



UHURU AUDIT

**TANRAN GREEN ENERGY LIMITED
FINANCIAL REPORTS AND STATEMENTS
31ST DECEMBER 2022**

**REPORT AND FINANCIAL STATEMENTS TO THE MANAGEMENT OF
TANRAN GREEN ENERGY LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2022**

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**REPORT AND FINANCIAL STATEMENTS TO THE MANAGEMENT OF
TANRAN GREEN ENERGY LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2022**

CORPORATE INFORMATION

Directors Name	Category	Nationality
Jin Zhang	Director	Chinese
Zhian Liu	Director	Chinese
Wang Shengju	Director	Chinese

PRINCIPLE PLACE OF OPERATION AND REGISTERED OFFICE

Tanran Green Energy Limited
PLOT NO. 01 BLOCK N
Mlandizi ward, Kibaha District, Pwani Region
P. O Box 70241, Dar Es Salaam
Tanzania.

AUDITORS

UHURU AUDITORS

Certified Public Accountants

P.O. Box 90180

Dar es Salaam

Tanzania

**REPORT AND FINANCIAL STATEMENTS TO THE MANAGEMENT OF
TANRAN GREEN ENERGY LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2022**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Board of Directors has the pleasure to submit his annual report together with the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of the company.

Incorporation

The company is incorporated in Tanzania under the Tanzanian Companies Act 2002 as TANRAN GREEN ENERGY LIMITED, a company limited by shares, and is domiciled in Tanzania. The address of the registered office is set out on page 1.

Principal activities

The principal activity of the Company is deals Recycling of waste Tyres.

Performance of the company

The performance of the company during the period set on page 9 to 12 of the financial statement .

Future Company developments strategies and objectives

The company is expecting to improve its profitability by increasing performance.

Corporate governance

The management is responsible for the governance of the company and is committed to ensure that its company and operations are conducted with integrity and compliance with the relevant laws and regulation governing company operations.

The management takes overall responsibility for the company, including responsibility for identifying key risk areas, considering significant financial matters, and reviewing the performance of company business plans and budgets. The management is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

Funding

The company's source of funding presently is share capital.

Risk management and internal control

The management 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;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- company sustainability under normal as well as adverse conditions; and
- Responsible behavior towards all stakeholders

**REPORT AND FINANCIAL STATEMENTS TO THE MANAGEMENT OF
TANRAN GREEN ENERGY LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2022**


STATEMENT OF MANAGEMENT' RESPONSIBILITIES

The Tanzanian Companies Act, 2002 requires the management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results of the company for that year. It also requires the management to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. The management is also responsible for safeguarding the assets of the company.

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

The management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Tanzanian Companies Act, 2002. The management is 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 operating results. The management further accepts responsibility for the maintenance of accounting records which 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 managements to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.



Managing Director

TANRAN GREEN ENERGY LTD
P. O. Box 55
MLANDIZI

26/08/
2023

TANRAN GREEN ENERGY LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2022

DECLARATION OF THE HEAD OF FINANCE/ACCOUNTING 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 assists the management /Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the management as under management Responsibility statement on page 5.

I, **Ipyana Kyamba** being the financial consultant of Tanran Green Energy Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st December 2022 have been prepared in compliance with applicable accounting standards and statutory requirements.

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

Signed by:.....

Position: **Financial Consultant**

NBAA Membership No: ACPA-PP -3890

Date:*26/06/2023*.....

INDEPENDENT AUDITOR'S REPORT
TANRAN GREEN ENERGY LIMITED



Uhuru Audit | Tax | Advisory
AUDITORS
Certified Public Accountants

Watumishi Housing Building
Morogoro Road,
P.O. Box 90180
Dar Es Sa laam, Tanzania
info@uhuruauditors.co.tz
www.uhuruauditors.co.tz

Report on the Audit of the Financial Statements
Opinion

We have audited the financial statements of the Tanran Green Energy Limited which comprises of the

- Statement of Financial Position as at 31st December, 2022
- statement of Financial Performance for the period ended 31st December 2022
- Statement of Changes in Equity as at 31st December 2022
- Statement of Cash Flows for the period ended 31st December 2022
- Statement, accounting policies, and notes to the Financial Statements for the year ended 31st December, 2022 as shown in page 9 to 17 of this report.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tanran Green Energy Limited for the year ended 31st December 2022, and its financial performance and its cash flows for the year Ended 31st December 2022 in accordance with International Financial Reporting Standards (IFRS).

