 2.1 to the financial statements in respect to adoption of International Financial Reporting Standards (IFRS). From our review, we conclude that the financial statements do not comply with the IFRS.
2. Trade payable and trade receivable balances' confirmation have not been obtained and the engagement relied on the test of subsequent clearance for the closing balances.
3. Inventories have been valued and physically verified by the management.

Our opinion is not qualified in respect of above matters.

Other information

The directors are responsible for the other information. The other information comprises the Director's Report as required by the Companies Act, 2002, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so

Partners:

K. S. Bhattbhatt (Tanzanian)
Kaiias K. Bhattbhatt (Tanzanian)
Vishwanshu H. Trivedi (Indian)

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by the directors.

Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

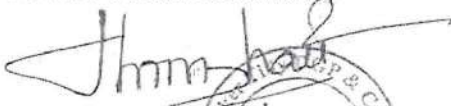
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by the 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 Company, so far as appears from our examination of those books;
- iii) the director's report is consistent with the financial statements;
- iv) information specified by the law regarding director's remuneration and transactions with the Company is disclosed; and
- v) the Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.

For Baker Tilly DGP & Co.
Certified Public Accountants,



Kailas K. Bhattbhatt
Partner

Place : Dar es Salaam

Date : 25/04/2024



STEEL MASTERS LIMITED
P.O.Box 1364 Dar Es Salaam

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2023

PARTICULARS	NOTE	2023 Tzs	2022 Tzs
Revenue		56,706,503,808	61,509,739,276
Cost of sales	3	47,572,504,827	54,080,100,367
Gross profit		9,133,998,981	7,429,638,909
Other income	4	286,906,290	258,383,316
		9,420,905,271	7,688,022,225
<u>Less: Expenses</u>			
Administrative expenses	5	(3,355,632,286)	(3,123,099,388)
Selling and distribution expenses	6	(162,946,196)	(185,510,710)
Financial expenses	7	(1,847,162,798)	(412,984,336)
		(5,365,741,280)	(3,721,594,434)
Profit / (Loss) before tax		4,055,163,991	3,966,427,791
Less : Tax expense / credit	8	(838,055,130)	(1,089,929,990)
Profit / (Loss) after tax		3,217,108,861	2,876,497,801

The significant accounting policies on pages 13 to 17 and the notes on pages 18 to 24 form an integral part of these financial statements.

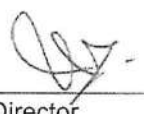
Report of the Independent Auditor's on page 7 & 8.

The financial statements on Pages 9 to 24 were approved by the Board of Directors and signed on behalf by:



Director

Dated: 24/4/24



Director

Dated: 24/4/24



STEEL MASTERS LIMITED
P.O.Box 1364 Dar Es Salaam


STATEMENT OF FINANCIAL POSITION AS ON 31ST DECEMBER 2023


	NOTE	31st December 2023 Tzs	31st December 2022 Tzs
Non current assets			
Property, plant and equipment	18	37,901,202,484	11,925,524,002
Capital Work in Progress	19	1,812,182,450	676,890,000
Other non-current assets	9	772,215,674	772,215,674
		<u>40,485,600,608</u>	<u>13,374,629,676</u>
Current assets			
Inventories	10	13,147,842,859	7,510,421,739
Goods in Transit		4,596,727,560	271,609,861
Trade and other receivables	11	9,074,970,749	12,807,241,606
Cash and cash equivalents	12	1,508,174,599	480,211,538
		<u>28,327,715,767</u>	<u>21,069,484,744</u>
Total assets		<u>68,813,316,375</u>	<u>34,444,114,420</u>
Equity			
Share capital	13	251,000,000	251,000,000
Revaluation reserve		20,061,728,370	-
Retained earnings		33,001,742,846	29,784,633,985
		<u>53,314,471,216</u>	<u>30,035,633,985</u>
Current liabilities			
Trade and other payables	14	6,815,394,162	3,909,846,602
Provisions	15	376,591,565	393,153,735
Short-term borrowings	16	8,190,154,302	65,550,108
Current tax	17	116,705,130	39,929,990
		<u>15,498,845,159</u>	<u>4,408,480,435</u>
Total equity and liabilities		<u>68,813,316,375</u>	<u>34,444,114,420</u>

The significant accounting policies on pages 13 to 17 and the notes on pages 18 to 24 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 & 8.

