

HEROCEAN ENTERPRISES (T) LTD

REPORT AND FINANCIAL STATEMENT

FOR THE YEAR ENDED

31 DECEMBER 2022

HEROCEAN ENTERPRISES (T) LTD

REPORT AND FINANCIAL STATEMENT

FOR THE YEAR ENDED

31 DECEMBER 2022

CONTENTS	Page No
CORPORATE INFORMATION	1
REPORT OF THE DIRECTORS	2
HEAD OF FINANCE DECLARATION	3
REPORT OF THE AUDITORS	4
STATEMENT OF FINANCIAL PERFORMANCE	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CASH FLOW	7
STATEMENT OF CHANGES IN OWNERS EQUITY	8
NOTES TO THE FINANCIAL STATEMENTS	9-12
WEAR & TEAR SCHEDULE	12
TAX COMPUTATION	13

HEROCEAN ENTERPRISES (T) LTD

REPORT AND FINANCIAL STATEMENT

FOR THE YEAR ENDED

31 DECEMBER 2022

CORPORATE INFORMATION

Directors	Senhua Song - Chinese Herocean International Supply Chain Management (Hongkong) Group Limited - Chinese Cao Hui -- Chinese Gipson Bernard Muro -- Tanzanian
Registered Office	P.O.Box 23198 Plot no. 95-96, Block no. 95-96, Nyerere Road, Industrial area, Vingunguti, Ilala, Dar es Salaam, Tanzania
Accountants	Adolph Associates Certified Public Accountants Dar es salaam
Principal Bankers	CRDB Bank Plc Tazara Branch Dar es Salaam Tanzania

HEROCEAN ENTERPRISES (T) LTD

REPORT OF THE DIRECTORS

1 INTRODUCTION

The Directors have pleasure in presenting their report together with the financial statements for the year ended 31st December 2022, which disclose the state of affairs of the company.

2 STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Board of directors is responsible for keeping 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 and hence take reasonable steps for prevention and detection of frauds and other irregularities.

3 PRINCIPAL ACTIVITIES

The Principal activity of the company is that of Transportation of Goods by road and Manufacture of Building Materials

4 RESULTS

The results for the period and the appropriation thereof are set out on page 5.

5 DIRECTORS

The present membership of the Board is set out on page 1.

6 STAFF WELFARE

(a) Medical

The company provides for incidental medical treatment expenses arising in the course of their duties.

(b) Financial assistance to employees

The company gives financial assistance to employees in form of loans and advances depending on the financial ability of the company.

7 EFFORTS TO SECURE NATIONAL BENEFITS AND GOALS

The company supports the national economy by striving to purchase goods at the most competitive rates in the international and local markets in order to meet local demand.

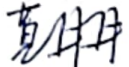
8 ADMINISTRATIVE EFFICIENCY

All statutory dues and financial obligations were paid regularly and within stipulated time. Company assets are adequately insured.

9 AUDITORS

The Auditors, Adolph Associates, have expressed their willingness to be re-appointed for the next year.

BY ORDER OF THE BOARD

DIRECTOR 
Date.....29/09/2023

DECLARATION OF THE HEAD OF FINANCE/ACCOUNTING OF HEROCEAN ENTERPRISES (T) LIMITED

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

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

I ... DIVEN N. JERAM..... being the Head of Finance/Accounting of Herocean Enterprises (T) Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st December 2022 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Herocean Enterprises (T) Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: 

Position: ...Head of Finance (Outsource).....

NBAA Membership No.:GA 6682.....

Date: ...29/4/2023.....



INDEPENDENT AUDITORS' REPORT

To the Shareholders of

HEROCEAN ENTERPRISES (T) LTD

We have audited the accompanying financial statements of HEROCEAN ENTERPRISES (T) LTD for as set out on page 5 to 8, which comprise the statement of financial position as at 31st December 2022 and the statement of income, statement of changes in equity and the statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit.

Opinion

In our opinion, proper books of accounts have been kept and the financial statements which are in agreement therewith give a true and fair view of the financial position of HEROCEAN ENTERPRISES (T) LTD as at 31st December 2022 and of its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards.

