



TANRAN GREEN ENERGY LIMITED

P.O. BOX 70241

KIBAHA PWANI

COASTAL REGION

AUDITED FINANCIAL STATEMENTS FOR 12-MONTH PERIOD TO

31ST DECEMBER, 2021.

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LIST OF ABBREVIATIONS

CPA	Certified Public Accountant
ICT	Information Communication Technologies
IFRS	International Financial Reporting Standards
ISAs	International Standards on Auditing
NBAA	National Board of Accountants and Auditors
TIN	Tax Identification Number
TZS	Tanzania Shillings

CORPORATE INFORMATION

Country of incorporation

United Republic of Tanzania

Nature of business

Carry on business of manufacturing of used tyres from motor vehicles, trucks and other moving vehicles to produce crude oil and wires

Bankers

NMB BANK PLC,
Mlandizi Branch,
Pwani - Kibaha
Tanzania

Auditors

GTG AND ASSOCIATES,
Mwenge Opposite TRA,
P. O. Box 13048,
Dar es Salaam, Tanzania

TANRAN GREEN ENERGY LIMITED
DIRECTORS' REPORT FOR 12 MONTH PERIOD TO 31ST DECEMBER, 2021.

The directors submit their annual report together with the audited financial statements for the 12-MONTH PERIOD TO 31st December, 2021, which disclose the state of affairs of the Company.

1. Incorporation:

The company is domiciled in Tanzania where it is incorporated as a private company limited by shares under the Tanzanian Companies Act 2002.

2. Principal Activities:

The principal activities of the company are to carry on the business of manufacturing of used tyres from motor vehicles, trucks and other moving vehicles to produce crude oil and wires.

3. Financial Performance

The operating results for the period are set out on page 13 of these financial statements.

4. Solvency

The Company's state of affairs as at 31 December 2021 is set out on page 12 of these financial statements. The directors consider the company to be solvent within the meaning ascribed by the Tanzania Companies Act made there under. No matters have come to the attention of the directors to indicate that the Company will not remain a going concern for the next 12 months from the date of this report.

The company incurred a net profit for the 12-Month Period to 31 December 2021 amounting to TZS 17.8 million.

The shareholders will provide the necessary financial support to enable the Company to continue its future operations. The directors are of the opinion that the Company will be a going concern in years ahead. Accordingly, the financial statements have been prepared on a going concern basis.

5. Corporate Governance

The directors believe that high standards of corporate governance directly influence the organisation's stakeholders and investor confidence and the directors recognise the importance of integrity, transparency and responsibility.

6. Administrative Matters

The Company is capable of handling all administrative matters.

7. Directors

Directors who held office during the period and to the date of this report are

Name of Director	Category	Nationality
JIN ZHANG	Director	Chinese
ZHIAN LIU	Director	Chinese

TANRAN GREEN ENERGY LIMITED

DIRECTORS' REPORT FOR 12 MONTH PERIOD TO 31ST DECEMBER 2021. (Continue)

8. Employee's welfare:

The Company's employment terms are reviewed annually to ensure that they meet statutory and market conditions.

9. Disabled persons:

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

10. Current Events during the period

On March 11, 2020, the World Health Organisation declared the Coronavirus COVID-19 outbreak to be a pandemic. Many governments are taking increasingly stringent steps to help contain the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. The pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of finalization of the financial statements, its effects are subject to significant levels of uncertainty.

The impact of the coronavirus will be closely monitored and assessed for its impact on the business. The Company has undertaken a variety of measures and implemented contingency plans to mitigate the negative impact of the Corona virus pandemic. The response plan covers operational and liquidity risk responses to ensure that the Company will be able to operate and service clients.

In light of the above, management has re-assessed the appropriateness of the use of the going concern assumption in the preparation of these financial statements. Based on the assessment performed, management is of the view that the significant doubt associated with the current uncertainties related to the COVID-19 virus currently has resulted to high level of customer base to decline, redundancy in manpower due to high cost of running the operations but it has not result in a material uncertainty related to such events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The Board concurs with this assessment.

TANRAN GREEN ENERGY LIMITED

DIRECTORS' REPORT FOR 12 MONTH PERIOD TO 31ST DECEMBER 2021. (Continue)

11. Auditors

The Company's auditors, GTG AND ASSOCIATES Certified Public Accountants were appointed as the company's auditors and are eligible for re-appointment. A resolution to reappoint GTG AND ASSOCIATES as auditors will be put to the Annual General Meeting.

