



Head Office

Sokoine Drive, ACU Building
4th Floor. Room 411
P. O. Box 16074 Arusha Tanzania
Phone: +255 27 254 6214/12
Fax: +255 27 254 6200
Mob: +255 754 274 497
Email: admin@taxsolutions.co.tz
Website: www.taxsolutions.co.tz

AFRICAN PLANTATIONS KILIMANJARO LIMITED

REPORT OF THOSE CHARGED WITH GOVERNANCE
AND AUDITED FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2023

AFRICAN PLANTATIONS KILIMANJARO LIMITED

**REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2023

**TAX SOLUTIONS INTERNATIONAL
CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE
SOKOINE DRIVE, ACU BUILDING, 4TH FLOOR, ROOM 411
P.O.BOX 16074
ARUSHA**

AFRICAN PLANTATIONS KILIMANJARO LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023**

CNTENTS	Page
Company information	1
Directors' report	2 – 8
Statement of Directors 'responsibilities	9
Declaration of the Head of Finance	10
Report of the Independent Auditor	11- 13
Financial statements:	
Statement of profit or loss and other comprehensive Income	14
Statement of financial position	15
Statement of changes in equity	16
Statement of cash flows	17
Notes to the financial statements	18 – 32

AFRICAN PLANTATIONS KILIMANJARO LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2023**

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Two Bridges Farm
Maili Sita – Weru-Weru Area
Hai District, Kilimanjaro Region
P. O. Box 6662
Moshi, Tanzania

COMPANY SECRETARY

Athumani Ali Massawe
P. O. Box 6662
Moshi

AUDITORS

Tax Solutions International
Certified Public Accountants in Public Practice
P. O. Box 16074
Arusha, Tanzania

LEGAL ADVISORS

SL Consultants
Plot No. 41A, Mikoroshini Street,
Old Bagamoyo Road, Msasani
P.O. Box 105286
Dar es Salaam

BANKERS

CRDB Bank PLC
P. O. Box 268
Dar es Salaam

NMB Bank PLC
Ohio Street/Ali Hassan Mwinyi Road
P. O. Box 9213
Dar es Salaam

**AFRICAN PLANTATIONS KILIMANJARO LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2023**

1. INTRODUCTION

The directors present their report and the audited financial statements for the year ended 31st December 2023 which disclose the financial performance and the state of affairs of African Plantation's Kilimanjaro Limited ('the Company').

2. PRINCIPAL ACTIVITIES

The company's principal activity is that of growing, processing and sale of green coffee, maize seeds and green beans.

3. ADMINISTRATIVE MATTERS

The Company is capable of handling all administrative matters.

4. STOCK EXCHANGE INFORMATION

The company is not listed on any of the stock exchange.

5. OPERATING RESULTS

The results for the year are set out on page 13.

6. SOLVENCY EVALUATION

The Company's state of affairs as at 31st December 2023 is set out on page 14 of these financial statements. The directors have reviewed the current financial position of the Company and the existing long/short-term borrowings from the parent company and parent company's commitment. On the basis of this review together with the current business plan, the directors are satisfied that the Company is a solvent going concern within the meaning ascribed by the Companies Act, CAP. 212 of the laws of Tanzania. However, the company has intention to pay off loans to related parties as the strategy to improve solvency.

7. DIVIDEND

Considering operating results for the period, the Board of Directors do not recommend the payment of dividends for the period ended 31st December 2023 (2022: NIL).

8. SUBSEQUENT EVENTS

There are no known subsequent events that could have an impact on this report or the financial statements.

9. SHARE CAPITAL

The total issued share capital of the Company amounts to twenty-five thousands ordinary shares of TZS 10,000 per share. The shareholding of the Company as at 31st December 2023 was as stated below:

Shareholder's name	(%) of Shareholding	Shares	Value (TZS)
A&PK- Mauritius Ltd	90.00	22,500	225,000,000
A&P Kilimanjaro Ltd	9.99	2,498	24,980,000
Alejandro Galante	0.01	2	20,000
	<u>100</u>	<u>25,000</u>	<u>250,000,000</u>

**AFRICAN PLANTATIONS KILIMANJARO LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2023**

10. DIRECTORS

The directors of the Company who have served during the year and to the date of this report were:

Name	Position	Nationality	Age	Profession
Mr. P. Galante	Director	Venezuelan/British	50	Economist
Mr. A. Galante	Director (CEO)	Venezuelan/Colombian	52	Sociologist/ Economist

11. DIRECTOR'S INTEREST IN THE SHARES OF THE COMPANY

One of the directors of the company has a direct shareholding in the Company of two (2) ordinary shares.

12. DIRECTORS' REMUNERATION

No remuneration was paid to directors during the year (2022: Nil).

13. KEY MANAGEMENT PERSONNEL OF THE COMPANY

The key management personnel who served the Company during the period were:

Name	Position
Mr. Alejandro Galante	Director
Mr. Donald D Temba	General Manager - Coffee
Mr. Jose Miguel Chambe Alvarado	Group Financial Controller
Mr. Athumani Ali Massawe	Chief Accountant

14. ACCOUNTING POLICIES

The annual financial statements have been prepared on the underlying assumption of a going concern. The Company's accounting policies, which are laid out in Note 3 in the financial statements are subject to annual review to ensure continuing compliance with International Financial Reporting Standards and the Companies Act, CAP. 212 of the laws of Tanzania.