Basis of opinion

We conducted our audit accordance with International Standard on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statement section of our report. We are independent of the Business within the meaning of Business act and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going concern

The financial statements of Business have been prepared by using going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Business or to cease the operations or has no realistic alternative but do not do so. As part of our audit of the financial statements, we have concluded that management's use of going concern basis of accounting in the preparation of Business financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements.

Based on our audit of the financial statements we also have not identified such as material uncertainty. However, neither management nor auditor can guarantee the Business's ability to continue as going concern.

INDEPENDENT AUDITOR'S REPORT
TANRAN GREEN ENERGY LIMITED

Other Information

The Director is responsible for the other information. The other information comprises the corporate information, the Directors' Report as required by the Companies Act, 2002, Statement of Directors' responsibilities and Declaration of 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 Companies Act, 2002, and for such internal control as 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, Directors are responsible for assessing the 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 intend to liquidate the Business or to cease operations, or have no realistic alternative but to do so. Director is responsible for overseeing the Business's financial reporting process.

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 skepticism throughout the audit. We also:

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

**INDEPENDENT AUDITOR'S REPORT
TANRAN GREEN ENERGY LIMITED**

opinion on the effectiveness of the Business'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 Business's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Business 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 true and fair view.

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 individual accounts are in agreement with the accounting records of the Business; 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.



Musa Solomon, ACPA-PP (ACPA 2661)

For and on behalf of UHURU AUDITORS

Certified Public Accountants

Dar es Salaam

Date: 28/06/2023



TANRAN GREEN ENERGY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Note	2022 TZS	2021 TZS
Income	7	2,703,311,536	661,126,445
Cost of sales	8	(2,554,736,023)	(508,071,722)
Gross profit		148,575,512	153,054,723
Operating expenses	9	(120,748,689)	(134,161,313)
Profit before tax		<u>27,826,823</u>	<u>18,893,410</u>
Tax	11	(8,348,047)	(5,668,023)
Profit after tax		<u>19,478,776</u>	<u>13,225,387</u>



 Managing Director


TANRAN GREEN ENERGY LTD
 P. O. Box 55
 MLANDIZI

.....
 26/06/2023
 Date

TANRAN GREEN ENERGY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2022

	Notes	2022 TZS	2021 TZS
ASSETS			
Non-current assets			
Property, Plant and Equipment's	17	415,034,061	254,500,502
Current assets			
Trade and other receivables	10	48,074,457	-
Stock		115,948,640	149,646,691
Corporate tax recoverable	11	(9,616,070)	(3,668,023)
Cash and bank balances	12	736,901,975	443,608,370
		891,309,002	589,587,038
TOTAL ASSETS		1,306,343,064	844,087,540
EQUITY AND LIABILITIES			
Equity			
Share capital		100,000,000	100,000,000
Advance Towards Share Capital		1,003,500,000	501,400,198
Retained earnings		(21,778,720)	(41,257,496)
		1,081,721,280	560,142,702
Liabilities			
Current Liabilities			
Trade and other payables	13	224,621,782	13,011,712
Long Term Liabilities			
Term Loan	14	-	270,933,124
		1,306,343,062	844,087,538



 TANRAN GREEN ENERGY LTD
 P. O. Box 55
 MLANDIZI

 Managing Director

26/06/2023
 Date

TANRAN GREEN ENERGY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Share Capital	Retained Earnings	Advance Towards Share Capital	Total
At 01 January 2022	100,000,000	(41,257,496)	501,400,198	560,142,702
Profit for the year		19,478,776	502,099,802	521,578,578
ADDITIONAL TAX		-	-	
At 31 December 2022	<u>100,000,000</u>	<u>(21,778,720)</u>	<u>1,003,500,000</u>	<u>1,081,721,280</u>
At 01 January 2021	100,000,000	(54,482,883)	501,400,198	546,917,315
Profit for the year		13,225,387	-	13,225,387
At 31 December 2021	<u>100,000,000</u>	<u>(41,257,496)</u>	<u>501,400,198</u>	<u>560,142,702</u>