The financial statements on Pages 9 to 24 were approved by the Board of Directors and signed on behalf by:


 Director
 Dated: 24/4/24


 Director
 Dated: 24/4/24



STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2023

Particulars	Share capital	Revaluation reserve	Retained earnings	Total
	Tzs	Tzs	Tzs	Tzs
Year ended 31st December 2022				
As at start of the year	251,000,715	-	24,078,321,874	24,329,322,589
Assessment tax paid	-	-	3,404,335,697	3,404,335,697
Prior year adjustments	(715)	-	(34,801,952)	(34,802,667)
	251,000,000	-	27,447,855,620	27,698,855,620
Net profit / (loss)	-	-	2,876,497,801	2,876,497,801
Prior year Taxes	-	-	(539,719,436)	(539,719,436)
At the end of the year	251,000,000	-	29,784,633,985	30,035,633,985
Year ended 31st December 2023				
As at start of the year	251,000,000	-	29,784,633,985	30,035,633,985
Revaluation increase/(decrease)	-	20,061,728,370	-	20,061,728,370
	251,000,000	20,061,728,370	29,784,633,985	50,097,362,355
Net profit / (loss)	-	-	3,217,108,861	3,217,108,861
At the end of the year	251,000,000	20,061,728,370	33,001,742,846	53,314,471,216

The significant accounting policies on pages 13 to 17 and the notes on pages 18 to 24 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 & 8.

The financial statements on Pages 9 to 24 were approved by the Board of Directors and signed on behalf by:

Director

Dated: 24/4/24

[Handwritten signature]

Director

Dated: 24/4/24

[Handwritten signature]



STEEL MASTERS LIMITED
P.O.Box 1364 Dar Es Salaam

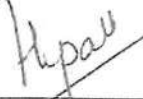
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2023

PARTICULARS	2023	2022
	Tzs	Tzs
Cash flows from operating activities		
Profit / (Loss) before tax	4,055,163,991	3,966,427,791
Adjustment for:		
Depreciation and amortisation	1,197,948,928	719,400,094
Prior period adjustment	-	(539,719,436)
	<u>5,253,112,919</u>	<u>4,146,108,449</u>
Movements in working capital:		
(Increase)/ decrease in Capital Work-in-Progress	(1,135,292,450)	-
(Increase)/ decrease in inventories	(5,637,421,120)	(3,975,697,112)
(Increase)/ decrease in Goods in Transit	(4,325,117,699)	(271,609,861)
(Increase)/ decrease in trade and other receivables	3,732,270,857	(97,018,657)
Increase/ (decrease) in trade and other payables	2,888,985,390	2,951,585,380
Cash generated from operations	<u>776,537,897</u>	<u>2,753,368,200</u>
Less: Taxes paid		
Tax paid for the Current year	(721,350,000)	(1,050,000,000)
Tax paid for Prior year	(39,929,990)	(119,426,532)
Net cash generated by operating activities (A)	<u>15,257,907</u>	<u>1,583,941,668</u>
Cash flow from investing activities		
Payments of purchase of property, plant and equipment	(7,111,899,040)	(5,391,901,494)
Proceed from disposal of property, plant and equipment	-	87,329,157
Net cash (used in) / generated by investing activities (B)	<u>(7,111,899,040)</u>	<u>(5,304,572,337)</u>
Cash flow from financing activities		
Increase/ (decrease) in bank overdraft	<u>8,124,604,194</u>	<u>65,550,108</u>
Net cash (used in) / generated by financing activities (C)	<u>8,124,604,194</u>	<u>65,550,108</u>
Net increase in cash and cash equivalents (A+B+C)	<u>1,027,963,061</u>	<u>(3,655,080,561)</u>
Cash and cash equivalents at the beginning of the year	<u>480,211,538</u>	<u>4,135,292,098</u>
Cash and cash equivalents at the end of the year	<u>1,508,174,599</u>	<u>480,211,538</u>

The significant accounting policies on pages 13 to 17 and the notes on pages 18 to 24 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 & 8.

