KEARSLEY TANZANIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Assad ASSOCIATES
Certified Public Accountants and Tax Consultants

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Company Information

Board of directors	**Names**	**Nationality**
	Mr. Haridatt Vaghjibhai Patel	Tanzanian
	Mr. Anil Vaghjibhai Patel	Tanzanian
	Mr. Nitesh Praful Patel	Tanzanian
Registered office	Plot No. 2316/22 Zanaki Street P.O.Box 801 Dar es Salaam Tanzania	
Principal bankers	Exim Bank Tanzania Limited Exim Tower Branch P.O.Box 1431 Dar es Salaam Tanzania	
	Barclays Bank Tanzania Limited Barclays House P.O.Box 5137 Tanzania	
	Bank of India Tanzania Limited Zanaki Street Branch P.O.Box 7581 Tanzania	
Independent practitioner	Assad Associates Certified Public Accountants Mansfield/ Bridge street P.O.Box 7286 Dar es Salaam Tanzania	
Company secretary	Mr. Nitesh Praful Patel Plot No. 416/129 Nkurumah Street P.O.Box 2140 Dar es Salaam Tanzania	

REPORT OF THE DIRECTORS

The directors submit their annual report together with the financial statements for the year ended 31 December 2022 which disclose the state of affairs of the company.

INCORPORATION

The Company is domiciled in Tanzania where it is incorporated as a private company limited by shares under the Tanzanian Company Act, 2002. The address of the registered office is set out on page 1.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of travel agency and tour operation.

COMPOSITION OF THE BOARD OF DIRECTORS

The directors who held office during the year and at the date of this report are shown as follows:

Names	Position	Nationality
Mr. Haridatt Vaghjibhai Patel	Director	Tanzanian
Mr. Anil Vaghjibhai Patel	Director	Tanzanian
Mr. Nitesh Praful Patel	Director	Tanzanian

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

CORPORATE GOVERNANCE

The Board of Directors consists of three directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring significant investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board 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.

The company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability to ensure high standards of corporate governance throughout the company.

SHARE CAPITAL

The details of authorised and issued share capital are disclosed in Note 12 of these financial statements.

Name of the shareholders	No of shares held	Shareholding
Haridatt Vaghjibhai Patel	113,608	24.48%
Siddharth Anil Patel	148,311	31.96%
Nitesh Praful Patel	78,906	17.01%
Kaushik Praful Patel	78,906	17.01%
Nishant Haridatt Patel	44,204	9.53%
Dilsukhrai Kirchand Mehta	65	0.01%
	464,000	**100%**

SOLVENCY

The board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The board of directors has reasonable expectation that Kearsley Tanzania Limited has adequate resources to continue in operational existence for the foreseeable future.

REPORT OF THE DIRECTORS (CONTINUED)

RELATED PARTY TRANSACTIONS

Details of transactions and balances with related parties are disclosed in Note 15 of the financial statements.

RESULTS	2022 T.SHS	2021 T.SHS
Profit/(Loss) before tax	1,186,820,990	(277,370,334)
Tax (charge)	(55,906,469)	-
Profit/(Loss) for the year	**1,130,914,522**	**(277,370,334)**

DIVIDEND

The directors do not recommend the declaration of a dividend for the current year (2021: Nil).

RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 31 December 2022 and is of the opinion that they met the expected criteria.

The Board carries risk and internal control assessment through board meetings and the Senior Management meetings.

EMPLOYEES' WELFARE

Management and employees' relationship

There was continued good relationship between employees and management for the year ended 31 December 2022. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and employees.

It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

REPORT OF THE DIRECTORS (CONTINUED)

INDEPENDENT PRACTITIONER

The company's independent practitioner, Assad Associates have expressed their willingness to continue in office in accordance with Section 170 of the Companies Act 2002 and are eligible for re-appointment. A resolution proposing the re-appointment for the year ended 31 December 2023 will be put in the Annual General Meeting.

BY ORDER OF THE BOARD

Mr. Haridatt Vaghjibhai Patel
Director

27/06/ 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 2002, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year the results of its operation and cash flows for the year then ended, in conformity with the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SME's) and the requirements of Tanzania Companies Act,2002 and that they are free from material misstatement whether due to fraud or error.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SME's) and the requirements of Tanzania Companies Act, 2002 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the company's cashflow forecast for the year ended 31 December 2023 and in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

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 as at 31 December 2022 and of its profit or loss and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SME's) and the requirements of the Tanzania Companies Act 2002.

