

HEROCEAN ENTERPRISES (T) LTD

**Report of the Auditor on the Financial Statements of Herocean
Enterprises (T) Ltd for the year ended 31 December, 2021**

HEROCEAN ENTERPRISES (T) LTD

AUDED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021

2022

CONTENTS

PAGE

General information	1
Report of the directors	2 - 3
Statement of directors' responsibilities	4 - 5
Declaration by the preparer of the financial statements	6
Independent auditors' report	7 - 8
Financial statements:	
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13- 27

HEROCEAN ENTERPRISES (T) LTD

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021

LIST OF ABBREVIATIONS

IAS	International Accounting Standards
IASB	International Accounting Standards
IFRS	International Financial Reporting
ISA	International Standard on Auditing
TZS	Tanzanian Shilling
LTD	Limited
CO.	Company

HEROCEAN ENTERPRISES (T) LTD

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021

GENERAL INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

M/S HEROCEAN ENTERPRISES (T) LTD

Plot No. 94 - 96

Vingunguti,

P. O BOX 816,

Dar es Salaam, Tanzania

AUDITOR

JM Consultancy Services

Certified Public Accountants,

Box 31235,

Dar-es-Salaam, Tanzania

BANKERS

NCBA Bank

P.O. Box

Dar-es-Salaam,

CRDB Bank

P.O Box

Dar-es-Salaam.

HEROCEAN ENTERPRISES (T) LTD

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021

REPORT OF THE DIRECTORS

The Herocean Enterprises (T) Ltd (The "Company") was incorporated in Tanzania on 9th April 2010 under the Companies Act of 2002 as a private Company limited by shares. The company has since then been operating in Tanzania. In this report, the Directors are hereby presenting their report of operation together with the audited financial statements of the company for the year ended 31st December 2021, which disclose the state of affairs of the company.

Management of The Company

The overall management of the company is vested in the Board of Directors, while day to day operations is executed by the Management Team.

Incorporation

The company is incorporated in the United Republic of Tanzania under the Companies Act 2002 as a company by shares and having share capital with authorized 5,000 ordinary shares @ TZS 100,000/= . And 5,000 ordinary shares @ TZS 100,000/= has been issued and full paid. The address of the registered office is set out on page 1.

Directors of The Company

The Directors who served the company during the year up to the date of this report are as follows:

Director's Name	Nationality	Position
Mr. Song Shen Hua	Chinese	Director
Mr. Qian Cheng	Chinese	Director

Shareholders of The Company

The following are shareholders of the company during the year up to the date of this report as shown below:

Shareholding Name	Nationality	No. of Shares	Shareholding %
Herocean Freight (Beijing Co. Ltd)	Chinese	4,750	95%
Ruan Lun	Chinese	150	3%
Song Sen Hua	Chinese	100	2%
TOTAL		5,000	100%

Principal Activities

The principal activity for which the company was established is transportation of goods by roads and import of hardware building materials.

Going concern

The financial statements have been prepared on a going concern basis having regard to the continuity of business operations for the year end 31st December, 2021. We draw attention to the fact that at 31 December, 2021, the company had accumulated loss of TSh.1.36 billion. The directors confirm that applicable accounting standards have been followed and that financial statements have been prepared on the basis of accounting policies applicable to a going concern.

HEROCEAN ENTERPRISES (T) LTD

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of company. The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to acquire new customers and increase sales for the ongoing operations of the company.

Dividends

The Directors do not propose any payment of dividend for the year ended 31 December 2021

Review of Business Performance

There was no income for the year, while total expenses were TSh.12.92 billion leaving a loss before tax for the year of TSh.48.54 million. Major expense was incurred in respect of direct cost and administrative. Details about on financial performance of the company have been disclosed in the Statement of Comprehensive Income on page 9 of this report.

Solvency

The Company had a total liability at 31 December 2021 amounting to TSh.1.92 billion and total asset was TSh3.20 billion. The Company state of affairs as at 31 December 2021 is shown in in the Company statement of financial position.