The financial statements on Pages 9 to 24 were approved by the Board of Directors and signed on behalf by:



Director
 Dated: 24/4/24



Director
 Dated: 24/4/24



**STEEL MASTERS LIMITED,
P. O. BOX - 1364, DAR ES SALAAM**

**SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31ST DECEMBER 2023**

1. GENERAL INFORMATION

Steel Masters Limited is incorporated in Tanzania under the Companies Act 2002 as a limited liability company and it is domiciled in Tanzania. The principal activities of the company are disclosed in the Directors Report.

The address of its registered office is:

P O Box 1364

Dar es Salaam -Tanzania

2. BASIS OF PREPARATION AND SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). The financial statements are presented in the functional currency, Tanzania Shillings (TShs). The policies set out below have been consistently applied to all the years presented except for those relating to the classification and measurement of financial instruments.

The Financial Statements are made for the year ended on 31st December 2023.

These financial statements have been prepared under the historical cost convention. The preparation of financial statements which are in conformity with GAAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying company's accounting policies. The areas involving a high degree of judgement or complexity, on where assumptions and estimates are significant to the financial statement are disclosed in Note 3.

2.2. SIGNIFICANT ACCOUNTING POLICIES

A. REVENUE RECOGNITION

Revenue is recognised when the goods are sold. 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.

B. FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency for the company is the Tanzania Shillings.



**STEEL MASTERS LIMITED,
P. O. BOX - 1364, DAR ES SALAAM**

**SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31ST DECEMBER 2023**

(ii) Transactions and balances

Foreign currency transactions are translated into Tanzania Shillings using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into

Tanzania Shillings at rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rate (Tshs 2,506.03 per 1 USD and Tshs 2,785.46 per 1 EUR) of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

C. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are shown initially at cost, less subsequent depreciation and impairment. Cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in 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 group and the cost of the item can be reliably measured. The company has adopted cost model for the valuation of assets.

Depreciation is calculated using the *Reducing Balance Method* to allocate the cost of each asset to its residual value over the estimated useful life as follows:

Assets	Rate (%)
Land	0%
Buildings and Apartments	0%
Plant and Machinery	12.5%
Motor Vehicles	25%
Containers	25%
Furniture, Fittings and Office Equipments	12.5%
Fork Lift	12.5%
Bore Holes	12.5%

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance expenditures are charged to the profit and loss account during the financial period in which they are incurred.

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

Gain or losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the profit and loss account.



**STEEL MASTERS LIMITED,
P. O. BOX - 1364, DAR ES SALAAM**

**SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31ST DECEMBER 2023**

D. IMPAIRMENT OF ASSETS

At each balance sheet date, the company reviews the carrying amounts of its 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 the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

E. OPERATING & FINANCE LEASES

The company is having no finance lease transaction during the period. The company has operating lease agreement during the period. Operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

There is no future commitments arising out of operating lease agreements as on the date of balance sheet since all such agreements requires payments to be made in advance and the same have been disclosed under deposits and advance.

F. INVENTORIES

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the First-in first-out method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the open market less applicable selling expenses. Stores and consumables are stated at cost less any provision for obsolescence.

G. ACCOUNTS RECEIVABLE

Receivables are initially recognised at fair value and subsequently measured at their amortised costs using effective interest method. A provision for impairment trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the expected cash flows discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

H. CASH AND CASH EQUIVALENTS

Cash & Cash equivalents comprise of cash held by the company and current accounts operated with banks for normal trade transactions. The carrying amount of these assets approximates their fair value.



**STEEL MASTERS LIMITED,
P. O. BOX - 1364, DAR ES SALAAM**

**SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31ST DECEMBER 2023**

I. BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs are expensed in the period they accrue unless they can be related, with certainty, to fixed assets construction projects in which case they are capitalised as part of the asset's cost.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

J. TAXATION

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004.

K. EMPLOYEES BENEFITS

The Company has defined benefits contributions plans. Under defined contribution plan, the Company contributions to publicly administered pension plans (NSSF) on a mandatory basis. The Company has no further payment obligations once the contributions have been paid.

L. PROVISIONS

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

M. CONTINGENT LIABILITY

There is no any contingent liability during the year.

N. FINANCIAL RISK MANAGEMENT

The Companies activities expose it to a variety of financial risks: foreign currency risk, credit risk, commodity price fluctuation risk and cash flow interest-rate risk. The Company's overall risk management programme seeks to minimize potential adverse effects on the financial performance. Risks management is carried out by the management on behalf of the Board of Directors.