Approved by the board of directors and signed on its behalf by:

.....

Mr. Haridatt Vaghjibhai Patel
Director

27/06/2023

Date

DECLARATION OF THE HEAD OF FINANCE/ACCOUNTING OF KEARSLEY TANZANIA LIMITED

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors under Directors Responsibility statement on an earlier page.

I Livin Mombury being the Head of Finance/Accounting of Kearsley Tanzania Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 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 Kearsley Tanzania Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: .....

Position: Consultant

NBAA Membership No: GA 7548

Assad ASSOCIATES

Certified Public Accountants, Authorized Auditors and Tax Consultants

PRACTITIONER'S COMPILATION REPORT
TO THE MEMBERS OF KEARSLEY TANZANIA LIMITED

Report on the financial statements

We have compiled the accompanying financial statements of Kearsley Tanzania Limited based on information you have provided. These financial statements comprise the statement of financial position of Kearsley Tanzania Limited as at 31st December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

We performed this compilation engagement in accordance with International Standards on Related Services 4410 (revised), Compilation engagements.

The directors are responsible for maintaining the books of accounts that give a true and fair view in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SME's) and the requirements of the Tanzania Companies Act 2002.

These financial statements and the accuracy, authenticity and completeness of the information used to compile them are director's responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy, authenticity or completeness of the information provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements have been accurately prepared in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SME's).

We have obtained information and explanation which were necessary for the purpose of our compilation. However where adequate third party documentation were not available, and where accuracy,authenticity and completeness of the accounting records were not obtainable, we have accepted assurances from the management that the Company's transactions have been reflected correctly in the records provided to us.

FOR : ASSAD ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Signed by: Sajjad Jusab
FCPA 216

Assad ASSOCIATES Certified Public Accountants and Tax Consultants

27/06/2023
Date

Place : Dar es Salaam

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STATEMENT OF PROFIT OR LOSS

	Notes	2022 T.SHS	2021 T.SHS
Net revenue	1	2,226,777,853	533,100,711
Other income	2	176,972,084	56,669,092
Total Income		2,403,749,937	589,769,803
Administrative cost	3	(884,891,506)	(535,618,716)
Finance cost	4	(332,037,441)	(331,521,421)
Profit/(Loss) before tax		1,186,820,990	(277,370,334)
Tax (charge)	5	(55,906,469)	-
Profit/(Loss) for the year		**1,130,914,522**	**(277,370,334)**

STATEMENT OF FINANCIAL POSITION

	Notes	2022 T.SHS	2021 T.SHS
ASSETS			
Non-current assets			
Property and equipment	7	949,319,992	983,776,971
Investment	8	129,984,200	129,984,200
Deferred tax	6	253,793,971	309,700,440
		1,333,098,163	**1,423,461,611**
Current assets			
Inventory	9	44,408,188	44,408,188
Trade and other receivables	10	6,855,582,392	4,925,303,132
Cash and cash equivalents	11	2,203,350	2,318,349
Taxation	16	20,833,261	12,750,000
		6,923,027,191	**4,984,779,669**
TOTAL ASSETS		**8,256,125,354**	**6,408,241,280**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	464,000,000	464,000,000
Capital reserves		14,759,144	14,759,144
Retained Earnings		(168,373,061)	(1,276,021,047)
		310,386,083	**(797,261,903)**
Non current liabilities			
Borrowings	13	2,528,867,650	3,727,119,856
Current liabilities			
Trade and other payables	14	3,505,943,639	1,188,335,634
Borrowings	13	1,910,927,983	2,290,047,693
		5,416,871,621	**3,478,383,327**
TOTAL EQUITY AND LIABILITIES		**8,256,125,354**	**6,408,241,280**