Director's responsibility for the financial statements

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Declaration of the head of finance

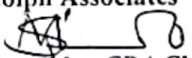
The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors Act Accountants (Registration) Act. No. 33 of 1972, as amended by Act No.2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible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

Emphasis of Matter-Internal Control System

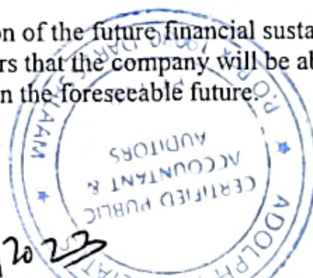
Without qualifying our audit opinion above, we draw attention to the company's system of internal control and financial sustainability which is dependent upon close involvement of the directors. Where independent confirmation of the completeness of accounting records was therefore not available, we have accepted assurances from the directors that all the company's transactions have been reflected in the accounting records and adequately supported by relevant third-party documents.

Also, where independent confirmation of the future financial sustainability of the company is uncertain, we have accepted assurances from the directors that the company will be able to secure financial resources to enable it to continue trading as a going concern in the foreseeable future.

Adolph Associates


(Signed by: CPA Charles Adolph)

Certified Public Accountants



Assurance · Financial Advisory · Tax · Consulting
Partner : C. Adolf M. Kitendo,

HEROCEAN ENTERPRISES (T) LTD

STATEMENT OF FINANCIAL PERFORMANCE

AS AT 31 DECEMBER 2022

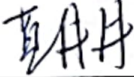
	Notes	<u>2022</u>	<u>2021</u>
<u>INCOME</u>			
Turnover		14,521,153,200	12,872,564,740
<u>DIRECT COST</u>			
Cost of sales	8	11,390,220,920	8,790,132,427
Direct Cost	9	2,499,951,136	3,038,769,783
		<u>13,890,172,056</u>	<u>11,828,902,210</u>
Gross profit/(loss)		630,981,143	1,043,662,530
Gross Income		630,981,143	1,043,662,530
<u>LESS: EXPENDITURE</u>			
Employment Expenses	10	531,384,757	454,380,740
Administration Expenses	11	562,809,434	626,494,042
Financial Charges	12	27,913,263	11,329,159
Selling Expenses	13	7,819,500	-
		<u>1,129,926,954</u>	<u>1,092,203,941</u>
Net profit/(Loss) Before tax		<u>(498,945,810)</u>	<u>(48,541,411)</u>
Net profit/(Loss) After tax		<u>(498,945,810)</u>	<u>(48,541,411)</u>

HEROCEAN ENTERPRISES (T) LTD

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

<u>ASSETS</u>	NOTES	<u>2022</u>	<u>2021</u>
<u>Non current assets</u>			
Property, Plant and Equipments	14	1,410,644,453	1,937,754,191
<u>Current assets</u>			
Trade & Other Receivables	5	(2,842,368,688)	154,532,627
Stock	8	3,388,389,803	921,471,500
Taxation	7	7,500,000	-
Cash and Bank	4	360,096,773	189,784,712
		<u>913,617,888</u>	<u>1,265,788,839</u>
Total assets		2,324,262,341	3,203,543,030
<u>EQUITY AND LIABILITIES</u>			
<u>Capital and Reserves</u>			
Issued & Paid-up Share Capital		2,644,700,000	2,644,700,000
Reserve & Surplus - (Profit and Loss Account)		(1,865,559,565)	(1,366,613,755)
		<u>779,140,435</u>	<u>1,278,086,245</u>
<u>Current liabilities</u>			
Trade & Other Payable	6	1,451,316,875	1,831,651,753
Income Tax Liability		93,805,032	93,805,032
		<u>1,545,121,907</u>	<u>1,925,456,785</u>
Total Equity and liabilities		<u>2,324,262,341</u>	<u>3,203,543,030</u>



