

**MBEYA FOOD SUPPLY
AUDITED REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023**

**MBEYA FOOD SUPPLY
AUDITED REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023**

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**MBEYA FOOD SUPPLY
AUDITED REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023**

CORPORATE INFORMATION

DIRECTOR NAME

Theopista Changwa
Fadhili Mwela

NATIONALITY

Tanzanian
Tanzanian

PRINCIPLE PLACE OF OPERATION AND REGISTERED OFFICE

MBEYA FOOD SUPPLY

P.O Box...

Iringa,

Tanzania

AUDITORS

UMOJA AUDIT ASSOCIATES

Certified Public Accountants

P.O. Box 78007

Dar es Salaam

Tanzania

MBEYA FOOD SUPPLY
AUDITED REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2023

The Board of Directors has the pleasure to submit his annual report together with the audited financial statements for the year ended 31ST DECEMBER 2023, which disclose the state of affairs of the company.

Incorporation

The company is incorporated in Tanzania under the Tanzanian Companies Act 2002 as, a company 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 food supply.

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

MBEYA FOOD SUPPLY
AUDITED REPORTS AND FINANCIAL STATEMENTS
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Risk management and internal control

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. While no system of internal control can provide absolute assurance against misstatement or losses, the company's system is designed to provide the management with reasonable assurance that the procedures in place are operating effectively. The management assessed the internal control systems throughout the financial year ended 31st december 2023 and is of the opinion that they met accepted criteria.

Solvency

The management confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The management has reasonable expectation that his company has adequate resources to continue in operational existence for the foreseeable future.

Employees' welfare

There has been continued good relation between employees and management for the year 2021. There were no unresolved complaints received by management from the employees during the year. A healthy relationship continues to exist between management and staff.

Disabled persons

The company accepts disabled persons for employment for those vacancies that such persons are able to fill.

Directorships

The directors who held office during the year and to the date of this report is set out on page 1.

Going Concern

The directors have reasonable expectation that the company has adequate resources to meet its operational needs and continue in operation for the foreseeable future

Auditor

The company's auditor, UMOJA AUDIT ASSOCIATES expressed its willingness to continue in office in accordance with the Tanzanian Companies Act 2002.

By order of the Board of Directors

.....
Managing Director

.....
Date

MBEYA FOOD SUPPLY
AUDITED REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023
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

Date

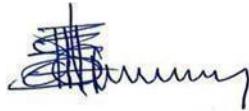
MBEYA FOOD SUPPLY
AUDITED REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023
DECLARATION OF THE HEAD OF FINANCE/ACCOUNTING OF MBEYA FOOD SUPPLY
LTD

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, **Musa Solomon** being the financial consultant of MBEYA FOOD SUPPLY hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31ST DECEMBER 2023 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 MBEYA FOOD SUPPLY 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) - 2661
Date:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MBEYA FOOD SUPPLY** which comprises of the Statement of Financial Position as at 31st December 2023, Statement of Financial Performance, Statement of Changes in Equity, Statement of Cash Flows for the year ended, and a significant accounting policies and other explanatory information as shown in page 5 to 7 of this report.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **MBEYA FOOD SUPPLY** for the year ended 31 December 2023, and its financial performance and its cash flows for the year ended 31 December 2023 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.

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

UMOJA AUDIT ASSOCIATES

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.

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.
- Evaluate and 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.
- 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.

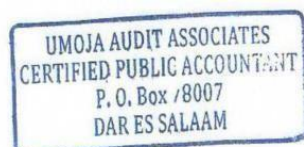
We communicate with Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 MAS VET AND AGRO COMPANY LTD;

- 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.



Saumu O Ulomi, ACPA-PP (ACPA 3665)
For and on behalf of UMOJA AUDIT ASSOCIATES
Certified Public Accountants
Dar es Salaam
Date: 20th February 2024

UMOJA AUDIT ASSOCIATES
P. O. BOX 78007, DAR ES SALAAM
TANZANIA

MBEYA FOOD SUPPLY
P.O. BOX 943, IRINGA

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

	NOTE	2023 TZS	2022 TZS
Revenue	1	962,048,485	832,135,300
Cost of Sales	2	(757,808,419)	(675,691,700)
Gross profit		204,240,067	156,443,600
Other income		-	-
		204,240,067	156,443,600
<u>Less: Expenses</u>			
Professional fee	3	(1,184,000) -	500,000
Administrative expenses	4	(32,874,803)	(32,612,800)
Personnel expenses	5	(17,783,308) -	14,720,000
Financial expenses	6	(21,391,350)	(15,972,547)
Depreciation		(17,072,489)	(9,884,793)
		(90,305,950)	(73,690,140)
Profit / (Loss) before tax		113,934,117	82,753,460
Income Tax (expense) / credit		(22,983,591)	(4,965,208.00)
Profit / (Loss) after tax		90,950,525	77,788,252
Other comprehensive income / (loss)			
Gain / (loss) on fair value adjustment of borrowings		-	-
Deferred interest		-	-
Gain / (loss) on fair valuation of property, plant and equipment		-	-
Others (please specify)		-	-
Total comprehensive income / (loss) for the year		90,950,525	77,788,252

The significant accounting policies and the notes on pages 14 to 26 form an integral part of these financial statements.