 Managing Director

TANRAN GREEN ENERGY LTD
 P. O. Box 55
 MLANDIZI



 Date

TANRAN GREEN ENERGY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Notes	2022 TZS	2021 TZS
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) for the for the year		27,826,823	18,893,410
Adjustment for			
Depreciation expense	17	94,854,867	94,854,867
		122,681,690	113,748,277
		<u>(2,400,000)</u>	<u>(2,000,000)</u>
Tax paid		120,281,690	111,748,277
Movements in working capital			
(Increase)/decrease in trade and other receivables		(48,074,457)	2,252,864
Increase/ (decrease) in trade and other payables		211,610,070	258,189,388
Increase/ (decrease) in Stock		33,698,051	(27,385,155)
Increase/ (decrease) in Loan			
Net change in working capital		<u>197,233,664</u>	<u>233,057,097</u>
Net cash flow generated/(used) from operating activities		317,515,354	344,805,374
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of equipment		(255,388,426)	(5,552,543)
Net cash outflow from investing activities		<u>(255,388,426)</u>	<u>(5,552,543)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issued and paid up capital		502,099,802	-
Borrowings		<u>(270,933,124)</u>	<u>-</u>
Net cash flow from financing activities		231,166,678	-
Net increase/(decrease) in cash and cash equivalent		293,293,606	339,252,831
Cash and cash equivalents at 01 January		443,608,370	104,355,539
Cash and cash equivalents at 31 December		736,901,976	443,608,370
Represented by:			
Cash and cash equivalent		736,901,975	443,608,370



TANRAN GREEN ENERGY LTD
 P. O. Box 55
 MLANDIZI


 Date

TANRAN GREEN ENERGY LIMITED
NOTE TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

NOTES

1. Principal Accounting Policies

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

2. Basis of Preparation

The financial statements of Tanran Green Energy Limited have been prepared in accordance with the International Financial Reporting Standards (IFRS).

These financial statements of Tanran Green Energy Limited have been prepared under the historical cost convention. The preparation of financial statements in accordance with IAS 16 and IAS 20 requires the use of certain critical accounting estimates. It is also, requires management to exercise judgments in the process of applying company's accounting policies.

The principle accounting policies adopted in the preparation of these financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

3. Reporting Entity

TANRAN GREEN ENERGY LIMITED is the company registered in Tanzania. The address of its registered office is disclosed in the corporate information page 1. The principal activity of the company is described in the company management's report.

4. Application of new and revised international financial reporting standards

Relevant new standards and amendments to published standards in issue but not yet effective for the year ended 31 December 2019

The company has not applied the following new and revised IFRSs and IFRICs that have been issued but are not yet effective:

	Effective for annual periods beginning on or after
New and Amendments to standards	
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2018

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022 (CONTINUED)

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for DE recognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a company model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The management of the company does not anticipate that the application of IFRS 9 in the future will have a significant impact on amounts reported in respect of the company's financial assets and financial liabilities.

IFRS 15 Revenue from Contracts with Customers

In May 2015, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022 (CONTINUED)

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed.

Amendments to IAS 16 and IAS 38 Clarifications of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two circumstances:

- When the intangible asset is expressed as a measure of revenue; or
- When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the company uses the straight-line method for depreciation and amortisation for its property and equipment, and intangible assets respectively.

The management of the company does not anticipate that the application of the standard will have a significant impact on the company’s financial statements.

Early adoption of standards

The company did not early-adopt any new or amended standards in the financial year.

5. Significant Accounting Policies

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards, (IFRS).