15. INVESTMENTS

The Company invested in capital expenditures amounting to TZS 2,360,696,861 during the year (2022: TZS 2,565,031,598). The Investment list is as shown by Note 13, page 29, Property, Plant and Equipment (PPE).

16. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note 21 in the financial statements.

17. CORPORATE GOVERNANCE

Code of Corporate Practice and Conduct

African Plantations Kilimanjaro Limited is committed to the principles of effective corporate governance and the Board is of the opinion that the Company currently complies with principles of good Corporate Governance.

Board of Directors

The Board of African Plantations Kilimanjaro Limited consists of 2 directors. The Board has engaged management to identify key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management against budgets and business plans including a comprehensive system of internal control policies and procedures, and for compliance with sound corporate governance principles.

The Board is chaired by a chairman, who has no executive functions. The roles of Chairman and Managing Director are separate, with each having set responsibilities.

The Board is confident that its members have the knowledge, talent and experience to lead the Company. The Non-Executive Director is independent of management and exercises his independent judgment. With his depth of experience, he adds value to Board deliberations.

The Board is required to meet at least once a year. The Board delegates the day-to-day management of the business to the Managing Director assisted by Senior Management. Senior Management is invited to attend Board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units.

All directors have access to the Company Secretary and his services and may seek independent professional advice, if necessary. It is the Company's philosophy to manage and control its business on a decentralized basis. Senior management meets on a monthly basis to review the results, operations, key financial indicators and the business strategy of the Company. Board meetings are held once a year to deliberate the results of the Company.

Performance evaluation and reward

The Company utilizes monthly reports in which budget figures are compared to the actual operational results at Company level but also takes into account the intrinsic value of individual contributions.

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 operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

The effectiveness and efficiency of operations:

- The safeguarding of the Company's assets (including information);
- Compliance with the applicable laws, regulations and supervisory requirements;
- The reliability of the accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behavior 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 of such measures by staff. Consequently, even a strict and efficient internal control system can provide no

**AFRICAN PLANTATIONS KILIMANJARO LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2023**

more than a reasonable measure of assurance in respect of the above mentioned objective.

The Board assessed the internal control system throughout the financial period and is of the opinion that they met acceptable criteria.

Ethical behavior

The Company's Code of Conduct governs all its activities, internal relations and interactions with stakeholders in accordance with its ethical values. It is expected of all staff to maintain a high level of integrity and honesty in dealing with customers, suppliers, service providers and colleagues.

Compliance with the Code of Conduct is the ultimate responsibility of the Managing Director, with day-to-day monitoring delegated to line management with the support of personnel officers. The code is supplemented by the Company's responsibility philosophy as well as its employment practices, occupational health and safety controls.

Business ethics and organizational integrity

The Company's Code of Conduct commits it to the highest standards of integrity, conduct and ethics in its dealings with all parties concerned, including its directors, managers, employees, customers, suppliers, competitors, investors, shareholders and the public in general. The directors and staff are expected to fulfill their ethical obligations in such a way that the business is run strictly according to fair commercial competitive practices.

Financial reporting and auditing

The directors accept final responsibility for the preparation of the annual financial statements which fairly present:

- The financial position of the Company as at the end of the period under review;
- The financial results of operations, as well as;
- The cash flows for that period.

The responsibility for compiling the annual financial statements was delegated to management.

The external auditors report on whether the annual financial statements are fairly presented. The directors are satisfied that during the period under review:

Financial reporting and auditing

- Adequate accounting records were maintained;
- An effective system of internal control and risk management, monitored by management, was maintained;
- Appropriate accounting policies, supported by reasonable and prudent judgments and estimates, were used consistently; and
- The financial statements were compiled in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

The directors are also satisfied that all material events that have occurred between the financial period-end and the date of this report have been disclosed.

The directors are of the opinion that the Company has sufficient resources and commitments at its disposal to operate the business for the foreseeable future. As such, the financial statements have been prepared on a going concern basis.

18. HEALTH AND SAFETY

The Company has facilities and equipment in place, which meet the requirements contained in the Occupational Health and Safety Act, 2003 and other relevant legislation concerning medical safety. The Company considers the health and safety awareness campaign as an on-going process. However, the company has the plan to hire a qualified nurse that will be stationed Two bridges Farm and move around all farms to provide basic health checks and consultations.

19. CORPORATE AND SOCIAL RESPONSIBILITY.

In year 2023, the company paid the total of TZS 52,637,000 to support the community under corporate social responsibility as follows:-

- 40,504 Kilograms of Maize for school food Support – TZS 41,102,000
- Support of Hanang District, Manyara Region flood victims – TZS 1,000,000
- Contribution to Kirima Boro bridge construction – 1,000,000
- School fees and disabled people support – TZS 1,935,000
- Contribution to Uhuru Torch races – TZS 700,000
- Maintenance of Two Bridge- Narumu road – TZS 400,000
- 13,000 Coffee Seedlings to the co-operative members – TZS 6,500,000

However, the company has committed to be stricter on CRS based on the Organization for Economic Cooperation and Development (OECD) check list.