Responsible Behavior Towards Stakeholders

The Management Team believes that the stakeholders are what make the company exist. Several measures have been taken to institute a responsible behavior towards member of the Company and other customers/stakeholders. These measures include, but not limited to provision of education to staff in improving customer services.

Administrative Efficiency

The Current Company's Management has requisite skills and competence is therefore capable of handling all administrative matters efficiently.

Principal Risks and Uncertainties

The principal risks that may significantly affect the Company's strategies and development are mainly operational and financial risks as described below:

(i) Operational Risks

Being an important player in the industry, the Company is naturally exposed to the intrinsic operational risks that may arise from inadequate or failed internal processes, people, systems or external events including fraudulent transactions. The company's operational risk policies and framework have however embedded adequate measures to mitigate the risks to the extent possible.

(ii) Financial Risks

Financial risks include credit, Liquidity, and Market risks. The company's overall risks Management policies are set out by directors and implemented by management. These policies involve identification, evaluations, and mitigation of such risks. More details of the financial risks facing the Company are provided in Note 5 of the Financial Statement

HEROCEAN ENTERPRISES (T) LTD

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

Risk Management and Internal Control

The Directors 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.

Safeguarding of Company's Assets:

The Directors are responsible for safeguarding the assets of the Company and keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. No incidences of fraud or loss of assets of the Company were encountered during the year under review.

Compliance with Laws and Regulations:

The principal functions and operations of the Company are governed by the Companies Act of 2002. The Directors confirm that the activities and operations of the Company were conducted in accordance with the Act, and the Directors are not aware of non-compliance to other applicable laws and regulations that would have material impact to the Company.

Related Parties Transaction

The directors confirm that all transactions with related parties are undertaken on arm's length basis when exists. There was related party transaction in the year ended 31 December 2021.

Political & Charitable Donations

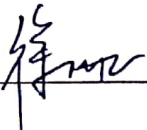
The Company did not make any charitable and political donations during the year ended 31 December 2021.

Auditors

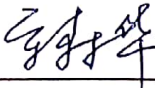
The auditors, **JM Consultancy Services** have appointed and accept to audit in office and also, are eligible for re-appointment.

BY ORDER OF THE BOARD

Qian Cheng
Director


_____ 2022

Song Sen Hua
Director


_____ 2022

HEROCEAN ENTERPRISES (T) LTD

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors by the requirement of the Companies Act 2002 are obliged to maintain adequate accounting records and 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 and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standards for Small and Medium-sized Entities.

The external auditors are engaged to express an independent opinion on the financial statements. The financial statements are prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the 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 endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior 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 cash flow forecast for the year to 31 December, 2021 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 external auditors are responsible for independently reviewing and reporting on the Company's financial statements. The financial statements have been examined by the Company's external auditors and their report is presented on pages 7 to 8.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of their operating results. The directors further accept 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.

HEROCEAN ENTERPRISES (T) LTD

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021**

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement

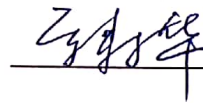
During the year ended 31 December, 2021, the Company incurred a loss before tax for the year of Tsh.48.54 million and as at that date it had accumulated losses of Tsh.1.36 billion. The Company is still dependent on the continual assistance and support from its shareholders to carry on operations.

The financial statements set out on pages 9 to 12, which have been prepared on the going concern basis, were approved by the board of Directors on the date of this statement and were signed on its behalf by:

Mr. Qian Cheng
Director

 2022

Mr. Song Sen Hua
Director

 2022

HEROCEAN ENTERPRISES (T) LTD

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021

DECLARATION BY THE PREPARER OF THE FINANCIAL STATEMENTS

According to the powers conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, the financial statements need to be accompanied by the Statement of Declaration issued by the professional accountant who is responsible for the preparation of financial statements of the entity concerned.