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

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022 (CONTINUED)

Basis of preparation

The financial statements have been prepared under the historical cost basis of accounting as modified by revaluation of certain financial instruments which are accounted for at fair value on the assumption that the company will continue trading as a going concern in the foreseeable future.

The principal accounting policies adopted in the preparation of these financial statements remain unchanged from the previous year and are set out below:

Revenue recognition

Revenue represents the invoiced value of services, exclusive of Value Added Tax (VAT) and trade discounts where applicable and is recognised when services have been given.

Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other income is recognized when earned.

Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

Current taxation is computed for on the basis of the results shown in the financial statements adjusted in accordance with its applicable tax legislation.

Deferred tax is provided, using the liability method, for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used to determine deferred tax.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised while deferred tax liabilities are recognised for all taxable temporary differences.

Foreign currency translation

Transactions during the year which are denominated in foreign currencies are translated into Tanzanian Shillings at the rates ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period, which are denominated in foreign currencies, are translated into Tanzanian Shillings at rates ruling at that date. Exchange differences resulting from the translations are dealt with in the profit or loss in the year that they arise.

Significant Accounting Policies (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. In general, cost is determined on the first in first out basis and includes direct costs incurred in bringing stocks to their existing

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022 (CONTINUED)

location and condition. Net realisable value is the estimated price at which inventories can be sold in the normal course of company after allowing for the cost of realisation.

Provision is made where necessary for obsolete, slow moving and defective inventories.

Property, plant and equipment

Property, plant and equipment are stated at historic cost less accumulated depreciation and any accumulated impairment.

Depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its expected useful life. The useful lives applied are as follows:

Leasehold improvements are depreciated on the straight line basis over the remaining period of lease.

For property, plant and equipment purchased or disposed of during the year, depreciation is provided on a pro-rata basis.

Property, plant and equipment are periodically reviewed for impairment. If the carrying value of an asset is estimated to be greater than its recoverable amount, it is written down to its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Intangible assets

Costs incurred on computer software are initially accounted for at cost as intangible assets and subsequently at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the profit or loss on straight line over the estimated useful lives not exceeding a period of four years.

Provisions

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

Employees' entitlements to annual leave are recognised when they accrue to employees. Provision is made for the estimated liability in respect of annual leave accrued at the end of the reporting period.

Impairment

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

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022 (CONTINUED)

Significant Accounting Policies (Continued)

Financial instruments

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the financial instrument.

Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on the review of all outstanding amounts at the year-end. Bad debts are written off when all reasonable steps to recover them have failed.

Trade payables

Trade payables are stated at their nominal value.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges including premiums payable on settlement or redemption, are accounted for on an accruals basis.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of Directors to the Company as the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are amortised on the straight line basis over the term of the relevant lease.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, in banks, net of outstanding bank overdrafts and duly reconciled to the related items in the statement of financial position.

Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year

6. Critical Accounting Judgements and Key Sources of uncertainties

In the application of the accounting policies, management has made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are regularly reviewed and revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022 (CONTINUED)

The areas of critical judgements and key sources of estimation uncertainty are as set out below.

Property, plant and equipment

Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial year, the management determined no significant changes in the useful lives and residual values.

Impairment provision

Management carries out a regular review of the status of trade receivables, inventories and other financial assets to determine whether there is any indication that these assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, which is then dealt with in the profit or loss. In determining whether an impairment loss should be recognized in the profit or loss, management checks whether there is objective evidence that the assets are impaired and that the fair values have declined. Management estimates of the required provisions are based on critical evaluation of the economic circumstances involved, historical experience and other factors that are considered to be relevant.