20. EMPLOYEE WELFARE

Relationship between management and employees

The relationship between management and employees is cordial. The Company has 6 farm managers that coordinate interaction with employees and outsourced work force in the fields. Management confirms no occurrence of strike or any other interruption in normal operation that took place in the year 2023 or in the previous year 2022.

Medical facilities

The company is registered into NSSF Medical Benefit Scheme which enables the staff to be medically attended to at several hospitals. However, where staff is uncovered by NSSF Medical Scheme for any reasons, the company bears the medical bill of that staff.

Training

Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. Generally, most employees have some form of annual training to upgrade skills and enhance development. The company has plan for developing a maize training program with SeedCo and GIZ as partners to employees and surrounding communities on better practice of maize farming and efficient use of water resources.

Emoluments

The company has increment policy based on a quarterly performance evaluation, at individual level with each permanent employee. Employees' emoluments are being paid as per law.

21. EMPLOYEE WELFARE

Employee benefits

Employees are members of National Social Security Fund (NSSF). The Company contributes 10% of Gross salary of each employee to NSSF on behalf of all permanent employees. This is a defined contribution plan.

**AFRICAN PLANTATIONS KILIMANJARO LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2023**

The Company's employment terms are regularly reviewed to ensure they continue to meet statutory and market conditions. The Company communicates with its employees through regular management and staff meetings and through circulars. The Company has continued to maintain a conducive working environment in terms of offices, medical facilities and transport.

The average number of permanent and temporary employees during the year was 136 permanent and 600 temporaries respectively (2022: 132 permanent and 600 temporary).

Workers Saving and Credit Society (SACCOS)

The APK SACCOS Ltd has been established and registered on 27th February 2018. By end of year 2023, the APK SACCOS Ltd had 93 active members who their membership is voluntary for permanent employees who benefit from Loans at low interest rate and dividends.

Registration with certification boards

The company is registered and certified by Rainforest Alliance (RFA) and Coffee Practice (CP) protocols, which means adherence to the best global labor practices in coffee production.

22. AUDITORS

The auditors, Tax Solutions International, who were appointed during the year, have expressed their willingness to continue in office as auditors and are eligible for reappointment. A resolution to appoint auditors for the year ending 31st December 2024 will be tabled at the Annual General Meeting.

23. COMPANY'S PERFORMANCE


The company reported profit before tax amounting to TZS 1,027,241,589 (2022: TZS 1,084,440,077).


24. ACKNOWLEDGMENT

The Board of Directors wishes to thank the management and employees who have shown exemplary courage, dignity, solidarity and excellent performance during the period.

The Board also wishes to express its appreciation to the customers and suppliers of the Company for their fidelity, trust and support during the period without which the reported results would not have been achieved.

BY ORDER OF THE BOARD,


NAME OF DIRECTOR


SIGNATURE

**AFRICAN PLANTATIONS KILIMANJARO LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2023**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Tanzania Companies Act, 2002 requires the Directors to prepare financial statements for each financial year that present fairly the state of affairs of the company as at the end of the financial year and of the Company's operating results for that year. It also requires the Directors to ensure that the Company keeps 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 and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, Tanzania Financial Reporting Standard on Directors' Report and in the manner required by the Tanzania Companies Act, 2002. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Tanzanian Companies Act, 2002. 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.

The directors are of the opinion that the financial statements present fairly the state of the financial affairs of the Company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

These financial statements were approved for issuing by the Board of Directors on _____ and were signed on its behalf by:



NAME OF DIRECTOR



SIGNATURE

AFRICAN PLANTATIONS KILIMANJARO LIMITED

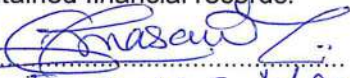
**DECLARATION OF THE HEAD OF FINANCE
FOR THE YEAR ENDED 31ST DECEMBER 2023**

The National Board of Accountants and Auditors (NBAA) according to the power conferred to it 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 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 International Financial Reporting Standards (IFRS) and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page.

I, **Athumani Ali Massawe** being the Head of Accounting and Finance of African Plantations Kilimanjaro Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st December 2023 have been prepared in compliance with International Financial Reporting Standards (IFRS) and the requirements of Tanzanian Companies Act, 2002.