DIRECTOR
DATED: 29/01/2023

HEROCEAN ENTERPRISES (T) LTD**STATEMENT OF CASH FLOW****31 DECEMBER 2022**

	<u>2022</u>	<u>2021</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit before tax	(498,945,810)	(48,541,411)
Adjustment for: Depreciation	546,420,475	67,919,378
Adjustment for: Depreciation for Sale of Asset	-	-
Operating profit before Working Capital Changes	<u>47,474,665</u>	<u>19,377,967</u>
Increase/(Decrease) in Stock	(2,466,918,303)	320,490,500
Increase/(Decrease) in Trade & Other Receivables	2,996,901,315	1,005,776,840
Increase/(Decrease) in Trade & Other Payables	(380,334,878)	(1,215,471,657)
Increase/(Decrease) in Goods in Transit	-	-
	<u>149,648,134</u>	<u>110,795,683</u>
Cash generated from operations	197,122,799	130,173,650
Less: Tax paid during the year	(7,500,000)	(21,240,645)
NET CASH FLOW FROM OPERATING ACTIVITIES	A <u>189,622,799</u>	<u>108,933,006</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	(19,310,737)	(365,594,636)
Disposal of Fixed Asset	-	-
NET CASHFLOW FROM INVESTING ACTIVITIES	B <u>(19,310,737)</u>	<u>(365,594,636)</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Capital Account	-	-
Prior year adjustment	-	-
Bank Loan	-	-
Advance Towards Capital	-	-
NET CASH FLOW FROM FINANCING	C <u>-</u>	<u>-</u>
NET INCREASE/DECREASE IN CASH AND CASH EQUIVAL A+B+C	<u>170,312,062</u>	<u>(256,661,630)</u>
Cash & Cash equivalent as at the beginning of the year	189,784,712	446,446,342
Cash & Cash equivalent as at the end of the year	<u>360,096,773</u>	<u>189,784,712</u>

HEROCEAN ENTERPRISES (T) LTD

STATEMENT OF CHANGES IN OWNERS EQUITY

31 DECEMBER 2022

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total Equity</u>
Share capital At 01 January 2021	2,644,700,000	-	2,644,700,000
Prior year adjustment	-	-	-
Retained earning b/forward	-	(1,366,613,755)	(1,366,613,755)
Revaluation reserve	-	-	-
Profit/(Loss) for the year ended 31st D	<u>-</u>	<u>(498,945,810)</u>	<u>(498,945,810)</u>
Retained earning at the 31st December	<u>2,644,700,000</u>	<u>(1,865,559,565)</u>	<u>779,140,435</u>

HEROCEAN ENTERPRISES (T) LTD

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANCE OF ACCOUNTING POLICIES

a Accounting Convention

As in the previous years the financial statement have been prepared under the historical cost convention. A summary of more important accounting policies is set out below.

b Fixed Assets

Fixed assets are stated in the balance sheet at cost less depreciation. Continuing existence and usage of fixed assets is certified by the Management.

c Depreciation

Depreciation is provided so as to write off the fixed assets on reducing installment basis. The principal annual rates used for this purpose are:

Furniture & Fittings	12.50% p.a
Motor Vehicle	25.00% p.a
Plant and Machinery	20.00% p.a
Computers & Accessories	37.50% p.a
Building	5% p.a

2 REGROUPINGS

Previous years figures have been re-grouped/re-arranged whenever necessary so as to make them comparable with current year figures.

	2022	2021
<u>4 CASH AND BANK BALANCE</u>		
Cash on hand	63,517,723	100,875,990
CRDB Bank-TZS	170,756,249	84,975,154
CRDB Bank-USD	112,358,738	2,782,306
NCBA Bank-TZS	325,097	325,097
NCBA Bank-USD	425,205	432,765
CRDB Bank-TZS 01	12,611,823	153,672
CRDB Bank-USD 01	101,937	239,728
	<u>360,096,773</u>	<u>189,784,712</u>
<u>5 TRADE & OTHER RECEIVABLES</u>		
Trade Debtor	(3,481,980,836)	98,952,501
Advance Payments - Global Leader	200,869,664	-
VAT Recoverables	438,742,485	55,580,126
	<u>(2,842,368,688)</u>	<u>154,532,627</u>
<u>6 TRADE & OTHER PAYABLES</u>		
Trade Creditors	1,440,710,865	1,810,476,796
PAYE Payable	1,820,800	2,154,200
SDL Payable	1,434,320	1,480,600
NSSF Payable	7,171,600	16,971,500
WCF Payable	179,290	222,090
Withholding Tax Payable	-	346,568
	<u>1,451,316,875</u>	<u>1,831,651,754</u>
<u>7 TAXATION</u>		
Balance as at 1st January	-	-
Provision for the year	-	-
Less: Tax Adjustment	-	-
Tax paid During the year	(7,500,000)	-
Balance at the end	<u>(7,500,000)</u>	<u>-</u>