Taxes

The company is subjected to a number of taxes and levies by various government and quasi-government regulations bodies. As a rule of thumb, the company recognises liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgement is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of managements in one way or other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022 (CONTINUED)

7. REVENUE		
	2,022	2,021
	TZS	TZS
Income	<u>2,703,311,536</u>	<u>661,126,445</u>
	2,703,311,536	661,126,445
8. COST OF SALE		
CLOSING stock finished Good	101,267,778	37,841,536
Production	2,558,895,901	571,497,964
	(105,427,656)	(101,267,778)
Less Closing Stock	<u>2,554,736,023</u>	<u>508,071,722</u>
	2,022	2,021
	TZS	TZS
9. Operating Expenses		
Accommodation	-	65,000
Waste collection permit	-	50,000
Municipal fees	-	900,000
City service levy	-	1,050,000
Permits	-	14,040,000
Staff welfare expenses	-	5,709,900
License Fees	4,591,173	
Salary	32,000,000	
Fines	483,618	
Administrative Expenses	15,620,684	
Finance costs	2,954,086	
Clearing Agent fee	883,546	
Transportation	33,772,061	
Water cost	437,913	
Stamp Duty	-	350,000
Professional service	1,500,000	21,700,000
Printing & stationary	-	244,100
Business Fees & Other Fees	5,900,000	1,580,722
Audit Fees	-	
Fuel	-	8,583,748
Parking Fees	-	4,500
Other office expenses	10,303,499	
Medical Expenses	-	65,997,872
Motor Vehicle Repair & Maintenance	-	2,085,900
NSSF	7,413,121	7,762,989
WCF	643,738	626,329
SDL	4,245,250	3,105,195
Bank charges	-	305,058
	<u>120,748,689</u>	<u>134,161,313</u>
	-	134,161,313

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022 (CONTINUED)

	2,022	2,021
	TZS	TZS
10. Trade and other receivables		
Trade receivables	-	-
VAT receivable	48,074,457	-
Prepayments	-	-
	48,074,457	-
11. Tax		
Tax recoverable	(3,668,023)	(5,668,023)
Current year tax	(8,348,047)	-
WHT paid	-	-
Provisional tax paid	2,400,000	2,000,000
	(9,616,070)	(3,668,023)
12. Cash on hand	1,102,420	1,588,560
Bank balance	735,799,555	442,019,810
	736,901,975	443,608,370
13. Trade and other payables		
Trade Payable	220,518,955	615,477
NSSF Accrual	1,815,198	743,217
PAYE Accrual	743,214	246,191
SDL Accrual	1,515,035	36,929
WCF Accrual	29,380	-
City Service Levy Accrual	-	11,369,898
VAT payable	-	13,011,712
	224,621,782	270,933,124
14. Term Loan		
Long Term Loan	-	-
	228,724,609	296,956,548
15. Cost of Production		
Opening stock raw materials	48,378,913	84,420,000
purchases raw materials	2,216,911,500	294,095,940
other local purchases	-	5,831,359
closing stock raw materials	(10,520,984)	(48,378,913)
Factory overheads	304,126,472	235,529,578
	2,558,895,901	571,497,964
16. Factory Overheads		
Tools & equipment's	-	726,264
Depreciation	94,854,867	94,854,867
Casual Labors	-	10,542,783
Electricity Expense	29,200,000	22,010,000
Lubricants	-	-
Inspection Fees	-	6,130,000
Repair & Maintenance Factory	25,303,837	4,552,068
Repair Plant & Machinery	15,702,452	14,057,747
Salaries & wages	74,131,190	77,629,849

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022 (CONTINUED)

CPF	1,409,463
Diesel Cost	40,917,186
Handling Charges	984,639
Icd Charge	2,730,114
Import Duty	9,014,410
RDL	3,710,882
Wharfage	4,516,584
Transportation Charges	1,650,847
	5,026,000
	304,126,472
	235,529,578