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

Signature: 
Position: **FINANCE MANAGER**
NBAA Membership No: **ACPA 1131**
Date: **30TH JUNE 2024**

INDEPENDENT AUDITOR'S REPORT

**To the members of
AFRICAN PLANTATIONS KILIMANJARO LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of African Plantations Kilimanjaro Limited ('the Company') set out on pages 13 to 35, 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 financial statements present fairly, in all material respects, the financial position of African Plantations Kilimanjaro Limited as at 31st December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of 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 Independent International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information included in the Company's 2023 Annual Report

The other information comprises the General Information, Board's Report, Statement of Board's Responsibilities and the Declaration by the Head of Finance. The other information does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

**To the members of
AFRICAN PLANTATIONS KILIMANJARO LIMITED
FOR THE YEAR ENDED 31STDECEMBER 2023**

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of
AFRICAN PLANTATIONS KILIMANJARO LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other Legal and Regulatory Requirements

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

As required by the Companies Act 12, 2002, we report to you, based on our audit, that:

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

The engagement partner on the audit resulting in this independent auditor's report is

M. Kidayi

Signed by: **Masanja K. Kidayi (ACPA-PP-1501)**
Tax Solutions International (PF 195)
Certified Public Accountants in Public Practice
P. O. Box 16074
Arusha.

30.06. 2024



AFRICAN PLANTATIONS KILIMANJARO LIMITED

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

	Notes	2023 TZS	2022 TZS
Revenues	5	8,777,003,486	6,814,564,365
Cost of sales	6	<u>(4,245,028,770)</u>	<u>(3,092,662,165)</u>
Gross profit		<u>4,531,974,716</u>	<u>3,721,902,200</u>
Other operating income	7	119,832,875	38,840,005
Administrative expenses	10	(1,804,815,726)	(1,545,027,959)
Selling and distribution expenses	8	<u>(714,336,072)</u>	<u>(465,763,611)</u>
Profit/(Loss) before finance costs		<u>2,132,655,793</u>	<u>1,749,950,635</u>
Finance costs	9	(1,105,414,204)	(665,510,558)
Profit/(Loss) before income tax		<u>1,027,241,589</u>	<u>1,084,440,077</u>
Income tax (expense)/credit	12	<u>(694,373,453)</u>	<u>(608,163,314)</u>
Profit/(Loss) for the year		<u>332,868,136</u>	<u>476,276,763</u>
Other Comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/(loss), net of taxes		<u><u>332,868,136</u></u>	<u><u>476,276,763</u></u>

AFRICAN PLANTATIONS KILIMANJARO LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2023

	Notes	2023 TZS	2022 TZS
ASSETS			
Non-Current Assets			
Property, plant and equipment	13	12,201,922,743	11,208,723,422
Biological assets	15	3,862,673,909	3,236,856,872
Deferred income tax	12	883,102,180	1,577,475,633
		<u>16,947,698,831</u>	<u>16,023,055,927</u>
Current assets			
Inventory	11	2,549,791,764	2,049,317,807
Receivables and prepayments	14	4,971,138,330	1,766,695,697
Current income tax	12	10,633,588	10,633,588
Cash and cash equivalents	16	13,017,683	172,053,295
		<u>7,544,581,365</u>	<u>3,998,700,387</u>
Total assets		<u>24,492,280,196</u>	<u>20,021,756,314</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	17	250,000,000	250,000,000
Share premium		7,378,229,284	7,378,229,284
Advance to share capital		8,778,921,426	8,353,056,797
Accumulated losses		(6,798,086,582)	(7,130,954,718)
		<u>9,609,064,128</u>	<u>8,850,331,362</u>
Non-current liabilities			
Borrowings	18	4,803,818,360	3,794,289,095
Due to group companies	21	2,088,010,985	1,234,014,630
Deferred grant received	20	74,820,874	15,414,000
Lease Liability		5,422,290,693	5,254,203,735
		<u>12,388,940,912</u>	<u>10,297,921,460</u>
Current liabilities			
Payables and accrued expenses	19	1,320,785,606	559,280,941
Due to group companies	21	1,173,489,550	314,222,551
		<u>2,494,275,156</u>	<u>873,503,492</u>
Total Equity and Liabilities		<u>24,492,280,196</u>	<u>2,021,756,314</u>

These financial statements were approved for issue by the Board of Directors on _____ 2024 and were signed on its behalf by:

Akepancho Gwalanda
Name


Signature

30TH JUNE 2024
Date

AFRICAN PLANTATIONS KILIMANJARO LIMITED

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

	Issued capital TZS	Advance to share capital TZS	Accumulated losses TZS	Revaluation reserves TZS	Share premium TZS	Total TZS
As at 1 January 2023	250,000,000	8,353,056,797	(7,130,954,718)	-	7,378,229,284	8,850,331,363
Profit for the year	-	-	332,868,136	-	-	332,868,136
Additions for the year	-	425,864,629	-	-	-	425,864,629
At 31st December 2023	250,000,000	8,778,921,426	(6,798,086,582)	-	7,378,229,284	9,609,064,128
As at 1 January 2022	250,000,000	8,353,056,797	(7,715,674,925)	108,443,444	7,378,229,284	8,374,054,600
Adjustments	-	-	108,443,444	(108,443,444)	-	-
Profit for the year	-	-	476,276,763	-	-	476,276,763
Additions for the Year	-	-	-	-	-	-
At 31st December 2022	250,000,000	8,353,056,797	(7,130,954,718)	-	7,378,229,284	8,850,331,362