HEROCEAN ENTERPRISES (P) LTD**31 DECEMBER 2022****OPERATING EXPENSES**

	2022	2021
8 COAST OF SALES		
Opening Stock	921,471,500	1,241,962,000
Purchases	13,857,139,223	8,469,641,927
Closing Stock	(3,388,389,803)	(921,471,500)
	<u>11,390,220,920</u>	<u>8,790,132,427</u>
9 DIRECT COST		
Freight and Insurance on Import	52,375,920	395,768,184
Import Duty	459,675,668	2,164,623,096
RDL Cost	27,580,543	127,690,414
CPF Cost	10,504,927	48,699,782
Wharfage Cost	12,440,832	132,032,428
Service Charges on Import	92,379	126,928
Clearing and Handling / Shipping & Porting Charges	16,241,399	92,496,678
Transport Charges	1,344,697,200	4,447,458
Electricity Charges	7,625,232	4,965,437
Fuel & Oil, Lubricants, Gas	29,247,524	-
Spare Parts	1,744,500	-
Hardware & Tools	1,086,000	-
Depreciation Expenses - Production	536,639,012	67,919,378
	<u>2,499,951,136</u>	<u>3,038,769,783</u>
10 EMPLOYMENT EXPENSES		
Salary & Wages	463,948,277	395,830,000
NSSF Employer Contribution	46,340,300	39,583,000
Skills & Development Levy	18,544,440	15,833,200
Workers Compensation Fund	2,551,740	3,134,540
	<u>531,384,757</u>	<u>454,380,740</u>
11 ADMINISTRATION EXPENSES		
Audit Fee	27,204,398	13,596,392
Bookkeeping & Tax Advisory Fee	-	28,805,140
City Service Levy	44,079,400	17,002,973
Entertainment	-	6,549,288
Depreciation Expenses - Admin	9,781,463	-
Fire & Rescue	3,010,000	-
Insurance Premium	-	4,573,582
Postage, Communication & Internet Charge	3,232,000	24,601,361
Medicines & Medical Charge	2,857,700	274,041,144
Repair & Maintenance	-	18,071,869
Motor Vehicle Running Cost (Parking and other Duties)	5,880,922	61,084,216
Office Expenses	7,783,627	13,151,313
Printing & Stationary	-	11,954,093
Rent Expense - Office & Factory & Shop	194,236,000	104,880,000
Withholding Tax on Rent - Office & Factory & Shop	17,341,080	-
Stamp Duty on Rent - Office & Factory & Shop	1,740,000	-
Withholding Tax on Service	1,788,450	-
Legal and Professional Fee	-	3,389,831
TBS & OSHA & MWA & NEMC (Government Fee)	21,956,000	20,176,143
Garbage & Sanitation & Hygiene	2,966,637	982,219
Security Service Charge & Safety Items	7,445,000	2,804,237
Visa, Work Permit & Resident Permit Charge	4,585,700	663,094
Penalty & Interest Charge on Tax	104,101,645	410,425
General Expenses	2,298,400	10,392,574
Parcel & Courier Service Charge	3,087,500	1,004,885
Certificate, Licence Charge & Inspection Fee	5,132,000	88,001
Water Supply Bill, Drinking Water	8,769,218	-
Business Promotion & Advertisement Fee	38,115,300	-
Travelling Expenses - Air & Bus Tickets, Staff Business Trips & Hotel	43,327,993	-
Staff Welfare Expense / Labour Protection Cost	895,000	7,175,987
Loading & unloading Expenses	1,194,000	1,095,275
	<u>562,809,434</u>	<u>626,494,042</u>
12 FINANCIAL CHARGES		
Bank Charges	6,879,857	11,329,159
Exchange Gain/Loss	21,033,405	-
	<u>27,913,263</u>	<u>11,329,159</u>
13 SELLING EXPENSES		
Loading & Unloading Expenses	7,819,500	-