17. Property, plant & equipment

	Land	Factory Building	Plant & Machinery	Furniture & Fittings	Computer & Accessories	Motor Vehicle	Total
Balance as at 01 January 2022	30,000,000.00	20,312,200	347,376,587	1,385,458	4,858,475	20,000,000	423,932,720
Additions	-	-	255,388,426	-	-	-	255,388,426
Balance as at 31 December 2022	30,000,000.00	20,312,200	602,765,013	1,385,458	4,858,475	20,000,000	679,321,146
DEPRECIATION							
Balance as at 01 January 2022	-	2,031,220	156,319,464	259,606	1,821,928	9,000,000	169,432,218
Charge for the year	-	1,015,610	86,844,146.75	173,182.00	1,821,928.13	5,000,000.00	94,854,867
Balance as at 31 December 2022	-	3,046,830	243,163,611	432,788	3,643,856	14,000,000	264,287,085
NET BOOK VALUE							
As at 31 December 2022	30,000,000.00	17,265,370	359,601,403	952,670	1,214,619	6,000,000	415,034,061
COST							
Balance as at 01 January 2021	30,000,000.00	20,312,200	347,376,587	691,390	4,858,475	20,000,000	418,380,177
Additions	-	-	-	694,068	-	-	5,552,543
Balance as at 31 December 2021	30,000,000.00	20,312,200	347,376,587	1,385,458	4,858,475	20,000,000	423,932,720

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022
(CONTINUED)

DEPRECIATION					
Balance as at 01					
January 2021	1,015,610	69,475,317	86,424	4,000,000	74,577,351
Charge for the					
year	-	1,015,610	86,844,146.75	173,182.00	1,821,928.13
Balance as at 31					
December 2021	-	2,031,220	156,319,464	259,606	1,821,928
NET BOOK					
VALUE					
As at 31					
December 2021	30,000,000	18,280,980	191,057,123	1,125,852	3,036,547
					11,000,000
					254,500,502

18. Related Party Transactions

During the year the company had no any transactions with the management or any other related parties.

19. Financial Risk Management Objectives and Policies

The company's activities expose it to a variety of financial risks, including credit risk, and the effects of changes in foreign currency exchange rates. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the finance department under policies approved by the board of directors. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, and services offered. The company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees/ and stakeholders understand their roles and obligations.

The most important types of risks are:

- Credit risk
- Liquidity risk
- Market risk which is mainly due to
 - Foreign exchange risk and
 - Interest rate risk

A description of the significant risk factors is given below together with the risk management policies applicable.

Credit risk

Potential concentration of credit risk consists principally of short-term cash and cash equivalent due from related parties, and trade and other receivables. Trade receivables comprise a large and widespread customer base in the agriculture sector and the company performs ongoing credit evaluations on the financial condition of its customers. The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings.

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022 (CONTINUED)

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and the current economic environment. The carrying amount of financial assets represents the maximum credit exposure.

The customers under the fully performing category are paying their debts as they continue trading. The default rate is low. The debt that is overdue is not impaired and continues to be paid. The finance department is actively following this debt.

The debts which are impaired have been fully provided for. However, management is actively following up recovery of the impaired debt.

In determining the recoverability of a trade receivable, the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that there is no further credit provision required in excess of the allowance for doubtful debts already recognised.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the entity could be required to pay its liabilities earlier than expected.

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained. The management may from time to time at their discretion raise or borrow monies for the company as they deem fit. There are no borrowing limits in the articles of association of the company.

Market risk

(i) Interest rate risk management

The company had borrowings at fixed interest rate as at year end and hence had no financial assets/liabilities subject to interest rate sensitivity.

(ii) Interest rate sensitivity analysis

At year end the company was not exposed to exchange rate fluctuation as there were no interest chargeable borrowings or liabilities.

20. Capital Risk Management

The company manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the company consists of issued share capital and retained earnings.

21. Contingent Liabilities

As per management review at year end, the company had no contingent liabilities.

TANRAN GREEN ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER
2022 (CONTINUED)

22. Capital Commitments

As at 31 December 2021, the company had no capital commitments.

23. Events Subsequent to the end of the Reporting Period

At the date of signing the financial statements, the management is not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in these financial statements, which significantly affected the financial position of the company and results of its operations.

24. Fair Values

The management considers that there is no material difference between the fair value and carrying value of the company's financial assets and liabilities where fair value details have not been presented.

25. Incorporation

The company is incorporated in the United Republic of Tanzania under the Companies Act, 2002. The registered office is as disclosed in page 1 under the corporate information page.

26. Currency

The financial statements are presented in Tanzanian Shillings (TZS), which is also the functional currency.