12. Approval of The Financial Statements

The financial statements of TANRAN GREEN ENERGY LIMITED, as indicated above, were approved by the Board of Directors on and are signed on its behalf by:



.....
Managing Director

TANRAN GREEN ENERGY LTD.
P. O. Box 55
MLANDIZI

.....15/08/2022.....
Date

TANRAN GREEN ENERGY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR 12 MONTH PERIOD TO

31ST DECEMBER, 2021

The 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 its profit or loss. 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. They are also responsible for safeguarding the assets of the company.

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 the requirements of the Companies Act, 2002. 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 and of its profit or loss in accordance with International Financial Reporting Standards.

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 designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement. To enable the directors to meet these responsibilities they set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known risks across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring the appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

TANRAN GREEN ENERGY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR 12 MONTH PERIOD TO

31ST DECEMBER, 2021 (Continue)

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently auditing and reporting on the Company's financial statements. The financial statements have been examined by the external auditors and their report is presented on pages 10 and 11.

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


.....

Managing Director



.....15/08/2022.....

Date

TANRAN GREEN ENERGY LIMITED
DECLARATION OF THE HEAD ACCOUNTANT TO THE MEMBERS OF
TANRAN GREEN ENERGY LIMITED

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's financial 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 shown under Directors' Responsibility statement on an earlier page.

I CPA. JIM AINA YOWA.....being the Accountant of TANRAN GREEN ENERGY LIMITED hereby acknowledge my responsibility of ensuring that financial statements for the 12-MONTH PERIOD TO 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 of the financial position of TANRAN GREEN ENERGY LIMITED as at 31st December, 2021 and its financial performance and cash flow for the year then ended and that they have been prepared based on properly maintained financial records.

Signature: Jim Aina.....

Position: ACCOUNTANT

NBAA Membership No... APPA 4202

Date: 16/08/2022

GTG and Associates

Certified Public Accountants, Tax and Management Consultants

Mwenge, Opposite to TRA P.O. Box 13048, Tel:0754092262, Tax: 0222133772, email;

info@gtagssociates.com, Dar Es Salaam - TANZANIA

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TANRAN GREEN ENERGY LIMITED

Report on the Audit of the Financial Statements for the 12-MONTH PERIOD TO 31 December 2021

Opinion

We have audited the financial statements of TANRAN GREEN ENERGY LIMITED (“the Company”), set out on pages 12 to 27 which comprise the statement of financial position as at 31 December 2021 the statements of profit or loss and other comprehensive income, changes in equity and cash flows for 12-MONTH PERIOD TO 31st December 2021, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of TANRAN GREEN ENERGY LIMITED as at 31 December 2020, and of its financial performance and cash flows for 18-month period in accordance with International Financial Reporting Standards (IFRS) and in the manner required by 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information's

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 2002, Statements of Directors' responsibilities and Declaration of Accountant/ Head of Finance. The other information does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TANRAN GREEN ENERGY LIMITED (Continue)**

Companies Act, 2002, and for such internal control as directors determines 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, 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 directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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 judgment and maintain professional scepticism throughout the audit.

We communicate with 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 that:

- in our opinion, proper accounting records have been kept by TANRAN GREEN ENERGY LIMITED;
- the entity accounts are in agreement with the accounting records of the company; and
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

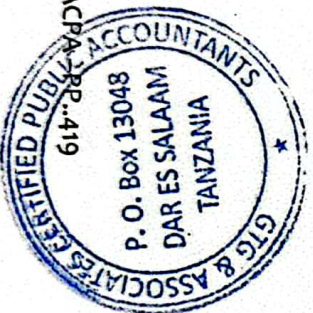
CPA Gadi Urasa
Certified Public Accountant



Signed by: CPA Gadi Urasa

NBAA Membership number; ACPA-TPR..419

16/08/2022



TANRAN GREEN ENERGY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021.