**STEEL MASTERS LIMITED,
P. O. BOX - 1364, DAR ES SALAAM**

**SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31ST DECEMBER 2023**

Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that the sales of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via strictly credit terms.

Foreign currency risk

As and when the need arises, the Company enters into transactions denominated in foreign currencies (primarily United States Dollars ("US\$")). In addition, the Company has assets and liabilities denominated in United States Dollars ("US\$"). As a result, it is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. The company is generally dealing in local currency and thus, it is not much exposed to foreign currency risk.

Interest rates and liquidity risk

Fluctuation in interest rates has impact on the operating activities. In the ordinary course of business, the Company receives cash from its operations and is required to fund working capital and capital expenditure requirements. The company has availed long term and short-term funding from the banks. The interest rates are dependent upon the market conditions and are subject to change. However, the management keeps a close watch on the developments in the market and accordingly takes steps to minimize the risk.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

a) Critical accounting estimates and assumptions

Property, plant and equipment.

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment and their residual values. The rates used are set out in Note 2(C) above.

b) Critical judgement in applying the entity's accounting policies.

In the process of applying the Company's accounting policies, management has made judgement in determining whether assets are impaired or not.

c) Going Concern

The financial statements have been prepared on the going concern basis, on the assumption that the company will continue its activities for the foreseeable future and the shareholders will extend their support as and when required.



STEEL MASTERS LIMITED
P.O.Box 1364 Dar Es Salaam

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

	2023	2022
	Tzs	Tzs
3 Cost of sales		
Opening Stock	3,582,829,495	1,219,114,746
Add: Purchases	45,458,333,108	51,102,709,169
Less: Closing stock of raw materials	(4,379,959,172)	(3,582,829,495)
Cost of material consumption	<u>44,661,203,431</u>	<u>48,738,994,420</u>
A		
Add: Direct costs		
LABOUR		
Workers Costs & Benefits	1,203,396,992	874,989,100
Nssf Contribution-Factory Workers	117,715,018	85,633,151
Skills & Dev. Levy - Factory Workers	42,736,838	34,253,259
Uniforms, Shoes & Gloves	32,426,949	-
Workers Welfare - Milk and Meals	207,275,952	185,135,050
B	<u>1,603,551,749</u>	<u>1,180,010,560</u>
FACTORY OVERHEADS		
Diesel	273,345,161	170,873,500
Fuel, Oil, Gas & Lubricants	1,041,217,151	947,335,495
Depreciation on plant and machinery	980,350,038	449,620,425
Factory Running expenses	308,442,862	188,195,672
Electricity and water	2,737,359,636	2,492,769,753
Tools and Spares	99,415,633	-
Repair Factory Buildings, Plant and Machinery	426,729,393	913,669,438
Freight charges	264,012,458	551,922,991
Other Direct Expenses	17,168,758	58,690,475
C	<u>6,148,041,090</u>	<u>5,773,077,751</u>
Manufacturing Costs incurred during the year	A+B+C	
	52,412,796,270	55,692,082,731
Add : Opening stock of finished goods	3,927,592,244	2,315,609,881
Manufacturing Cost to Account For	<u>56,340,388,514</u>	<u>58,007,692,612</u>
Less: Closing stock of finished goods	(8,767,883,687)	(3,927,592,244)
Total Cost of Goods Manufactured	<u>47,572,504,827</u>	<u>54,080,100,367</u>
4 Other income		
Discount received	1,908	-
Other income	29,641	-
Profit on sale of fixed assets	-	1,298,131
Rent received	277,019,291	247,934,285
Service Charges	9,855,450	9,150,900
Total	<u>286,906,290</u>	<u>258,383,316</u>