Report of the Independent Auditor's on pages 7 to 9.

The Financial Statements on Pages 10 to 26 were approved by the Board of Directors and signed on behalf by:

CEO
Date:

CFO
Date:

MBEYA FOOD SUPPLY

P.O. BOX 943, IRINGA

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2023

	NOTE	2023 TZS	2022 TZS
ASSETS			
Non Current Assets			
Property, Plant and Equipment	12	436,867,472	319,735,608
		<u>436,867,472</u>	<u>319,735,608</u>
Current Assets			
Trade Receivables	7	80,817,196	40,157,500
Inventories	8	67,922,950	135,845,900
Cash and Cash Equivalentents	9	54,028,567	12,750,805
		<u>202,768,713</u>	<u>188,754,205</u>
Total Assets		<u><u>639,636,185</u></u>	<u><u>508,489,813</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	363,136,066	363,136,066
Drawings		- 83,665,000	- 83,665,000
Retained earnings		241,953,635	151,003,110
		<u>521,424,701</u>	<u>430,474,176</u>
Non Current Liabilities			
Long term Liabilities		39,737,890	-
		<u>39,737,890</u>	<u>-</u>
Current Liabilities			
Trade and other payables	11	-	1,621,500
Short term debt-NMB Bank T/L		-	28,906,449
Short term debt-NMB Bank O/D		55,490,002	47,186,196
Tax Payable		22,983,591	301,492
		<u>78,473,593</u>	<u>78,015,637</u>
Total Equity and Liabilities		<u><u>639,636,185</u></u>	<u><u>508,489,813</u></u>

The significant accounting policies and the notes on pages 14 to 26 form an integral part of these financial Report of the Independent Auditor's on pages 7 to 9.

The Financial Statements on Pages 10 to 26 were approved by the Board of Directors and signed on behalf b

CEO

CFO

MBEYA FOOD SUPPLY
P.O. BOX 943, IRINGA

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

	Share capital	Drawings	Retained earnings	Total
	TZS	TZS	TZS	TZS
<u>Year ended 31st December 2023</u>				
As at 1st January 2023	363,136,066	- 83,665,000	151,003,110	430,474,176
Issued share capital	-	-	-	-
Revaluation increase/(decrease)	-	-	-	-
Transfer of revaluation depreciation from reserve	-	-	-	-
Reversal of differed tax liability on revaluation	-	-	-	-
Profit / (Loss) on cash flow hedges	-	-	-	-
Drawings	-	-	-	-
Prior year adjustments	-	-	-	-
	<u>363,136,066</u>	<u>- 83,665,000</u>	<u>151,003,110</u>	<u>430,474,176</u>
Net profit / (loss)	-	-	90,950,525	90,950,525
As at 31st December 2023	<u>363,136,066</u>	<u>- 83,665,000</u>	<u>241,953,635</u>	<u>521,424,701</u>
<u>Year ended 31st December 2022</u>				
As at 1st January 2022	363,136,066	- 30,415,000	73,214,858	405,935,924
Issued share capital	-	-	-	-
Revaluation increase/(decrease)	-	-	-	-
Transfer of revaluation depreciation from reserve	-	-	-	-
Reversal of differed tax liability on revaluation	-	-	-	-
Profit / (Loss) on cash flow hedges	-	-	-	-
Drawings	-	- 53,250,000	-	- 53,250,000
Prior year adjustments	-	-	-	-
	<u>363,136,066</u>	<u>- 83,665,000</u>	<u>73,214,858</u>	<u>352,685,924</u>
Net profit / (loss)	-	-	77,788,252	77,788,252
As at 31st December 2022	<u>363,136,066</u>	<u>- 83,665,000</u>	<u>151,003,110</u>	<u>430,474,176</u>

The significant accounting policies and the notes on pages 14 to 26 form an integral part of these financial statements.

Report of the Independent Auditor's on pages 7 to 9.