	AS AT 31.12.2021 TZS.	AS AT 31.12.2020 TZS.
ASSETS:		
NON-CURRENT ASSETS		
Property, Plant and Equipment	6	254,500,501
Total Non- Current Assets	254,500,501	343,802,825
CURRENT ASSETS:		
Inventory	149,646,691	122,261,536
Trade and other Receivables	958,597	2,252,864
Tax recoverable	7	443,608,370
Cash and Cash Equivalent	594,213,658	228,869,940
Total Current Assets	848,714,159	572,672,765
TOTAL ASSETS		
EQUITY AND LIABILITIES:		
Share Capital	100,000,000	100,000,000
Contribution towards share capital	501,400,198	501,400,198
Retained Earnings/(Loss)	(36,630,877)	(54,482,883)
564,769,321	546,917,315	
CURRENT LIABILITIES		
Trade and Other Payables	8	283,944,837
283,944,837	25,755,449	
Total Current Liabilities	283,944,837	25,755,449
TOTAL EQUITY AND LIABILITIES	848,714,158	572,672,765

The notes on page 16 to 27 form an integral part of these financial statements
Report of the auditors – page 10 to 11.


.....
Managing Director.

TANRAN GREEN ENERGY LTD.
P. O. Box 55
MLANDIZI

15/08/2022
.....
Date.

TANRAN GREEN ENERGY LIMITED

STATEMENT OF PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME

FOR 12 MONTH PERIOD TO 31ST DECEMBER, 2021.

	Note	31 Dec 2021 TZS	31 Dec 2020 TZS
Revenue	9	661,126,445	185,066,786
Cost of Sales	10 & 12	(508,071,723)	(178,964,766)
Gross Profit		153,054,722	6,102,020
Expenses			
Administrative Expenses	13	(122,361,742)	(46,994,006)
Staff related Expenses	15	(11,494,513)	(12,410,775)
Finance Cost	14	(305,058)	(1,180,120)
		(134,161,313)	(60,584,901)
Profit/(Loss) before taxation		18,893,409	(54,482,882)
Taxation	16	(1,041,404)	-
Profit/(loss) for the year		17,852,006	(54,482,882)

The notes on page 16 to 27 form an integral part of these financial statements
Report of the auditors – page 10 to 11.


.....
Managing Director.

TANRAN GREEN ENERGY LTD.
P. O. Box 55
MLANDIZI

.....
Date. 15/08/2022
.....

TANRAN GREEN ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR 12-MONTH PERIOD TO 31 DECEMBER 2021

	Share capital TZS	Advance Towards Share Capital	Retained earnings TZS	Total TZS
At 1 January 2021	100,000,000	501,400,198	(54,482,883)	546,917,315
Issued share capital	-		-	-
Profit/(Loss) for the year			17,852,006	17,852,006
As at 31 December 2021	100,000,000	501,400,198	(36,630,877)	564,769,321
For 18 month period 2020				
During the Period	100,000,000	501,400,198	-	601,400,198
Profit/(Loss) for the year	-		(54,482,883)	(54,482,883)
As at 31 December 2020	100,000,000	501,400,198	(54,482,883)	546,917,315

The notes on page 16 to 27 form an integral part of these financial statements


Report of the auditors – page 10 to 11.

TANRAN GREEN ENERGY LIMITED

STATEMENT OF CASH FLOWS FOR 12 MONTH PERIOD TO 31ST DECEMBER 2021.

	2021	2020
	TZS.	TZS.
A. Cash Flows from Operating Activities		
Net Profit/(Loss) Before Taxation	18,893,409	(54,482,883)
Adjustment for items not involving movement of funds:		
Depreciation	94,854,867	74,577,351
Changes in Working Capital items:		
(Increase)/ Decrease in Stock	(27,385,155)	(122,261,536)
(Increase)/Decrease in Trade and Other Receivables	2,252,864	(2,252,864)
Increase/(Decrease) in Trader and other Payable	258,189,388	25,755,449
Tax paid	(2,000,000)	-
Net Cash Flows from operating activities	<u>344,805,373</u>	<u>(78,664,483)</u>
B. Cash Flows from Investing Activities:		
Acquisition of Fixed Assets	(5,552,542)	(418,380,176)
	(5,552,542)	(418,380,176)
C. Cash Flows from Financing Activities:		
Issuance of new shares	-	-
	-	-
Net increase/(Decrease) in Cash and Cash Equivalent	<u>339,252,831</u>	<u>104,355,539</u>
Cash and Cash Equivalent at the beginning of the year	<u>104,355,539</u>	<u>-</u>
Cash and Cash Equivalents at the end of the year	<u>443,608,370</u>	<u>104,355,539</u>

The notes on page 16 to 27 form an integral part of these financial statements
 Report of the auditors - page 10 to 11.