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

STEEL MASTERS LIMITED
P.O.Box 1364 Dar Es Salaam

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

	2023	2022
	Tzs	Tzs
5 Administrative expenses		
Audit fees	25,060,322	10,000,000
Consultation Costs	6,000,000	-
Conveyance Charges	6,621,100	-
Depreciation	217,598,890	269,779,669
Directors Fees	1,600,000,000	1,600,000,000
Donations	120,000	-
Fines and Penalties	895,000	-
Homesick Support for Expatriate Staff	387,600,000	373,500,000
Insurance	196,512,211	130,095,029
Internet Expenses	15,486,674	-
Land Rent & Property Tax	4,571,039	7,434,730
Licences and Registrations	47,161,516	75,800,342
Loss on Return of Machine	-	26,628,447
Medical Expenses	34,343,279	27,302,400
Motor Vehicle Expenses	39,755,390	54,345,850
Motor Vehicle Repair and Maintenance	37,294,680	-
NSSF Contribution - Office	18,738,582	14,109,455
Office Maintenance Expenses	27,381,354	-
Postage and courier expenses	297,187	-
Provision for bad debts	9,000,000	-
Repairs Furniture & Office Equipment	35,219,100	-
Repairs & Maintenance - Other	33,718,540	84,035,148
SDL	8,054,418	5,643,783
Printing and stationery	15,596,657	19,848,496
Security	95,373,599	56,470,367
Staff Cost & Benefit	159,022,466	122,607,717
Staff welfare - office	21,165,269	-
Subscription	3,500,000	-
Telephone expenses	7,290,899	16,544,966
Transport & Travelling Expenses	180,130,869	122,102,691
Visa and permit expenses	87,213,655	101,376,600
Valuation	27,859,400	-
WCF - Office	6,812,690	5,473,698
Newspaper & Periodicals	237,500	-
Total	3,355,632,286	3,123,099,388
6 Selling and distribution expenses		
City service levy	162,946,196	185,423,924
Discount allowed	-	86,786
Total	162,946,196	185,510,710
7 Financial expenses		
Bank charges	250,153,705	37,813,431
Interest on Overdraft	370,385,341	14,357,371
Foreign exchange loss / (gain) - realised	1,234,709,522	360,813,524
Foreign exchange loss / (gain) - unrealised	(8,085,770)	-
Total	1,847,162,798	412,984,336



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Lucy Vitalis
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 Sign: *[Signature]*
 Date:

STEEL MASTERS LIMITED
P.O.Box 1364 Dar Es Salaam

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

	2023	2022
	Tzs	Tzs
8 Tax expenses		
Current tax	838,055,130	1,089,929,990
Total	838,055,130	1,089,929,990
Reconciliation of tax expenses:		
Net profit as per statement of profit or loss	4,055,163,991	3,966,427,791
Tax @ 30 % (2022: 30%)	1,216,549,197	1,189,928,337
Adjustment for:		
Effect of disallowances under tax laws	(378,494,067)	(99,998,347)
Tax expenses as per books	838,055,130	1,089,929,990
9 Other non-current assets		
Assets held for Sale	772,215,674	772,215,674
	772,215,674	772,215,674
10 Inventories		
Closing stock of raw materials	4,379,959,172	3,582,829,495
Closing stock of finished goods	8,767,883,687	3,927,592,244
	13,147,842,859	7,510,421,739
11 Trade and other receivables		
Advances to Suppliers	789,435,356	5,016,068,145
Deposits	1,100,000	1,168,431
Loans and Advances to Staff	81,680,320	77,005,320
Other Receivables	51,995,592	111,815,329
Trade debtors	6,276,723,652	7,358,250,977
VAT Receivable	1,874,035,829	242,933,404
	9,074,970,749	12,807,241,606
12 Cash and cash equivalents		
Cash in hand	110,024,040	185,206,058
Cash at banks	1,398,150,559	295,005,480
	1,508,174,599	480,211,538
13 Share capital		
<u>Authorised capital</u>		
451,000 shares of Tzs 1,000 /= each	451,000,000	451,000,000
Issued and paid up share capital		
251,000 shares of Tzs 1,000 /= each	251,000,000	251,000,000
	251,000,000	251,000,000
14 Trade and other payables		
Trade creditors	2,823,454,922	540,240,306
Advance on Sale of Fixed Asset	803,280,000	803,280,000
Deposits from customers	148,674,367	505,798,738
Due to Directors	3,039,875,023	2,060,527,558
Withholding tax payable	109,850	-
	6,815,394,162	3,909,846,602


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 Sign: 
 Date:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