.....
Mr. Harjdatt Vaghjibhai Patel
Director

27/06/2023
.....
Date

STATEMENT OF CHANGES IN EQUITY

	Share Capital T.SHS	Capital Reserves T.SHS	Retained Losses T.SHS	Total T.SHS
Year ended 31st December 2022				
At start of year	464,000,000	14,759,144	(1,276,021,047)	(797,261,903)
Prior year taxes	-	-	(23,266,535)	(23,266,535)
Profit for the year	-	-	1,130,914,522	1,130,914,522
At end of year	**464,000,000**	**14,759,144**	**(168,373,061)**	**310,386,083**
Year ended 31st December 2021				
At start of year	464,000,000	14,759,144	(964,290,176)	(485,531,032)
Prior year taxes	-	-	(34,360,537)	(34,360,537)
Loss for the year	-		(277,370,334)	(277,370,334)
At end of year	**464,000,000**	**14,759,144**	**(1,276,021,047)**	**(797,261,903)**

STATEMENT OF CASH FLOWS

	Notes	2022 T.SHS	2021 T.SHS
Cash flows from operating activities			
Profit/(Loss) profit for the year		1,186,820,990	(277,370,334)
Adjustment for:			
Prior year adjustment		(23,266,535)	
Depreciation	7	31,613,760	33,172,735
Loss before changes in working capital		1,195,168,215	(244,197,599)
Changes in working capital			
Trade and other receivables		(1,930,279,260)	(146,491,600)
Trade and other payable		2,317,608,005	(258,421,902)
Cash generated/(used) in operations		1,582,496,960	(649,111,101)
Tax paid for the prior year		-	(29,211,970)
Tax paid for the year		(8,083,261)	(6,000,000)
Net cash used infrom operating activities		**1,574,413,699**	**(684,323,071)**
Cash flows from investing activities			
Disposal of property, plant & equipment		4,237,289	
Purchase of property and equipment		(1,394,070)	-
Net cash used in investing activities		**2,843,219**	**-**
Cash flows from financing activities			
Proceed from bank loan		(1,198,252,206)	410,414,967
Net cash generated from financing activities		**(1,198,252,206)**	**410,414,967**
Net (decerease)/ increase in cash and cash equivalents		*379,004,712*	*(273,908,104)*
Cash and cash equivalents at start of year		(2,287,729,344)	(2,013,821,240)
Cash and cash equivalents at end of year	11	**(1,908,724,633)**	**(2,287,729,344)**

SIGNIFICANT ACCOUNTING POLICIES

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

1a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SME's) and the requirements of the Companies Act of United Republic of Tanzania. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. These financial statements are presented in Tanzanian Shillings.

1b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of discounts and value added taxes.

1c) Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax movement for the current period. The tax currently payable is based on taxable profit for the year.

1d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Tanzanian Shillings (the functional currency), at the rates ruling at the transaction dates.

At the end of each reporting period:

i) Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
ii) Non monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.
iii) Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise

1e) Property and equipment

Property and equipment are tangible items that:

i) Are held for use in the supply of services and for administrative purpose.
ii) Are expected to be used for more than one period.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1e) Property and equipment (continued)

Items of property and equipment are initially recognised at cost. Costs include all costs incurred to bring the asset to the condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance is charged to the statement of profit or loss in the year to which it relates.

Items of property and equipment are measured at net book value less depreciation and accumulated impairment losses.

Depreciation is provided using the reducing balance method to write down the cost less estimated residual value over the useful life of property and equipment. The following annual rates are used for the depreciation of equipment.

Assets	**Useful life**
Computer	20%
Motor vehicle	25%
Furniture and fittings	12.5%
Office equipment	20%
Land and building	5%

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

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

1f) Impairment of asset

At each reporting date, the company assesses whether there is any indication that any asset (or group of related assets) may be impaired. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, this does not apply to impairment losses allocated to goodwill, the reversal of which is prohibited by the standard.

1g) Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (this includes transaction cost except in the initial measurement of financial assets and liabilities that will be measured at fair value through profit or loss). If however the arrangement constitutes a financing transaction it is then measured at the present value of the future payments, discounted at a market related interest rate.

Financial assets

The company's financial assets includes trade and other receivable, due from related companies, cash and cash equivalent.

Trade and other receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

Financial liabilities

The company's financial liabilities includes trade and other payables, taxation and bank overdraft.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1g) Financial instruments (continued)

Trade and other payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Trade and other payables denominated in a foreign currency are translated into functional currency using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

1h) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

Cash and cash equivalents are classified as loans and receivables.

1i) Inventory

Inventory is stated at the lower of cost or net realisable value and their value is determined by the Directors.