.....


 Managing Director.

TANRAN GREEN ENERGY LTD.
 P. O. Box 55
 MLANDIZI

.....
 15/08/2022

 Date.

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR 12 MONTH PERIOD TO 31ST DECEMBER 2021

1. GENERAL INFORMATION:

TANRAN GREEN ENERGY LIMITED (the Company) is incorporated in Tanzania under the Companies Act, 2002 as a private company limited by shares, and is domiciled in Tanzania. The principal activity of the company is engaging itself in manufacturing of used tyres from motor vehicles, trucks and other moving vehicles to produce crude oil and wires.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by International Accounting Standards Board (IASB).

For the Companies Act, 2002 reporting purposes, in these financial statements, the balance sheet is represented by / is equivalent to the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

(b) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (“IFRS”).

The Financial Statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value
- Financial assets are classified into the following specified categories: financial assets ‘at amortized cost’, ‘at fair value through other comprehensive income’, and ‘at fair value through profit or loss (FVTPL)’.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3. Disclosures on risk management are disclosed in Note 4 of these financial statements.

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 and statement of comprehensive income

TANRAN GREEN ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 2021. (Continued)

- (c) **Revenue recognition**
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. The company's turnover is in respect of performance of services less discounts, allowances and value added tax.

- (d) **Foreign currencies**
(i) Functional currencies

Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Tanzania Shilling which is the Company's functional and presentation currency.

- (ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

- (e) **Changes in accounting policies**

A number of new standards, amendments to standards and interpretations, relevant to the company, were effective for the year ended 31 December 2021, and have been applied in preparing these financial statements. These standards are summarised below:

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2020, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements.

As permitted by the transitional provisions of IFRS 9, the company elected not to restate comparative figures. Any adjustments to the carrying amount of financial assets and financial liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the year.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

TANRAN GREEN ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 2021. (Continued)

IFRS 15, 'Revenue from contracts with customers', which replaces IAS 11, IAS 18 and their interpretations (SIC 13 and IFRIC 13, 15 and 18). The IFRS specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers in recognising revenue being: Identify the contract(s) with a customer; Identify the performance obligations in the contract; Determine the transaction price; Allocate the transaction price to the performance obligations in the contract; and Recognise revenue when (or as) the entity satisfies a performance obligation.

Based on the assessment done by the Company for the year ended 31 December 2020, there were no material impacts on adoption of this standard to the Company because revenue is the result of contract with customers and are adequately recognised when the entity has satisfied a performance obligation.

IFRS 16 Leases

The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. The key features of the new standard are:

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognize a liability to pay rentals with a corresponding asset, and recognize interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The new standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach. The new standard's transition provisions permit certain reliefs. The new standard requires lessees and lessors to make more extensive disclosures than under IAS 17.

The application of the standard will primarily affect the accounting for the Company's operating leases. The Company is still assessing to what extent the current operating leases will result in the recognition of an asset and a liability for future payments and how this will affect the Company's results and classification of cash flows.

(f) Property, Plant and Equipment:

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

TANRAN GREEN ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 2021. (Continued)

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 are charged to the statement of comprehensive income in the year to which it relates.

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

Description	%
Furniture and Fittings	12.5
Motor Vehicle	25.0
Computer and Accessories	37.5
Plant & Machinery	25.0

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in the profit and loss account.

(g) Intangible Assets:

Intangible assets are mainly software that are stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortised over its estimated life of three years using the reducing balance 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.

(h) Accounting for leases

Leases under which the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Obligation incurred under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

TANRAN GREEN ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 2021. (Continued)

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised costs using the effective interest method, less provision for impairment. A provision for impairment of 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 the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of a provision account, and the amount of the loss is recognised in the profit and loss account within the cost of sales.

When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the cost of sales in the profit and loss account.

(j) Employment benefits

Retirement benefits

The company is registered and contributes employee's retirement benefits to the National Social Security Fund (NSSF) which is defined contribution scheme. It contributes 10% of the required of the gross emoluments to the scheme and the contributions are recognised as an expense in the period to which they relate. The remaining 10% is deducted from employees' emoluments. The organization has no further payment obligations once the contributions have been paid. The contributions are recognised as employee's benefit expense when they are due.

(k) Income tax

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.