	2023	2022
	Tzs	Tzs
15 Provisions		
Audit fees payable	25,060,322	10,000,000
City service levy payable	11,918,966	15,383,588
Electricity and Water Payable	207,034,386	233,427,467
Gas for Heating Furnance Payable	65,846,148	68,425,700
NSSF Payable	34,910,349	39,609,663
WCF Payable	5,978,388	3,369,611
Tuico Payable	281,036	90,675
Homesupport for Expariate Staff Payable	8,749,650	14,800,400
PAYE Payable	11,734,127	4,224,176
SDL payable	5,078,193	3,822,456
	<u>376,591,565</u>	<u>393,153,735</u>
16 Short-term Borrowings		
Bank overdrafts	6,912,654,302	65,550,108
Short-term bank loan	1,277,500,000	-
	<u>8,190,154,302</u>	<u>65,550,108</u>
Security details: I&M Bank		
<p>An overdraft facility is taken through I&M Bank on working capital with Security guarantees on Existing Legal mortgage on 5 properties all registered under Steel Masters Limited (each securing TZS 6,250,000,000 making the total security amount to TZS 31,250,000,000) and Personal Guarantees of the Directors. The existing Legal mortgage are on properties on Plot 576 Msasani Peninsula Area, vide Certificate of Title No. 21880; properties on Plot No. 294 & 295, which are Apartment No. A1701 on 7th floor Viva Towers vide Certificate of Title No. 186182/41/1/12, Apartment No. A1703 on 17th floor Viva Towers vide Certificate of Title No. 186182/41/1/16, & Apartment No. A1603 on 16th floor Viva Towers vide Certificate of Title No. 186182/41/1/15 and Existing Debenture charge over all fixed and floating assets of the Company.</p>		
Security details: Stanbic Bank		
<p>Overdraft and bank loan facility is taken through Stanbic Bank on working capital with Security guarantees of Legal mortgage on 2 properties all registered under Steel Masters Limited and Personal Guarantees of the Directors. The securities include: Legal mortgage over all Land, buildings and Development Fixtures & improvements on Plot 181C, Chang'ombe Industrial Area, vide Land Office No. 28904 and Certificate of Title No. 186085/24 (Registered to Cover USD 6,017,000) together with its cession of material damage policy issued by the Bank's preferred insurer (Bank noted as first loss payee); Legal mortgage over all land, buildings and Development Fixtures & improvements on Plot No. 25, Mkuza - Kibaha Industrial Area vide Land Office No. 183336 and Certificate of Title No. 50597 (Registered to Cover USD 2,000,000) together with its cession of material damage policy issued by the Bank's preferred insurer (Bank noted as first loss payee); and First ranking Debenture charge over all fixed and floating on all current and future assets of the Company (Registered to secure USD 8,000,000).</p>		
17 Current tax		
Balance Brought Forward	39,929,990	-
Tax Expense for the year	838,055,130	1,089,929,990
Advance tax paid	(692,301,080)	(1,016,850,500)
Prior year Taxes Paid	(39,929,990)	-
Withholding Tax Receivable	(29,048,920)	(33,149,500)
	<u>116,705,130</u>	<u>39,929,990</u>



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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