The Financial Statements on Pages 10 to 26 were approved by the Board of Directors and signed on behalf by:

CEO
Dated:

CFO
Dated:

MBEYA FOOD SUPPLY
P.O. BOX 943, IRINGA

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

	2023	2022
	TZS	TZS
<u>Cash flows from operating activities</u>		
Profit / (Loss) before tax	113,934,117	82,753,460
<u>Adjustment for:</u>		
Depreciation and amortisation	17,072,489	9,884,793
Profit / loss on sale of fixed assets	-	-
Prior period adjustment	-	-
Unrealised forex exchange gain / loss	-	-
	<u>131,006,605</u>	<u>92,638,253</u>
<u>Movements in working capital:</u>		
(Increase)/ decrease in trade debtors	(40,659,696)	14,714,500
(Increase)/ decrease in inventories	67,922,950	(8,192,500)
Increase/ (decrease) in trade and other payables	<u>(1,621,500)</u>	<u>521,500</u>
Cash generated from operations	156,648,359	99,681,753
Less: Taxes paid	(301,492)	(4,786,591)
Drawings		<u>(53,250,000)</u>
Net cash generated by operating activities (A)	156,346,867	41,645,162
<u>Cash flow from investing activities</u>		
Payments of purchase of property, plant and equipment	(134,204,353)	(31,625,000)
Payments of purchase of intangibles	-	-
Funds invested	-	-
Proceed from disposal of property, plant and equipment	-	-
Proceed from disposal of intangibles	-	-
Net cash (used in) / generated by investing activities (B)	(134,204,353)	(31,625,000)
<u>Cash flow from financing activities</u>		
Proceed from issue of equity share capital	-	-
Increase/(Decrease) in short term loan	(28,906,449)	(3,491,071)
Increase/ (decrease) in bank overdraft	8,303,806	-
Proceed from borrowings		
Increase/(Decrease) in long term loan	<u>39,737,890</u>	
Net cash (used in) / generated by financing activities (C)	19,135,247	(3,491,071)
Net increase in cash and cash equivalents (A+B+C)	41,277,762	6,529,091
Cash and cash equivalents at the beginning of the year	12,750,805	6,221,714
Effect of exchange rate changes on the cash and cash equivalents held in foreign currencies	-	-
Cash and cash equivalents at the end of the year	54,028,567	12,750,805

**MBEYA FOOD SUPPLY
NOTE TO FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 2023**

NOTES

1. Principal Accounting Policies

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

2. Basis of Preparation

The financial statements of MBEYA FOOD SUPPLY have been prepared in accordance with the International Financial Reporting Standards (IFRS).

These financial statements of MBEYA FOOD SUPPLY 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 principal 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

MBEYA FOOD SUPPLY 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 31st december 2023

MBEYA FOOD SUPPLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER
2023(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 DECEMBER 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

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

MBEYA FOOD SUPPLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER
2023(CONTINUED)

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 2021. 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.

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

MBEYA FOOD SUPPLY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER
2023(CONTINUED)

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 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:

MBEYA FOOD SUPPLY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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).

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.

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

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 accrual's 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.

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

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

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 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.

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

	2023 TZS	2022 TZS
1 Revenue		
Sales of goods	953,976,125	824,122,800
Other income	8,072,360	8,012,500
	<u>962,048,485</u>	<u>832,135,300</u>
 2 Cost of Sales		
Opening stock	135,845,900	127,653,400
Add: Purchases	678,342,186	673,309,200
Transport charges	11,543,282	10,575,000
Less: Closing stock	(67,922,950)	(135,845,900)
	-	-
Total cost of sales	<u>757,808,419</u>	<u>675,691,700</u>
 3 Professional fee		
Accountancy and audit fee	1,040,000	450,000
Legal fee	144,000	50,000
Architecture and other		
Total	<u>1,184,000</u>	<u>500,000</u>
 4 Administrative expenses		
Travelling and accomodation	3,749,399	3,725,000
Printing and stationery	94,169	93,400
Rent and rates	5,444,370	5,400,000
Water and electricity	9,193,629	9,118,500
Communication	1,298,096	1,287,500
Service levy and license fee	192,772	191,200
Regulatory charges	302,469	300,000
Parkages materials	197,815	196,200
Insurance expenses	1,433,192	1,421,500
Cleaning expenses	153,815	152,700
Repair and maintenance	629,233	624,100
MV/MC running expenses	7,411,801	7,351,300
Security expenses	604,938	600,000
Miscellaneous expenses	2,169,106	2,151,400
Total	<u>32,874,803</u>	<u>32,612,800</u>
 5 Personnel expenses		
Salary and wages	16,185,116	13,135,000
Staff welfare	1,598,192	1,585,000
Security fund contribution	-	-
Skills development levy	-	-
Total	<u>17,783,308</u>	<u>14,720,000</u>
 6 Financial expenses		
Bank charges, interest and fee	21,391,350	15,972,547
Total	<u>21,391,350</u>	<u>15,972,547</u>