(l) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(m) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(n) Dividends

Dividends on ordinary shares are charged to equity in the year in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 2021. (Continued)

(o) **Cash and cash equivalents**

Cash on hand, demand and time deposits with banks whose original maturities do not exceed three months are classified as cash and cash equivalents in the statement of cash flows. Bank overdrafts are shown within

(p) **Non derivative financial liabilities**

The Company has the following non-derivative financial liabilities: accrued expenses, and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(q) **Finance income and expenses**

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Dividend income is recognised in profit or loss on the date the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, changes in fair value of financial assets at fair value through profit or loss. Borrowing costs relating to qualifying assets are capitalised. All other borrowing costs are recognised in profit or loss using the effective interest method.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements 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.

(i) **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 (f) above.

Receivables

Critical estimates are made by the Directors in determining the recoverable amount of impaired receivables.

(ii) **Critical judgements in applying the entity's accounting policies**

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

TANRAN GREEN ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 2021. (Continued)

4. RISK MANAGEMENT

(a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity is further managed by monitoring forecast cash flows to ensure that the company has adequate cash resources to meet its short-term commitments.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

All liquidity policies and procedures are subject to review and approval by the Company's board of directors. The major portion of borrowings relates to a loan from the company's shareholders and is long-term in nature.

(b) Interest rate risk

Currently the company has no significant interest-bearing assets, and therefore, the company's income and operating cash flows are substantially independent of changes in market interest rates.

(c) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's trade and other receivables. The company's principal financial assets are cash and cash equivalents and accounts receivables. The credit risk on cash transactions in liquid fund is limited because the company banks with established and well recognised banking institutions. Trade receivables comprise a limited customer base. Management evaluated credit risk relating to customers on an ongoing basis.

(d) Foreign exchange risk

The company operates and receives funding both locally and internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations. The company does not hedge foreign exchange fluctuations.

5. GOING CONCERN STATUS

The company made a profit after tax for the 12-MONTH PERIOD TO 31 December 2021 amounting to TZS 17,852,006, 2020 loss (TZS 54,482,882) as of that date its total assets exceeded its total liabilities by TZS 564,769,321, 2020 (TZS 546,917,315). The shareholders will provide the necessary financial support to enable the Company to continue its future operations. Accordingly, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 2021. (Continued)

6. PROPERTY, PLANT AND EQUIPMENT:

	LAND	FACTORY	PLANT & MACHINERY	FURNITURE & FITINGS	MOTOR VEHICLE	COMPUTER & ACCESSORIES	TOTAL
Cost at 1 st January, 2021	30,000,000	20,312,200	347,376,587	691,390	20,000,000	-	418,380,177
Additions	-	-	-	694,068	-	4,858,475	5,552,543
At 31.12.2021	30,000,000	20,312,200	347,376,587	1,385,458	20,000,000	4,858,475	423,932,720
DEPRECIATION:							
At 1 st January, 2021	-	1,015,610	69,475,317	86,424	4,000,000	-	74,577,351
Charge for the year	-	1,015,610	86,844,147	173,182	5,000,000	1,821,928	94,854,867
At 31.12.2021	-	2,031,220	156,319,464	259,606	9,000,000	1,821,928	169,432,218
Net Book Value at 31 st	30,000,000	18,280,980	191,057,123	1,125,852	11,000,000	3,036,547	254,500,502
December, 2021							
Net Book Value at 31 st	30,000,000	19,296,590	277,901,270	604,965	16,000,000	-	343,802,825
December, 2020							

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 2021. (Continued)

	2021	2020
7. CASH AND CASH EQUIVALENT:		
Cash in Hand	1,588,560	79,059,814
Cash at Bank	442,019,810	25,295,726
TOTAL	443,608,370	104,355,540

	2021	2020
8. TRADE AND OTHER PAYABLES:		
Loans	270,933,124	-
Other Creditors	-	11,571,120
Accrued Expenses (Note 9.1)	1,641,814	14,184,329
VAT Payable	11,369,898	-
TOTAL	283,944,836	25,755,449

	2021	2020
8.1 ACCRUALS		
NSSF Accrual	615,477	10,758,140
PAYE Accrual	743,217	1,537,000
SDL Accrual	246,191	568,304
WCF Accrual	36,929	765,685
City Service Levy Accrual	-	555,200
TOTAL	1,641,814	14,184,329