18 Property, plant & equipment

Particulars	Land		Buildings		Apartments (Viva Towers Flat)		Plant and machinery		Furniture, Fittings & Office Equipments		Fork Lift		Bore Holes		Motor vehicles Class I		Containers		Total		
	Tzs		Tzs		Tzs		Tzs		Tzs		Tzs		Tzs		Tzs		Tzs		Tzs		
Cost																					
Balances at 1st January 2022	616,325,783		1,529,000,475		1,922,425,549		7,673,942,720		171,828,704		2,900,000		9,976,733		1,594,096,626		-				13,510,498,591
Additions	-		3,660,207,313		-		827,042,321		29,066,178		-		-		675,585,882		-				5,391,901,494
Disposals	-		-		-		(148,302,790)		-		-		-		(16,701,602)		-				(165,004,392)
Revaluation increase / (decrease)																					
Balances at 31st December 2022	616,325,783		5,389,207,789		1,922,425,549		8,352,682,251		200,894,882		2,900,000		9,976,733		2,242,882,706		-				18,737,395,693
Balances at 1st January 2023	616,325,783		5,389,207,789		1,922,425,549		8,352,682,251		200,894,882		2,900,000		9,976,733		2,242,882,706		-				18,737,395,693
Additions	-		1,199,112,509		-		5,789,279,435		45,657,774		-		-		43,659,322		34,290,000				7,111,899,040
Disposals	-		-		-		-		-		-		-		-		-				-
Revaluation increase / (decrease)																					
Balances at 31st December 2023	11,347,059,717		8,568,294,202		146,374,451		14,141,961,886		246,552,656		2,900,000		9,976,733		2,286,542,028		34,290,000				20,061,728,370
	11,963,385,500		15,156,614,500		2,068,800,000		14,141,961,886		246,552,656		2,900,000		9,976,733		2,286,542,028		34,290,000				45,911,023,103
Accumulated depreciation																					
Balances at 1st January 2022	-		-		-		4,817,049,265		120,030,937		2,900,000		9,674,885		1,221,051,744		-				6,170,146,831
Depreciation for the year	-		-		-		449,620,425		10,107,993		-		112,731		259,559,945		-				719,400,094
Disposals	-		-		-		(61,370,417)		-		-		-		(16,304,817)		-				(77,675,234)
Balances at 31st December 2022	-		-		-		5,205,339,273		130,138,930		2,900,000		9,187,616		1,464,305,872		-				6,811,871,691
Balances at 1st January 2023	-		-		-		5,205,339,273		130,138,930		2,900,000		9,187,616		1,464,305,872		-				6,811,871,691
Depreciation for the year	-		-		-		980,350,038		12,453,743		-		98,640		197,757,132		7,289,375				1,197,946,928
Disposals	-		-		-		-		-		-		-		-		-				-
Balances at 31st December 2023	-		-		-		6,185,689,311		142,592,673		2,900,000		9,286,256		1,662,063,004		7,289,375				8,009,820,519
Carrying value																					
Balances at 31st December 2022	11,963,385,500		15,156,614,500		2,068,800,000		7,956,272,375		103,959,983		690,477		690,477		624,479,024		27,000,625				37,901,202,484
Balances at 31st December 2023	616,325,783		5,389,207,789		1,922,425,549		3,147,342,978		70,755,952		789,117		789,117		778,676,834		-				11,925,524,002

19 Capital Work in Progress
Advance for Purchase of Land - Zogopole Kibaha
Advance for Purchase of Land - Saani Kibaha

Balances at 1st January 2022	879,038,200
Additions	933,144,250
Balances at 31st December 2022	1,812,182,450

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

20 Related party disclosure

The company has following related parties by virtue of common shareholding / directorship:

In Tanzania

- 1) Mr. Hitendrakumar Manibhai Patel
- 2) Mr. Ketan Mahendra Patel
- 3) Ms. Sonali Hitendrakumal Patel
- 4) Mrs. Ranjanbala Hitendrakumar Patel
- 5) Mr. Shanil Hitendrakumar Patel

Transactions:

	2023 Tzs	2022 Tzs
Directors' Remunerations		
1) Mr. Hitendrakumar Manibhai Patel	400,000,000	400,000,000
2) Mr. Ketan Mahendra Patel	246,153,850	400,000,000
3) Ms. Sonali Hitendrakumal Patel	153,846,150	-
4) Mrs. Ranjanbala Hitendrakumar Patel	400,013,900	400,000,000
5) Mr. Shanil Hitendrakumar Patel	400,000,000	400,000,000
	<u>1,600,013,900</u>	<u>1,600,000,000</u>
Amount paid to Directors		
1) Mr. Hitendrakumar Manibhai Patel	245,440,000	463,999,250
2) Mr. Ketan Mahendra Patel	124,786,435	400,000,000
3) Mrs. Ranjanbala Hitendrakumar Patel	250,440,000	234,999,250
4) Mr. Shanil Hitendrakumar Patel	-	400,000,000
	<u>620,666,435</u>	<u>1,498,998,500</u>

Outstanding balances:

	31st December 2023 Tzs	31st December 2022 Tzs
Due to Directors	1,100,000	1,100,000
Mr. Hitendrakumar Manibhai Patel	780,432,173	625,872,173
Mr. Ketan Mahendra Patel	521,367,415	400,000,000
Ms. Sonali Hitendrakumal Patel	153,846,150	-
Mrs. Ranjanbala Hitendrakumar Patel	783,129,285	633,555,385
Mr. Shanil Hitendrakumar Patel	800,000,000	400,000,000
	<u>3,039,875,023</u>	<u>2,060,527,558</u>

21 Contingent liabilities and commitments

There are no contingent liabilities during the year.

22 Previous year's figure have been regrouped / rearranged wherever necessary to make them comparable with those of current year.