HEROCEAN ENTERPRISES (T) LTD

**FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 2022**

NOTES (Continued)

14 FIXED ASSETS:

	Tools & Equipment	Motor Vehicles	Computer & Accessories	Plant & Machinery	Furniture & Fittings	Total
COST						
At 1st January 2022	13,941,188	1,442,533,124	4,009,915	1,718,956,118	59,100,459	3,238,540,804
Additions	705,000	15,254,237	1,885,000	-	1,466,500	19,310,737
Capital Reserves						-
Disposals/Transfer						-
As at 31 December 2022	<u>14,646,188</u>	<u>1,457,787,361</u>	<u>5,894,915</u>	<u>1,718,956,118</u>	<u>60,566,959</u>	<u>3,257,851,541</u>
DEPRECIATION						
At 1st January 2022	4,200,172	1,256,428,132	1,537,153	229,738	38,391,418	1,300,786,613
Charge for the period	2,929,238	189,918,551	2,210,593	343,791,224	7,570,870	546,420,475
Disposal						-
As at 31 December 2022	<u>7,129,410</u>	<u>1,446,346,683</u>	<u>3,747,746</u>	<u>344,020,962</u>	<u>45,962,288</u>	<u>1,847,207,088</u>
NET BOOK VALUE						
As at 31 December 2022	<u>7,516,778</u>	<u>11,440,678</u>	<u>2,147,169</u>	<u>1,374,935,156</u>	<u>14,604,671</u>	<u>1,410,644,453</u>
As at 31 December 2021	<u>9,741,016</u>	<u>186,104,992</u>	<u>2,472,762</u>	<u>1,718,726,380</u>	<u>20,709,041</u>	<u>1,937,754,191</u>

HEROCEAN ENTERPRISES (T) LTD
 FOR THE YEAR ENDING DECEMBER 2022
 Wear and Tear Allowance

Description	Class 1	Class 2	Class 2	Class 3	Class 5	Class 8	Total
	37.5%	FYA	25%	12.5%	20%	100%	
					Straight Line		
Opening Written Down Value	188,577,754		1,718,726,380	32,621,557	-	-	1,939,925,691
Additions	17,139,237	-	-	2,171,500			19,310,737
Adjustments	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Subtotal	205,716,991	-	1,718,726,380	34,793,057	-	-	1,959,236,428
Depreciation Allowance	77,143,872		429,681,595.00	4,349,132	-	-	511,174,599
Closing Written Down Value	128,573,119	-	1,289,044,785	30,443,925	-	-	1,448,061,829

HEROCEAN ENTERPRISES (T) LTD

31 DECEMBER 2022

<u>14 COMPUTATION FOR PROVISION OF TAX</u>	<u>Tshs</u>
	<u>2022</u>
Profit / (Loss) as per accounts	(498,945,810)
<u>Add:</u>	
Depreciation	546,420,475
	-
Gain on Realization	-
	<u>47,474,665</u>
<u>Less:</u>	
Wear & Tear Allowance	0 511,174,599
Adjusted profit /Loss	(463,699,934)
Unrelived Losses broght Forward	(1,366,613,755)
Tax Provision @ 30%	-
Unrelived Losses Carried Forward	<u>(1,830,313,689)</u>
Tax account	
Alternate Minimum Tax - 0.5%	-
Less:	
Tax credit B/fwd	
Tax adjustment	
Tax Paid	<u>(7,500,000)</u>
Tax - Payable/(Credit) carried forward	<u>(7,500,000)</u>