1j) Share capital

Ordinary shares are classified as equity.

1k) Employee benefits

Short term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution plans are expensed as they fall due. The company and its employees contribute to National Social Security Fund (NSSF) a statutory defined contribution scheme registered under the NSSF Act.

1l) Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably.

Contingent assets and contingent liabilities are not recognised.

1m) Borrowings

Borrowings are initially recognised at fairvalue, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired and its costs are expensed in the year in which they are incurred.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

1m) Comparatives

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2) Key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relavant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Property and equipment

Critical estimates are made by the directors in determining depreciation rates for property and equipments. The depreciation rates used are set out in the respective accounting policy under property and equipment.

(ii) Income taxes

Estimates made in determining the income tax expense for transactions for which the ultimate determination of the income tax expense is uncertain in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS

	Note	2022 T.SHS	2021 T.SHS
1 Net revenue			
Commission travel	1.1	2,040,378,023	458,820,397
Income from operation		71,475,692	-
Income from business centre		114,924,138	74,280,314
		2,226,777,853	**533,100,711**
1.1 Commission travel			
Commission- airline		7,821,267,364	1,228,464,221
Ticket service charges		(5,780,889,341)	(769,643,823)
		2,040,378,023	**458,820,397**
2 Other income			
Sundry income		32,209,880	9,192,955
Foreign exchange gain		144,762,204	47,476,137
		176,972,084	**56,669,092**
3 Administrative expenses			
Accountancy fees		3,000,000	3,450,000
Advertising fees		2,071,969	-
Bank charges		35,382,891	6,881,171
Bank facility charges		-	61,382,400
City service levy		24,497,771	3,836,501
Custom processing fees		153,263	-
Depreciation		31,613,760	33,172,735
Electicity and water		7,412,545	19,363,108
Employment cost	(Note 3(a))	169,827,553	80,733,654
Import charges		19,367,244	-
Insurance		50,610,439	51,283,468
Marketing		22,779,200	-
Motor vehicle running expenses		206,011,991	82,994,475
Office expenses		94,550,056	-
Parking fees		-	227,500
Printing and stationeries		5,538,210	1,877,500
Professional fees		-	838,136
Property taxes		-	2,228,850
Railway development levy		488,492	-
Refreshment		-	-
Reimbursement		2,714	
Rent		27,358,460	95,569,160
Repair and maintenance		56,356,932	51,696,596
Round off		960	
Stamp duty		836,599	1,012,320
Subscription and licences		9,450,050	29,526,667
Telephone, internet and postage		2,790,190	5,490,202
Trade subscription and licence		41,890,089	-
Transport		436,500	-
Travelling		72,379,642	4,054,274
Wharfage charges		83,985	-
		884,891,506	**535,618,716**
3a) Employment cost			
Director remuneration		-	-
Pension contribution		13,830,000	6,513,846
Terminal benefits		-	5,072,840
Salaries and wages		138,300,000	63,850,350
Medical and staff welfare expenses		11,426,233	2,028,400
Skilled and development levy		5,532,000	2,756,914
Worker's compensation fund		739,320	511,304
		169,827,553	**80,733,654**

		2022 T.SHS	2021 T.SHS
4	**Finance cost**		
	Bank interests	332,037,441	331,521,421
		332,037,441	**331,521,421**
5	**Tax expense**		
	Current tax	-	-
	Deferred tax credit **(Note 6)**	(55,906,469)	-
	Tax credit	(55,906,469)	-
	Reconciliation of tax expense		
	Loss before tax	(362,778,354)	(277,370,334)
	Tax calculated at a tax rate of 30% (2021: 30%)	(108,833,507)	(83,211,101)
	Alternative minimum tax	-	-
	Tax losses on which no deferred tax has been recognised	52,927,038	83,211,101
	Tax credit	(55,906,469)	-

6 Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2021: 30%). The movement on the deferred tax account is as follows:

	2022 T.SHS	2021 T.SHS
At start of year	(309,700,440)	-
Statement of profit or loss (Note 5)	55,906,469	(309,700,440)
At end of year	**(253,793,971)**	**(309,700,440)**

Deferred tax asset, deferred tax credit in the statement of profit or loss are attributable to the following items:

	At start of year T.SHS.	Credit to profit or loss T.SHS.	At end of year T.SHS.
Deferred tax liability			
Year ended 31 December 2022			
Excess capital allowances over depreciation	22,866,491	52,927,037	75,793,528
Tax losses	(332,566,931)	(108,833,506)	(441,400,437)
Deferred tax not recognized	-	-	-
Net deferred tax liability	**(309,700,440)**	**(55,906,469)**	**(365,606,909)**

7 Property and equipments

	Land and building	Office equipment	Furniture and fittings	Motor Vehicles	Computer and Accessories	Total
	T.SHS	T.SHS	T.SHS	T.SHS	T.SHS	T.SHS
Year ended 31 December 2022						
Cost						
At start of year	201,516,074	246,425,924	127,871,768	4,043,177,882	83,165,950	4,702,157,598
Additions	-	1,394,070	-	-	-	1,394,070
Disposal	-	-	-	(4,237,289)	-	(4,237,289)
At end of year	201,516,074	247,819,994	127,871,768	4,038,940,593	83,165,950	4,699,314,379
Depreciation						
At start of year	6,969,851	178,051,512	110,395,242	3,342,948,344	80,015,678	3,718,380,627
Charge for the year	-	1,990,040	890,363	28,159,906	573,451	31,613,760
Disposals						-
At end of year	6,969,851	180,041,552	111,285,605	3,371,108,250	80,589,129	3,749,994,387
Net book value	**194,546,223**	**67,778,442**	**16,586,163**	**667,832,343**	**2,576,821**	**949,319,992**
Year ended 31 December 2021						
Cost						
At start of year	201,516,074	246,425,924	127,871,768	4,043,177,882	83,165,950	4,702,157,598
Additions	-	-	-	-	-	-
At end of year	201,516,074	246,425,924	127,871,768	4,043,177,882	83,165,950	4,702,157,598
Depreciation						
At start of year	6,969,851	176,043,973	109,457,083	3,313,422,374	79,314,611	3,685,207,892
Charge for the year	-	2,007,539	938,159	29,525,970	701,067	33,172,735
At end of year	6,969,851	178,051,512	110,395,242	3,342,948,344	80,015,678	3,718,380,627
Net book value	**194,546,223**	**68,374,412**	**17,476,526**	**700,229,538**	**3,150,272**	**983,776,971**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2022 T.SHS	2021 T.SHS
8	**Investment**		
	Shares in associates companies		
	Coopers and Kearsley	10,630,200	10,630,200
	Misimbo Sisal Estate	86,150,000	86,150,000
	Investment in TNT	33,204,000	33,204,000
		129,984,200	**129,984,200**
9	**Inventories**		
	Motor vehicle spares	**44,408,188**	**44,408,188**
10	**Trade and other receivables**		
	Trade receivables	6,372,453,125	556,543,311
	Prepayments	-	3,948,989,304
	Amounts due from related parties **(Note 15(a))**	477,927,821	410,931,159
	Other receivables	5,201,446	8,839,358
		6,855,582,392	**4,925,303,132**
11	**Cash and cash equivalents**		
	Cash in hand	2,203,350	2,318,349
		2,203,350	**2,318,349**
12	**Share capital**		
	Authorised:		
	1,000,000 (2021: 1,000,000) Equity shares of TShs 1000 each.	**1,000,000,000**	**1,000,000,000**
	Issued and fully paid:		
	464,000 (2021: 464,000) Equity shares of TShs 1000 each.	**464,000,000**	**464,000,000**
13	**Borrowings**		
	Non current		
	Bank loan	681,235,850	1,879,488,056
	Unsecured loan	1,847,631,800	1,847,631,800
		2,528,867,650	**3,727,119,856**
	Current		
	Bank overdraft	1,910,927,983	2,290,047,693
		4,439,795,633	**6,017,167,549**

13 Borrowings (continued)

Secure loan

Facility

The company had secured a term loan facility of USD 496,000, Short term loan USD 135,000, Overdraft facility of USD 800,000 and Bank guarantee of USD 206,000 from Exim Bank Tanzania Limited in December 2018.

Purpose

Working Capital requirements, motor vehicle purchase finance/restructing term loans.

Interest charges

1.5% per annum below USD base rate 8.5% per annum.

Securities pledges by the company

Personal guarantee of the directors and shareholders.
Debenture over the property over borrower's fixed and floating future and present assets
Legal mortgage over the property located on Plot no.236/4, Sea view, Upanga.