The professional accountant has a duty of assisting the Board of Directors to discharge their responsibility of preparing the financial statements of an entity which is showing a true and fair view position of the entity in accordance with International Financial Reporting Standards (IFRSs) and statutory reporting requirements. However, the inclusion of this clause does not exclude the responsibilities of directors for any legal responsibility related to the preparation of the financial statements. Accordingly, the Board appointed CPA Anthony A. Komba as the preparer of the financial statements and committed himself to undertake this job as indicated in the following paragraphs.

I, CPA..... Komba, being the professional accountant responsible for preparation of the financial statements, hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31st December, 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



Signed by:

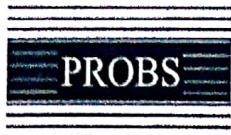
CPA.....

NBAA Membership No.: ACPA 1265

Position:

Consultancy

HEROCEAN ENTERPRISES (T) LTD



PROBS ASSOCIATES

Certified Public Accountants

Baraka Plaza, Msasani Beach, Mwal Kibaki Road, Mikocheni Street, P.O. Box 60048 Dar es salaam. +255 767 553 342
Website: www.probs-associates.com Mail: info@probs-associates.com

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS' OF THE HEROCEAN ENTERPRISES (T) LTD.

Report on the Financial Statements.

We have audited the financial statements of Herocean Enterprises (T) ltd, which comprise the statement of financial position as at 31 December, 2021, and the statement of Profit & Loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 21.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities, and requirements of the Company, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements of Herocean Enterprises (T) ltd give a true and fair view of the state of the financial affairs of Herocean Enterprises (T) ltd as at 31 March 2020 and of its

financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Herocean Enterprises (T) Ltd in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements by the Companies Act 2002, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other legal requirements

As required by the Companies Act 2002, we report to you, based on our audit, that:

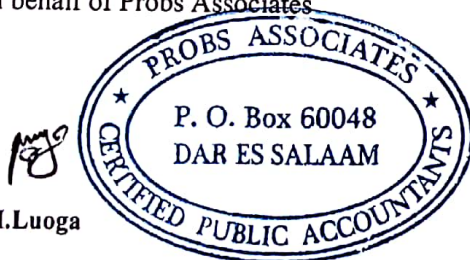
- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion proper books of account have been kept by Herocean Enterprises (T) Ltd, so far as appears from our examination of those books; and
- (iii) Herocean Enterprises (T) Ltd's statement of financial position is in agreement with the books of account.

Other information

The owners are responsible for the other information. The other information comprises owners' report but does not include the Company financial statements and our auditor's report thereon. Our opinions on the Herocean Enterprises (T) Ltd's financial statements do not cover the other information and we do not provide any form of assurance conclusion thereon. In connection with our audit of the Company's financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with Company's financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, 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

For and on behalf of Probs Associates



Optatus I.H.Luoga
Partner

Certified Public Accountants

June, 2022

HEROCEAN ENTERPRISES (T) LTDAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021**STATEMENT OF COMPREHENSIVE INCOME**

	Notes	2021 TZS	2020 TZS
Revenue	7	12,872,564,740	11,692,523,300
Cost of sale	8	(8,790,132,427)	(8,208,138,361)
Direct cost	9	<u>(3,038,769,784)</u>	<u>(2,624,323,003)</u>
Gross profit		1,043,662,530	860,061,936
Other (income)/expense	10	-	(95,482,152)
Administrative expense	11	(1,092,203,941)	(700,915,202)
Financial cost	12	-	-
Profit/(loss) before tax		<u>(48,541,411)</u>	<u>63,664,582</u>
Income tax (expense)/credit	13	-	(28,737,099)
Loss for the year		<u>(48,541,411)</u>	<u>34,927,483</u>

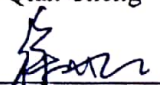
The notes on pages 13 to 27 are an integral part of these financial statements

HEROCEAN ENTERPRISES (T) LTDAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2021**

