

**MBOSHO COFFEE COMPANY LIMITED
FINANCIAL STATEMENTS
31ST DECEMBER, 2020**

MEHBOOB M. SADIQ & CO.
Certified Public Accountants in Public Practice

NSSF Kilimanjaro Commercial Complex, 1st Floor, Tower B, Agakhan Road, P.O. Box 822
Tel: 2750224/2750655 MOSHI.

MBOSHO COFFEE COMPANY LIMITED

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MBOSHO COFFEE COMPANY LIMITED

DIRECTORS AND PROFESSIONAL ADVISERS

BOARD OF DIRECTORS

Mr. James Richard Powell
Mrs. Elizabeth Ann Deacon

REGISTERED OFFICE

Mbosho Estate, Farm No. 307/1A, Mbosho
Hai District
Kilimanjaro.

SECRETARY

Mehboob M. Sadiq

AUDITORS

Mehboob M. Sadiq & Co.
Certified Public Accountants in Public Practice

BANKERS

Exim Bank Tanzania Limited
Equity Bank Tanzania Limited

MBOSHO COFFEE COMPANY LIMITED
REPORT OF THE DIRECTORS

The Directors submit their report and the audited financial statements for the year ended 31st December, 2020 which show the state of the Company's affairs.

1. PRINCIPAL ACTIVITY

The principal activity of the Company is farming and consultancy services.

2. DIVIDEND

The Directors do not recommend the payment of a dividend for the year.

3. OPERATING RESULTS

The results of Mbosho Coffee Company Limited are as reflected on the attached financial statements appearing on pages A6 to A13.

4. DIRECTORS

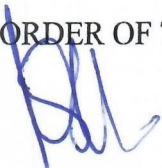
Directors who served during the year were: -

- Mr. James Richard Powell - British
- Mrs. Elizabeth Ann Deacon - British

5. AUDITORS

The Auditors, Mehboob M. Sadiq & Co., have indicated willingness to continue in office and do so under the terms of Sec.170 of the Companies act, 2002.

BY ORDER OF THE BOARD



DIRECTOR

MBOSHO COFFEE COMPANY LIMITED
DIRECTOR'S RESPONSIBILITIES

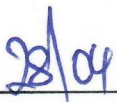
The Companies Act requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results of the company for that year. It also requires the Directors to ensure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

The Directors accept the 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 Companies Act. 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 operating results. The Directors further accept responsibility for the maintenance of the accounting records which may be relied 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 the next twelve months from the date of this statement.



.....
DIRECTOR



_____ 2021

MEHBOOB M. SADIQ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE

NSSF KILIMANJARO COMMERCIAL COMPLEX, TOWER B, 1 ST FLOOR,
OPPOSITE EQUITY BANK, AGAKHAN ROAD - MOSHI

TELEPHONE: 2750224 MOBILE: +255 754 306140

EMAIL: mehboob_sadiq@hotmail.com WEBSITE: www.mms.co.tz

MBOSHO COFFEE COMPANY LIMITED

REPORT OF THE AUDITORS

We have audited the financial statements on pages A6 to A13 which have been prepared under the historical cost convention and accounting policies set out on page A10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's Directors are responsible for the preparation of financial statements which give a true and fair view of the Company's state of affairs and its operating results. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. We planned and performed our audit so as to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

OPINION

Subject to the foregoing, in our opinion the financial statements present a true and fair view of the state of the Company's affairs as at the 31st December, 2020 and of its results and Cash Flows for the year then ended and comply with International Financial Reporting Standards and the Companies Act.

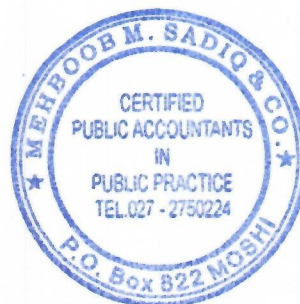
Mehboob M. Sadiq, FCPA - 246

Mehboob M. Sadiq & Company, PF- 013

Certified Public Accountants in Public Practice,

MOSHI. 28th April, 2021

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MBOSHO COFFEE COMPANY LIMITED
 PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
 31ST DECEMBER, 2020