AFRICAN PLANTATIONS KILIMANJARO LIMITED

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

	Notes	2023 TZS	2022 TZS
Profit /(Loss) before tax		1,027,241,589	1,084,440,077
Adjustment for:			
Depreciation of property and equipment	13	978,336,803	743,547,532
Amortisation of grant income		(21,274,219)	(5,138,000)
Amortization of lease liability	9	385,718,308	365,645,284
Valuation on Bearer plant	13	(389,160,734)	-
		<u>1,980,861,747</u>	<u>2,188,494,892</u>
Increase/(Decrease) in inventories	11	500,473,957	373,367,487
(Decrease)/Increase in amount Due to Group Companies	21	1,713,263,354	142,074,081
(Increase) / decrease in receivables	14	(3,204,442,632)	(219,780,201)
Increase/(Decrease) in trade payable	19	761,504,665	(235,877,164)
Net cash flows generated from/(used in) operating activities		<u>1,751,661,091</u>	<u>2,248,279,096</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	13	(2,360,696,861)	(1,230,531,568)
Proceeds from disposal of assets		-	-
Addition to Biological assets	15	(236,656,303)	(358,417,055)
Net cash used in investing activities		<u>(2,597,353,163)</u>	<u>(1,588,948,623)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of loans	18	(535,587,779)	(456,885,424)
Grant Received		80,681,093	-
Equipment loan received	18	1,241,026,207	-
Increase in Advance to Share Capital		425,864,629	-
Lease rent payments		(525,327,690)	(524,848,035)
Net cash generated from financing activities		<u>686,656,460</u>	<u>(981,733,459)</u>
Increase in cash and cash equivalents		<u>(159,035,613)</u>	<u>(322,402,987)</u>
Cash and cash equivalent at 1 st January		172,053,295	494,456,282
Cash and cash equivalent at 31st December	16	<u>13,017,683</u>	<u>172,053,295</u>

AFRICAN PLANTATIONS KILIMANJARO LIMITED

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

1. CORPORATE INFORMATION

African Plantations Kilimanjaro Limited ('the Company') is a limited liability company incorporated and domiciled in Tanzania. The Company is primarily involved in the production of green coffee for export and production of seed maize.

The financial statements of the Company for the year ended 31st December 2023 were authorised for issue in accordance with a resolution of the directors on.....

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The financial statements have been prepared on a historical cost basis except for biological assets and those financial assets and financial liabilities that have been measured at fair value. The financial statements are presented in Tanzania Shillings (TZS) which is the Company's functional and presentation currency.

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2002 of Tanzania.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgements, estimations and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. The key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date, that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as below:

Fair value of financial instruments

Where the fair value of financial instruments recorded in the statement of financial position cannot be determined from active markets, they are determined using valuation techniques including discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk, volatility and actual costs. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment losses on receivables

The Company reviews its debtors at each reporting date to assess whether an allowance for impairment should be recorded in profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual may differ, resulting in future changes to the allowance.

Residual value and useful life

The Company depreciates assets over their estimated useful lives taking into account residual values, which are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors. Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue

Revenue comprises the fair value of the consideration received and receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax (VAT), rebates and discounts. Revenue is recognised as follows:

- Sales of goods are recognised in the period in which the company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured;
- Sales of services are recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided;
- Interest income is recognised on a time proportion basis using the effective interest method.
- Export sales are recorded at the Cost and Freight (C & F) price of the products sold.

Gross revenue comprises the amount invoiced for green coffee supplied during the year.

(b) Foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Foreign currency differences arising on translation are recognised in profit or loss.

(c) Property, plant and equipment

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses if any. Depreciation is calculated so as to write off the cost of equipment on a straight-line basis, over the estimated useful lives to the estimated residual value. Useful lives, residual values and depreciation methods are reviewed on an annual basis with the effect of any changes in estimate accounted for on a prospective basis. Residual values are measured as the estimated amount currently receivable for an asset if the asset were already of the age and condition expected at the end of its useful life.

The cost of replacing part of an item of motor vehicles and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its costs can be measured reliably.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amount of the replaced part is derecognised. The cost of day to day servicing of motor vehicles and equipment are recognised in profit or loss as incurred. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. The estimated useful lives are as follows

<u>Asset</u>	<u>Years</u>	<u>Rate (%)</u>
Farm implements	5	20
Furniture and fixtures	10	10
Motor vehicles	4	25
Tractors	5	20
Computers, electronics and software	4	25
Plant and Machinery	10	10
Boreholes and Irrigation infrastructure	10	10
Building	20	5
Bearer Plants (mature coffee trees)	40	2.5

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Maintenance and repairs, which neither materially add to the value of the assets nor appreciably prolong their useful lives, are recognised as an expense in the period incurred. Minor equipment items are also recognised as an expense during the period incurred.

Profits or losses on the retirement or disposal of plant and equipment, determined as the difference between the actual proceeds and the carrying amount of the assets, are recognised in profit or loss in the period in which they occur. The date of disposal is determined as the date on which the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the proceeds on the sale can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to the working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets is capitalised as incurred.