9. REVENUE
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Organization and that it can be reliably measured.

<i>Analysis of Revenue</i>	2021	2020
Sales as per EFD (Standard rated)	379,253,845	185,066,786
Receipts Cancellation	(72,216,000)	-
	307,037,845	185,066,786
Sales as per EFD (Special relief)	373,268,300	-
Receipts Cancellation	(19,179,700)	-
	354,088,600	-
TOTAL	661,126,445	185,066,786

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 2021. (Continued)

	2021	2020
10. COST OF PRODUCTION:	TZS.	TZS.
Opening stock of raw materials	84,420,000	-
Add: Purchases of raw materials	294,095,940	135,248,519
Other Local purchases	5,831,359	-
Cost of raw material available for production	384,347,299	135,248,519
Less: Closing stock of raw material	(48,378,913)	(84,420,000)
	335,968,386	50,828,519
Add:		
Factory Over Head (Note 11)	235,529,579	165,977,783
Cost of Production (to Trading Account)	571,497,965	216,806,302
11. FACTORY OVERHEADS	2021	2020
	TZS.	TZS.
Tools & Equipment's	726,264	189,801
Depreciations Expenses	94,854,867	70,490,927
Casual Labours	10,542,783	-
Electricity Expense	22,010,000	1,706,541
Lubricants	-	6,447,000
Inspection Fees	6,130,000	-
Repair & Maintenance Factory	4,552,068	6,013,283
Repair Plant & Machinery	14,057,747	3,061,731
Salaries & Wages	77,629,849	78,068,500
Transportation Charges	5,026,000	-
TOTAL	235,529,578	165,977,783
12. COST OF SALES	2021	2020
	TZS.	TZS.
Opening stock of Finished goods	37,841,536	-
Add: Cost of Production (Note 10)	571,497,965	216,806,302
Cost of Goods available for Sale	609,339,501	216,806,302
Less: Closing stock of Finished Goods	(101,267,778)	(37,841,536)
	508,071,723	178,964,766

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 2021. (Continued)

13. ADMINISTRATION EXPENSES			
Business Fees & Other Fees	1,580,722	291,597	
City Service Levy Charges	1,050,000	555,200	
Fuel	8,583,748	15,720,058	
Parking Fees	4,500	4,000	
Repair & Maintenance Motor Vehicle	2,085,900	939,500	
Staff Welfare Expenses	5,709,900	4,752,500	
Stationery Expenses	244,100	459,095	
Testing Service Expense	-	1,539,484	
Waste Collection Permit	50,000	10,000,000	
Medical expenses	65,997,872	-	
Municipal fees	900,000	-	
stamp duty	350,000	-	
Professional services	21,700,000	-	
Permits	14,040,000	-	
Accommodations	65,000	-	
Other Office Expenses	12,732,571	12,732,571	
	121,528,855	46,994,005	
14. FINANCIAL CHARGES:			
	2021	2020	
Bank Charges	TZS.	TZS.	
	305,058	1,180,120	
TOTAL	305,058	1,180,120	
15. STAFF RELATED EXPENSES			
	2021	2020	
Penalty for SDL	TZS.	TZS.	
Employer Pension Contribution (NSSF)	-	675,000	
Skills Development Levy (SDL)	7,762,989	7,806,850	
Workers Compensation Fund	3,105,195	3,148,240	
	626,329	780,685	
TOTAL	11,494,513	12,410,775	
16. TAX PAYABLE/(RECOVERABLE) AMOUNT			
	2021	2020	
Opening balance 1st January 2021	TZS.	TZS.	
Current tax expense	-	-	
Less: Tax Paid	1,041,403	-	
	(2,000,000)	-	
TOTAL	(958,597)	-	

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 2021. (Continued)

17. CONTINGENCIES

There are no material contingencies as at 31 December 2021, which may possibly result in a loss or gain to the Company or in commitments which it cannot meet, and for which no provision is considered necessary or only partial provision has been made.

18. EVENTS SUBSEQUENT TO THE YEAR END DATE

The Directors are not aware of any other events (as defined per IAS 10 Events after the Reporting Period) after the reporting date of 31 December 2021 and the date of authorisation of these audited financial statements.

19. CURRENCY

The financial statements are presented in Tanzania Shillings (TZS). Average exchange rate as at 31 December 2020 as per Bank of Tanzania Published rates was TZS 2,281 per 1 USD