	Note	2020 T.Shs.	2019 T.Shs.
TURNOVER	1 (c)	<u>734,587,216</u>	<u>637,982,039</u>
PROFIT BEFORE TAXATION		<u>98,738,703</u>	<u>11,187,405</u>
After Charging:-			
Depreciation		28,411,061	19,162,682
Auditors remuneration		27,735,000	16,552,500
Directors remuneration		<u>20,000,000</u>	<u>20,000,000</u>
TAXATION		-	-
PROFIT AFTER TAXATION		<u>98,738,703</u>	<u>11,187,405</u>
NET GAIN- FAIR VALUE OF BIOLOGICAL ASSETS		-	26,061,632
Net profit for the year		<u>98,738,703</u>	<u>37,249,037</u>
Accumulated losses at the beginning of the year		<u>(514,432,656)</u>	<u>(551,681,693)</u>
Accumulated losses at 31st December, 2020		<u>(415,693,953)</u>	<u>(514,432,656)</u>

MBOSHO COFFEE COMPANY LIMITED
BALANCE SHEET AS AT 31ST DECEMBER, 2020

ASSETS		2020	2019
NON CURRENT ASSETS	Note	T.Shs.	T.Shs.
Fixed Assets	2	236,714,211	181,095,470
Biological Assets		286,677,954	286,677,954
		<u>523,392,165</u>	<u>467,773,424</u>
CURRENT ASSETS			
Stocks		35,618,822	20,358,873
Debtors and deposits		168,787,556	86,431,571
Taxation		6,021,000	3,021,000
Bank balances		66,545,692	52,141,725
Cash in hand		505,725	3,951,530
		<u>277,478,795</u>	<u>165,904,699</u>
TOTAL ASSETS		<u><u>800,870,960</u></u>	<u><u>633,678,123</u></u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	3	1,000,000,000	15,000,000
Shareholders contributions		-	988,328,850
Accumulated losses		(415,693,953)	(514,432,656)
		<u>584,306,047</u>	<u>488,896,194</u>
CURRENT LIABILITIES			
Directors current accounts		11,590,116	45,855,739
Advance payment		163,113,989	-
Creditors and accruals		41,860,808	98,926,190
		<u>216,564,913</u>	<u>144,781,929</u>
TOTAL EQUITY AND LIABILITIES		<u><u>800,870,960</u></u>	<u><u>633,678,123</u></u>

These financial statements were approved by the board of directors on 28 APRIL 2021 and were signed on its behalf by:

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 DIRECTOR

Report of the Auditors - page A5

Notes on pages A10 and A11 form part of the financial statements.

MBOSHO COFFEE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
31ST DECEMBER, 2020

	Share Capital	Shareholders Contributions	Accumulated Losses	Total
Year ended 31st December, 2019				
As start of year	15,000,000	988,328,850	(551,681,693)	451,647,157
Profit for the year	-	-	37,249,037	37,249,037
At end of year	<u>15,000,000</u>	<u>988,328,850</u>	<u>(514,432,656)</u>	<u>488,896,194</u>
Year ended 31st December, 2020				
As start of year	15,000,000	988,328,850	(514,432,656)	488,896,194
Increase/Decrease during the year	985,000,000	(988,328,850)	-	(3,328,850)
Profit for the year	-	-	98,738,703	98,738,703
At end of year	<u>1,000,000,000</u>	<u>-</u>	<u>(415,693,953)</u>	<u>584,306,047</u>

MBOSHO COFFEE COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED
31ST DECEMBER, 2020

	2020	2019
	T.Shs.	T.Shs.
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	98,738,703	37,249,037
Adjustment for:		
Depreciation	28,411,061	19,162,682
Operating profit before working capital change	<u>127,149,764</u>	<u>56,411,719</u>
INCREASE/(DECREASE) IN WORKING CAPITAL		
Stocks	(15,259,949)	(15,711,072)
Debtors and deposits	(82,355,985)	(46,920,165)
Directors current accounts	(34,265,623)	(6,944,364)
Advance payment	163,113,989	-
Creditors and accruals	(57,065,382)	(36,098,470)
Net cash from operations	<u>101,316,814</u>	<u>(49,262,352)</u>
TAXATION		
Tax paid	(3,000,000)	-
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(84,029,803)	(4,934,050)
Biological assets	-	(26,061,632)
Net cash from investing activities	<u>(84,029,803)</u>	<u>(30,995,682)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Share capital	985,000,000	
Shareholders loan account	(988,328,850)	-
Net cash from financing activities	<u>(3,328,850)</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10,958,161	(80,258,034)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>56,093,255</u>	<u>136,351,290</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>67,051,417</u></u>	<u><u>56,093,255</u></u>
	2020	2019
	T.Shs.	T.Shs.
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Bank balances	66,545,692	52,141,725
Cash in hand	505,725	3,951,530
	<u>67,051,417</u>	<u>56,093,255</u>