When parts of an item of motor vehicles and equipment have different useful lives, they are accounted for as separate items (major components) of motor vehicles and equipment.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the assets recoverable amount is estimated. Individually significant financial assets are tested for impairment on an individual bases. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the profit or loss. Any accumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

ii) Revaluation of non-financial assets

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

iii) Revaluation of non-financial assets (Continued)

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of. However, some of the surplus may be transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the re-valued carrying amount of the asset and depreciation based on the asset's original cost.

(d) Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Major components of costs of sales include agricultural inputs, other direct costs and overheads are included.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises the fair value less estimated point-of-sale costs of agricultural produce at the point of harvest, the cost of raw materials and direct labour, and other direct costs and related production overheads, but excludes interest expense. Net realisable value is the

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. The fair value less estimated point-of-sale costs of mother plants is determined based on the market prices of the final product, taking into account conversion costs.

(f) Biological assets

Biological assets are coffee trees of less than 2 years and are measured on initial cost incurred for the first time during the year when farming operations commenced. On attaining 2 years, the accumulated costs are transferred to mature coffee trees as bearer plant in the balance sheet.

(g) Initial recognition and measurement of financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset. The Company's financial assets include cash and bank balances, amounts due from related parties and trade receivables.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification as follows:

Cash and bank balances, amounts due from related parties and trade receivables

Cash and bank balances and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, cash and bank balances, amounts due from related parties and trade receivables are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The amortisation is included in the statement of comprehensive income.

De-recognition of financial assets

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Bank balances, amounts due from related parties and trade receivables

For bank balances, amounts due from related parties and trade receivables, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

Trade receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other income in the statement of comprehensive income.

(h) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Amounts due to related parties and trade and other payables

After initial recognition, borrowings and other payables are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The amortization is included in profit or loss.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a De recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(i) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT, except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables that are stated with the amount of VAT included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

AFRICAN PLANTATIONS KILIMANJARO LIMITED

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and bank overdraft.

(k) Provisions

A provision is recognised it as a result of a past event the company has a present legal or constructive obligation that can be estimated reliably, and if it is probable that an outflow of economic benefits will be required to settle the obligation.

(l) Post-employment benefits

The Company contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the laws of Tanzania. The Company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently 10% of the employee's gross salary. The Company's contributions are charged to profit or loss in the period to which they relate.

	2023	2022
	TZS	TZS
5. REVENUE		
Roasted coffee	481,300	-
Exported coffee	8,290,139,277	6,431,154,056
Sale of other crops	486,382,909	383,410,309
	<u>8,777,003,486</u>	<u>6,814,564,365</u>
6. COST OF SALES		
Cost of sales – Coffee (net of stocks)	3,046,919,512	2,743,009,884
Purchases of Green Coffee	425,977,716	-
Raw materials consumed-other crops	427,907,717	145,199,340
Direct Labour -other crops	197,093,488	327,538,611
	<u>4,097,898,432</u>	<u>3,215,747,836</u>
Add: Opening stock of other crops	147,130,338	24,044,667
Less: Closing Stock of other crops	-	(147,130,338)
	<u>4,245,028,770</u>	<u>3,092,662,165</u>
7. OTHER INCOME		
Amortisation of grant income	21,274,219	5,138,000
Other miscellaneous income	98,558,656	33,702,005
	<u>119,832,875</u>	<u>38,840,005</u>
8. SELLING AND DISTRIBUTION EXPENSES		
Coffee research fees	-	10,064,689
Public relation and promotions	7,000,000	6,000,000
Direct export expenses	368,466,373	263,104,074
Service Levy	24,578,442	19,221,866
Coffee Development Levy	147,339,285	53,760,000
Royalty and development levy	115,765,637	99,905,232
Other expenses	51,186,334	13,707,749
	<u>714,336,072</u>	<u>465,763,611</u>

AFRICAN PLANTATIONS KILIMANJARO LIMITED

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

	2023 TZS	2022 TZS
9. FINANCE COSTS		
Bank charges and commission	24,162,926	14,159,295
Exchange loss/(gain)	436,180,916	25,615,677
Interest on bank loan	252,066,417	208,556,025
Interest on loan – Related Party	7,285,638	51,534,277
Amortization of lease liability	385,718,308	365,645,284
	<u>1,105,414,204</u>	<u>665,510,558</u>
10. ADMINISTRATIVE EXPENSES		
Payroll costs - 10(a)	350,736,335	268,758,856
Staff medical, leave, terminal and welfare	41,251,554	18,347,958
Vehicle fuel, oil, lubricants& parking	18,005,139	19,496,761
Supplies and materials	1,103,500	3,542,570
Repairs and maintenance	17,122,056	35,826,644
Donation	1,700,000	1,000,000
Stationary and office supplies	14,189,961	11,795,473
Telephone, fax and email expenses	23,546,172	15,702,457
Travelling expenses	59,533,265	78,600,636
Consultancy and advices	153,730,000	110,350,000
Subscription fess	-	-
Insurance	21,648,195	11,319,466
Certification expenses	27,144,578	18,324,671
Security expenses	14,885,000	9,550,000
Levies, permits and licences	49,355,283	18,061,339
Entertainment and public relations	15,509,060	12,189,900
Community support	3,933,000	2,117,500
Audit fees	4,000,000	10,390,500
Legal fees	6,960,759	2,559,000
Penalties and other charges	1,553,408	285,000
Bad debts expenses	571,655	153,261,677
Depreciation	978,336,804	743,547,552
	<u>1,804,815,726</u>	<u>1,545,027,959</u>
10 (a) PAYROLL COSTS		
Employee salaries and wages	303,330,008	232,566,966
Employer social security contribution	32,664,280	23,256,698
Skill and Development Levy	11,946,510	10,546,140
Workman Compensation Fund (WCF)	2,795,537	2,289,052
	<u>350,736,335</u>	<u>268,758,856</u>
11. INVENTORIES		
Chemicals and fertilizers	116,628,924	13,856,084
Green coffee	1,362,953,855	1,197,330,913
Maize	-	147,130,338
Future crop expenses	1,070,208,985	691,000,473
	<u>2,549,791,764</u>	<u>2,049,317,807</u>