Unsecured Loan

The company had obtained foreign loans from Jewel Gain Ltd in 2013,2014 and 2015 for working capital requirements.These loans have been duly registered with with Bank of Tanzania and assigned debt record numbers.

	2022 T.SHS	2021 T.SHS
14 Trade and other payables		
Trade payables	1,909,436,503	873,953,465
Other payables	-	1,912,568
Amount due to related party **(Note 15 (b))**	1,596,507,136	312,469,602
	3,505,943,639	**1,188,335,634**
15 Related party balances		
The following transactions were carried out with related parties:		
a) Amount due from related party (Note 10)		
Karatu Coffee Estate Limited	122,017,426	17,247,426
Misimbo Sisal Estate Limited	6,000,000	6,000,000
N.V.Patel and Brothers Limited	46,738,829	46,738,829
Sapa Chemical	-	106,784,923
System 2000 Limited	78,604,456	23,209,242
Tanzania Shipping Agency Ltd L	13,587,847	-
TV - Colorama Farm Limited	9,762,048	9,762,048
United Youth Shipping Company Limited	201,217,215	201,188,692
	477,927,821	**410,931,159**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Related party transactions (continued)	2022 T.SHS	2021 T.SHS
The following transactions were carried out with related parties:		
b) Amount due to related party **(Note 14)**		
Aashirwad Industries Tanzania Limited	31,482,360	31,482,360
Diamond Express (T) Limited	33,525,237	33,525,237
Karatu Coffee Estate Limited	119,600,000	16,100,000
N.V.Patel and Brothers Limited	53,970,119	53,970,119
Sapa Chemicals Industries Limited	1,242,277,300	87,479,300
Tanzania Shipping Agency Limited	46,000,000	32,652,153
United Youth Shipping Company Limited	16,383,659	3,991,972
Zulfiroz Estate Limited	53,268,462	53,268,462
	1,596,507,136	**312,469,602**

16 Taxation		
Opening balance	(12,750,000)	(11,898,567)
Tax written off by TRA	-	5,148,567
Withholding tax paid	(2,083,261)	-
Provisional tax paid	(6,000,000)	(6,000,000)
	(20,833,261)	**(12,750,000)**

17 Contingent liability

As at 31 December 2022, the Company had no litigations.

18 Subsequent event

There were no subsequent events after the year end, which requires adjustments or disclosures in the financial statements.

19 Capital Commitments

As at 31 December 2022, the Company had no capital expenditure contracted or accrued.

Income Tax Computation

	2022 T.SHS
Profit before tax as per accounts	**1,186,820,990**
Add: Non-allowable expenses	
Depreciation	31,613,760
	31,613,760
Less: Allowable deductions	
Wear and tear allowance	84,366,538
	84,366,538
Profit for the year	**1,134,068,212**
Accounting loss brought forward	(1,496,672,307)
Adjusted loss carried forward	**(362,604,095)**
POSITION OF TAXATION	
Corporation tax at 30%	-
Withholding tax	(2,083,261)
Provisional tax paid for the year	(6,000,000)
Tax repayable	**(8,083,261)**

DEPRECIATION ALLOWANCES SCHEDULE FOR THE YEAR 2022

	CLASS I 37.5% T.SHS	CLASS II 25% T.SHS	CLASS III 12.5% T.SHS	TOTAL T.SHS
WDV as at 01.01.2022	2,057,910	276,938,699	99,840,790	378,837,399
Additions	-	(4,237,289)	-	(4,237,289)
	2,057,910	272,701,410	99,840,790	374,600,110
Disposal	-	-	-	-
	2,057,910	272,701,410	99,840,790	374,600,110
Wear and tear allowances	(771,716)	(68,175,353)	(12,480,099)	(81,427,168)
WDV as at 31.12.2022	**1,286,194**	**204,526,058**	**87,360,691**	**293,172,943**

	CLASS VI 5% T.SHS	TOTAL T.SHS
WDV as at 01.01.2022	58,787,410	58,787,410
Additions	-	-
	58,787,410	58,787,410
Disposal	-	-
	58,787,410	58,787,410
Wear and tear allowances	(2,939,371)	(2,939,371)
WDV as at 31.12.2022	55,848,040	55,848,040