MBOSHO COFFEE COMPANY LIMITED
NOTE TO THE FINANCIAL STATEMENTS
31ST DECEMBER, 2020

1. PRINCIPAL ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements are prepared under the historical cost convention.

(b) DEPRECIATION

Depreciation is calculated on a reducing balance method. The principal annual rates adopted for this purpose are as follows: -

Buildings	5% p.a
Fencing	12½ % p.a
Machinery and farm equipments	12½ % p.a
Motor cycles	25% p.a
Computers and peripherals	37½ % p.a
Irrigation system	12½ % p.a
Tractors and trailers	37½ % p.a
Furniture and fittings	12½ % p.a
Farm roads	12½ % p.a
Borehole	12½ % p.a

(c) Turnover

Turnover represents the invoice/cash sale value excluding value added tax on consultancy services and farm produces by the Company.

2. FIXED ASSETS (see page A11)

3. SHARE CAPITAL

Authorised

10,000 shares of T.Shs.100,000/- each

2020	2019
T.Shs.	T.Shs.
<u>1,000,000,000</u>	<u>1,000,000,000</u>

Issued and fully paid

150 shares of T.Shs.100,000/- each

9,850 shares of T.Shs.100,000/- each-Increased on 08.07.2020

15,000,000	15,000,000
<u>985,000,000</u>	<u>-</u>
<u>1,000,000,000</u>	<u>15,000,000</u>

MBOSHO COFFEE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST DECEMBER, 2020

2. FIXED ASSETS COST	At 1.1.2020		Additions T.Shs.	Disposals T.Shs.	At 31.12.2020	
	T.Shs.	T.Shs.			T.Shs.	T.Shs.
Buildings	93,867,455	8,814,000	-	-	102,681,455	
Fencing	4,620,255	-	-	-	4,620,255	
Machinery and farm equipments	54,659,599	34,648,000	-	-	89,307,599	
Motor cycles	1,260,000	-	-	-	1,260,000	
Computers and peripherals	3,328,500	5,330,402	-	-	8,658,902	
Irrigation system	107,444,997	3,797,400	-	-	111,242,397	
Tractors and trailers	31,500,000	-	-	-	31,500,000	
Furniture and fittings	3,430,000	-	-	-	3,430,000	
Farm roads	1,170,000	-	-	-	1,170,000	
Borehole	-	31,440,000	-	-	31,440,000	
	<u>301,280,806</u>	<u>84,029,802</u>	<u>-</u>	<u>-</u>	<u>385,310,608</u>	

DEPRECIATION	At 1.1.2020		Charge for the year T.Shs.	Disposals T.Shs.	At 31.12.2020	
	T.Shs.	T.Shs.			T.Shs.	T.Shs.
Buildings	4,693,373	4,899,404	-	-	9,592,777	
Fencing	2,608,487	251,471	-	-	2,859,958	
Machinery and farm equipments	26,437,437	7,858,770	-	-	34,296,207	
Motor cycles	1,133,857	31,536	-	-	1,165,393	
Computers and peripherals	2,066,269	2,472,237	-	-	4,538,506	
Irrigation system	54,421,810	7,102,573	-	-	61,524,383	
Tractors and trailers	27,677,673	1,433,373	-	-	29,111,046	
Furniture and fittings	576,533	356,683	-	-	933,216	
Farm roads	569,897	75,013	-	-	644,910	
Borehole	-	3,930,000	-	-	3,930,000	
	<u>120,185,336</u>	<u>28,411,061</u>	<u>-</u>	<u>-</u>	<u>148,596,397</u>	