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

	2023 TZS	2022 TZS
7 Trade receivables		
Trade debtors	80,817,196	40,157,500
	<u>80,817,196</u>	<u>40,157,500</u>
8 Inventories		
Fast moving items	42,362,100	84,724,200
Slow moving items	25,560,850	51,121,700
	<u>67,922,950</u>	<u>135,845,900</u>
9 Cash and cash equivalents		-
Cash at banks		
Cash in hand	54,028,567	12,750,805
	<u>54,028,567</u>	<u>12,750,805</u>
10 Share capital		
<u>Authorised Share Capital</u>	363,136,066	363,136,066
	<u>363,136,066</u>	<u>363,136,066</u>
11 Trade Payables		
Accountancy fee		400,000
Sundry payables		1,221,500
	-	<u>1,621,500</u>
12 Long term Liabilities		
Loan from NMB	39,737,890	
	<u>39,737,890</u>	

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

12 Property, Plant & Equipment

	Land TZS	Motor vehicles- volks wagon, ford TZS 12.50%	Equipments and machinery TZS 12.50%	Furniture and fitting TZS 12.50%	Total TZS
<u>Year ended 31st December 2023</u>					
Cost					
Balances at 1st January 2023	268,435,000	23,857,254	20,128,775	7,314,579	319,735,608
Additions	44,650,000	89,554,353			134,204,353
Disposals	-	-	-	-	-
Revaluation increase / (decrease)	-	-	-	-	-
Balances at 31st December 2023	<u>313,085,000</u>	<u>113,411,607</u>	<u>20,128,775</u>	<u>7,314,579</u>	<u>453,939,961</u>
Accumulated Depreciation					
Balances at 1st January 2023	-	39,161,746	13,786,225	5,130,421	58,078,392
Depreciation for the year	-	13,927,938	2,306,422	838,129	17,072,489
Disposals	-	-	-	-	-
Balances at 31st December 2023	<u>-</u>	<u>53,089,684</u>	<u>16,092,647</u>	<u>5,968,550</u>	<u>75,150,881</u>
As at 31st December 2023					
Costs / Fair Value	313,085,000	152,573,353	33,915,000	12,445,000	512,018,353
Accumulated Depreciation	-	(53,089,684)	(2,306,422)	(5,968,550)	(75,150,881)
Net Book Value	<u>313,085,000</u>	<u>99,483,669</u>	<u>4,036,128</u>	<u>6,476,450</u>	<u>436,867,472</u>

Year ended 31st December 2022

Cost

Balances at 1st January 2022	240,935,000	63,019,000	33,915,000	8,320,000	346,189,000
Additions	27,500,000			4,125,000	31,625,000
Disposals	-	-	-	-	-

Revaluation increase / (decrease)	-	-	-	-	-
Balances at 31st December 2022	<u>268,435,000</u>	<u>63,019,000</u>	<u>33,915,000</u>	<u>12,445,000</u>	<u>377,814,000</u>
Accumulated Depreciation					
Balances at 1st January 2022		33,197,432	10,910,686	4,085,481	48,193,599
Depreciation for the	-	5,964,314	2,875,539	1,044,940	9,884,793
Disposals	-	-	-	-	-
Balances at 31st December 2022	<u>-</u>	<u>39,161,746</u>	<u>13,786,225</u>	<u>5,130,421</u>	<u>58,078,392</u>
As at 31st December 2022					
Costs / Fair Value	268,435,000	63,019,000	33,915,000	12,445,000	377,814,000
Accumulated Depreciation	-	(39,161,746)	(13,786,225)	(5,130,421)	(58,078,392)
Net Book Value	<u>268,435,000</u>	<u>23,857,254</u>	<u>20,128,775</u>	<u>7,314,579</u>	<u>319,735,608</u>

MBEYA FOOD SUPPLY NOTESTO THEFINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

14. Related Party Transactions

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

15. 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.

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.

MBEYA FOOD SUPPLY NOTESTO THEFINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

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.

16. 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.

17. Contingent Liabilities

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

18. Capital Commitments

As at 31ST DECEMBER 2023, the company had no capital commitments.

19. 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.

20. 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.

**MBEYA FOOD SUPPLY NOTESTO THEFINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023**

21. 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.

22. Currency

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