2022

AFRICAN PLANTATIONS KILIMANJARO LIMITED

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

	2023 TZS	TZS
12. TAXATION		
(a) Income tax expense		
Alternative minimum tax	-	-
Deferred tax (expense)/credit	(694,373,453)	(608,163,314)
	<u>(694,373,453)</u>	<u>(608,163,314)</u>
A reconciliation between tax expenses and the product of accounting profit multiplied by the applicable tax rate for the period is as follows:		
Accounting profit before income tax	<u>1,027,241,589</u>	<u>1,084,440,077</u>
Income tax at 30% (2021: 30%)	<u>308,172,477</u>	<u>325,332,023</u>
Expenses not deductible for tax purposes	6,410,163	48,663,562
Unutilized tax losses	(2,047,373,646)	(2,587,427,823)
Non-taxable income	130,854,275	1,727,807
Temporary timing differences	<u>2,296,310,185</u>	<u>2,819,867,746</u>
Deferred income tax expense (credit) for the year	<u>694,373,453</u>	<u>608,163,314</u>
(b) Current income tax recoverable		
At 1 January	(10,633,585)	(10,633,585)
Tax recoverable from prior year*	-	-
As at December	<u>(10,633,585)</u>	<u>(10,633,585)</u>
*In the Year of Income 2017, APKL is entitled to tax credit of TZS 10,633,585 from the tax wrongly paid in 2016 by the company. The amount was paid to Tanzania Revenue Authority as the alternative minimum tax (AMT) while the Company is exempted from paying AMT being in the agricultural sector.		
(c) Deferred income tax asset		
Deferred income tax is calculated on all temporary differences under the liability method using the enacted income tax rate of 30%.		
Opening balance	1,577,475,633	2,185,638,946
Deferred tax (expense)/credit	(694,373,453)	(608,163,314)
As at December	<u>(883,102,180)</u>	<u>1,577,475,633</u>
Deferred income tax expense/(assets):		
Accelerated depreciation of property, plant and equipment	445,436,914	375,723,391
Deferred tax on other timing difference	2,296,310,185	2,819,867,746
Deferred tax assets as a result of tax losses	<u>(2,047,373,646)</u>	<u>(2,587,427,823)</u>
As at December	<u>694,373,453</u>	<u>608,163,314</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and Machinery	Motor Vehicles	Furniture, Fittings and Equipment	Bearer Coffee Plants	Right of Use Asset	Work in progress	Total
At 1 st January 2022	2,238,604,360	4,283,046,733	113,586,274	107,624,507	4,864,509,179	4,074,513,506	113,172,576	15,795,057,133
Additions	57,483,988	471,088,996	20,080,000	12,904,305	-	1,968,632,408	34,841,900	2,565,031,598
Disposal	-	-	-	-	-	-	(112,572,576)	(112,572,576)
As at 31st December 2022	2,296,088,348	4,754,135,730	133,666,274	120,528,807	4,864,509,179	6,043,145,914	35,441,900	18,247,516,155
Additions	8,321,695	2,046,713,795	-	2,230,000	-	337,024,015	1,977,113,354	4,371,402,859
Transfers/Disposal	-	-	-	-	-	-	(2,010,705,998)	(2,010,705,998)
Adjustment	-	-	-	-	(389,160,734)	-	-	(389,160,734)
As at 31st December 2023	2,304,410,043	6,800,849,525	133,666,274	122,758,807	4,475,348,433	6,380,169,929	1,849,256	20,219,052,277
At 1 st January 2022	1,186,177,051	3,621,746,199	113,586,154	85,903,196	682,223,490	605,609,097	-	6,295,245,187
Charge during the year	114,804,417	207,759,651	5,020,000	6,808,985	110,060,150	299,094,329	-	743,547,532
Disposal	-	-	-	-	-	-	-	-
As at 31st December 2022	1,300,981,468	3,829,505,849	118,606,154	92,712,201	792,283,639	904,703,426	-	7,038,792,719
Charge during the year	115,220,502	406,905,764	5,020,000	7,120,382	111,883,711	332,186,444	-	978,336,803
As at 31st December 2023	1,416,201,970	4,236,411,613	123,626,154	99,832,583	904,167,350	1,236,889,870	-	8,017,129,535
Carrying amount								
As at 31st December 2023	888,208,073	2,564,437,912	10,040,120	22,926,224	3,571,181,093	5,143,280,059	1,849,256	12,201,922,743
As at 31st December 2022	995,106,880	924,629,881	15,060,120	27,816,606	4,072,225,539	5,138,442,488	35,441,900	11,208,723,422