NET BOOK VALUE	At 1.1.2020		At 31.12.2020	
	T.Shs.	T.Shs.	T.Shs.	T.Shs.
Buildings	89,174,082	93,088,678	1,760,297	
Fencing	2,011,768	55,011,392	94,607	
Machinery and farm equipments	28,222,162	4,120,396	49,718,014	
Motor cycles	126,143	2,388,954	2,496,784	
Computers and peripherals	1,262,231	525,090	27,510,000	
Irrigation system	53,023,187			
Tractors and trailers	3,822,327			
Furniture and fittings	2,853,467			
Farm roads	600,103			
Borehole	-			
	<u>181,095,470</u>	<u>236,714,211</u>		

MBOSHO COFFEE COMPANY LIMITED
INCOME STATEMENT FOR THE YEAR ENDED
31ST DECEMBER, 2020

	2020	2019
	T.Shs.	T.Shs.
INCOME		
Consultancy fees	59,093,550	32,200,000
Profit from Farm Trading Account	229,683,412	98,579,786
	<u>288,776,962</u>	<u>130,779,786</u>
OTHER INCOME		
Gain on exchange	773,350	2,194,607
ADMINISTRATION AND OTHER EXPENSES		
Directors fees	20,000,000	20,000,000
Electricity and water charges	5,159,508	4,725,000
Security expenses	-	5,849,500
Fines and penalties	812,500	182,500
Printing and stationery	1,376,503	3,527,200
Insurances	-	1,340,500
Audit and accountancy fees	27,735,000	16,552,500
Travelling expenses	460,125	2,493,816
Public relations	723,630	1,179,600
Donations	2,100,000	7,200,000
Postage, telephone, internet and fax charges	5,042,816	2,393,384
Salaries and wages	70,800,270	12,355,901
Legal and professional fees	6,919,000	-
Consultancy fees	4,684,975	-
Withholding tax	6,856,940	4,964,391
Motor cycles running expenses	-	10,125,754
Staff welfare & medical	1,427,800	1,358,900
Licences and permits	6,877,721	7,289,494
Bank charges	1,729,391	6,605,810
Tax arrears	28,105,430	-
Interest on loan	-	11,642,738
Subscriptions	-	2,000,000
	<u>190,811,609</u>	<u>121,786,988</u>
NET PROFIT FOR THE YEAR	<u>98,738,703</u>	<u>11,187,405</u>

MBOSHO COFFEE COMPANY LIMITED
FARM TRADING ACCOUNT FOR THE YEAR ENDED
31ST DECEMBER, 2020

	2020	2019
INCOME	T.Shs.	T.Shs.
Produce sales	675,493,666	605,782,039
DIRECT COSTS		
Packing materials	1,004,200	1,532,500
Farm rent	29,808,000	27,291,900
Depreciation on property, plant and equipment	28,411,061	19,162,682
Fuel and oils	10,838,618	312,694
Post harvest care	109,500	97,800
Livestock expenses	8,374,200	-
District cess levy	-	669,240
Milling costs	7,395,121	19,537,246
Growing costs	70,341,917	122,567,320
Machinery repairs and maintainance	19,307,290	6,605,100
Salaries and wages	204,387,946	236,438,553
Staff medical & welfare	70,000	17,256,245
Tractors & vehicles running expenses	22,834,627	20,836,762
	<u>402,882,480</u>	<u>472,308,042</u>
OTHER OPERATING EXPENSES		
Work permits	-	342,000
N.S.S.F Contributions	23,805,398	16,209,353
Skills and development levy	2,911,476	917,734
Workers compensation fund	2,376,417	997,804
Staff training	240,000	-
Rent	-	2,700,000
Transport	7,929,000	1,940,000
Repairs and maintainance	4,834,283	5,458,420
Stamp duty	331,200	2,097,600
Security	-	3,010,000
Machine hire	500,000	1,221,300
	<u>42,927,774</u>	<u>34,894,211</u>
TOTAL EXPENSES	<u>445,810,254</u>	<u>507,202,253</u>
PROFIT FOR THE YEAR	<u><u>229,683,412</u></u>	<u><u>98,579,786</u></u>