	2023 TZS	2022 TZS
14. RECEIVABLES AND PREPAYMENTS		
Staff loans and advances	19,471,848	32,492,149
Trade receivables	3,519,897,162	716,650,813
VAT receivable account	900,786,290	765,381,711
Amount due from Related Party	104,536,265	49,213,960
Amount due from Directors	18,670,933	24,556,361
Prepayments	492,148,826	262,773,698
Sub Total	5,055,511,324	1,851,068,692
Less Prov. for Doubtful Debts-ECL	84,372,994	84,372,994
	4,971,138,330	1,766,695,697
15. BIOLOGICAL ASSETS		
Coffee Trees		
Opening balance	3,236,856,872	2,878,439,816
Bearer Coffee Plants adjustment	389,160,734	-
Cost of new plantations	236,656,303	358,417,055
	3,862,673,909	3,236,856,872
16. CASH AND CASH EQUIVALENTS		
Cash balances	-	1,148,756
Bank balances	13,017,683	170,904,539
	13,017,683	172,053,295
<i>Cash and Cash equivalents</i>		
Cash and bank balances	13,017,683	172,053,295
Overdraft account	-	-
	13,017,683	172,053,295
17. SHARE CAPITAL		
Authorized :		
30,000 Ordinary shares of shs.10,000/= each	300,000,000	300,000,000
Issued and fully paid :		
25,000 Ordinary shares of shs. 10,000/= each	250,000,000	250,000,000
18. BORROWINGS		
Opening balance	3,794,289,095	4,251,144,519
Valuation for exchange loss	304,090,838	24,238,684
Paid loan	(535,587,779)	(481,094,108)
Equipment Loan received from Seed Co	1,241,026,207	-
	4,803,818,360	3,794,289,095

The CRDB Bank Plc rate of interest is six point five (6.50%) per annum accrued daily on the outstanding balance and charged to the account yearly, The loan, inclusive of interest thereon, is repaid in quarterly instalments.

The interest on Seed Co (T) Ltd equipment loan is 6.5% fixed per annum, repayable in 5 years from proceeds of seed maize supplied.

	2023 TZS	2022 TZS
19. PAYABLES AND ACCRUED EXPENSES		
Trade creditors	922,351,402	426,659,490
Provisions and accruals	205,357,604	129,602,351
Debtors with credit balance	4,521,600	734,100
Input Loan from Seed Co	183,800,000	-
APKL SACCOS LTD	4,755,000	2,285,000
	<u>1,320,785,606</u>	<u>559,280,941</u>

Trade and other payables are non-interest bearing and are normally settled on 30-90 days terms. Input Loan from Seed Co bear the interest rate 1% on monthly outstanding balance.

20. DEFERRED REVENUE GRANT		
Opening balance	15,414,000	20,552,000
Addition during the year	80,681,093	-
Amortisation during the year	(21,274,219)	(5,138,000)
	<u>74,820,874</u>	<u>15,414,000</u>

21. RELATED PARTY DISCLOSURES

i) DUE TO GROUP COMPANIES-CURRENT

Short term pre-finance from Director	2,506,000	2,309,000
Pre-finance - Related Party	432,285,000	23,090,000
Short term loan – Related Party	725,362,445	277,460,985
Management fee - Oromolido	13,336,105	11,362,566
	<u>1,173,489,550</u>	<u>314,222,551</u>

ii) DUE TO GROUP COMPANIES- NON CURRENT

Short term Loan - Related Party	2,088,010,985	808,150,000
Interest on loan – Related Party	-	425,864,629
	<u>2,088,010,985</u>	<u>1,234,014,630</u>

The ultimate parent of the Company is A & P Kilimanjaro Mauritius Limited, incorporated in Mauritius. The Company had transactions and balances with the holding company and the other related parties as disclosed below:

Name	Nature of relationship
A & P Kilimanjaro Mauritius Limited	Parent
Oromolido S.A	Sister company Colombia

iii) COMPENSATION FOR KEY MANAGEMENT PERSONNEL

Short term employee benefits	<u>162,900,000</u>	<u>115,463,000</u>
------------------------------	--------------------	--------------------

AFRICAN PLANTATIONS KILIMANJARO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

22. COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Company as lessee

The Company has entered into commercial leases with six primary cooperative societies for the land and buildings which are renewable on expiry or when need arise. There are no restrictions placed upon the Company by entering into these leases.

Capital commitments

The Company had no capital commitments at the reporting date.

Legal claim contingencies

There is no legal claim in favour of or against the Company as at the reporting date.

Contingent liabilities and assets

There are no known material contingencies at the reporting date.