	Notes	2021 TZS	2020 TZS
Non-current asset			
Property, plant and equipment	6	<u>1,937,754,191</u>	<u>1,640,078,934</u>
		1,937,754,191	1,640,078,934
Current asset			
Trade and other receivable	15	1,54,532,626	1,160,309,466
Cash and cash equivalents	16	189,784,712	446,446,342
Inventories		921,471,500	1,241,962,000
		<u>1,265,788,839</u>	<u>2,848,717,808</u>
Total assets		3,203,543,030	4,488,796,742
Current liability			
Trade and other payable	17	1,831,651,753	3,147,567,277
Income tax liability	18	<u>93,805,032</u>	<u>14,601,809</u>
		1,925,456,785	3,162,169,086
Net current assets		(659,667,946)	(313,451,278)
Non-current assets			
Borrowing	19	-	-
		-	-
Total liability		<u>1,925,456,785</u>	<u>3,162,169,086</u>
Net asset		<u>1,278,086,245</u>	<u>1,326,627,656</u>
Equity			
Share capital	20	2,644,700,000	2,644,700,000
Accumulated loss		<u>(1,366,613,755)</u>	<u>(1,318,072,344)</u>
		1,278,086,245	1,326,627,656

The financial statements on page 9 to 27 were approved and authorized for issue by the Board of Directors on 24.06 2022 and were signed on its behalf by:

Mr. Qian Cheng



2022
Director

HEROCEAN ENTERPRISES (T) LTDAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021**STATEMENT OF CHANGE OF OWNERS EQUITY**

	Share Capital TZS	Accumulated Loss TZS	Total TZS
At January, 2021	2,644,700,000	(1,318,072,344)	2,292,779,041
Addition	-	-	-
At 31 December, 2021	<u>2,644,700,000</u>	<u>(1,318,072,344)</u>	<u>1,326,627,656</u>
Comprehensive income			
Loss for the year	-	(48,541,411)	(48,541,411)
	-	(48,541,411)	(48,541,411)
As at 31 December, 2021	<u>2,644,700,000</u>	<u>(1,366,613,755)</u>	<u>1,278,086,245</u>

	Share Capital TZS	Accumulated Loss TZS	Total TZS
At January, 2020	2,644,700,000	(1,181,946,589)	2,292,779,041
Addition	-	-	-
At 31 December, 2020	<u>2,644,700,000</u>	<u>(1,181,946,589)</u>	<u>1,462,753,411</u>
Comprehensive income			
Loss for the year	-	34,927,483	34,927,483
Prior tax adjustment paid	-	(171,053,238)	(171,053,238)
	-	(136,125,755)	(136,125,755)
As at 31 December, 2020	<u>2,644,700,000</u>	<u>(1,318,072,344)</u>	<u>1,326,627,656</u>

The notes on pages 13 to 27 are an integral part of these financial statements

HEROCEAN ENTERPRISES (T) LTDAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2021**STATEMENT OF CASH FLOW**

	Notes	2021 TZS	2020 TZS
Profit/(Loss) before income tax		(48,541,411)	63,664,582
<i>Adjustment for</i>			
Depreciation		67,919,378	85,234,712
Changes in working capital			
Trade and other receivables		1,005,776,840	(75,220,569)
Trade and other payables		(1,215,471,657)	(193,660,432)
Inventories		<u>320,490,500</u>	<u>425,512,521</u>
Cash flow (used in)/ generated from operating activities		130,173,650	305,530,814
Tax paid		<u>(21,240,645)</u>	<u>(183,746,826)</u>
Net cash (used in)/generated from operations		108,933,006	121,783,988
Cash flow from investing activities			
Purchase of assets		<u>(365,594,636)</u>	<u>(31,385,154)</u>
Net cash used in investing activities		(365,594,636)	(31,385,154)
Cash flow from financing activities			
Share paid up		-	-
Borrowing		<u>-</u>	<u>-</u>
Net cash generated from financing activities		-	-
Increase/(decrease) in cash and cash equivalents		(256,661,630)	90,398,834
Movement in cash and cash equivalents			
At 1 January, 2021		446,446,342	356,047,508
Decrease in cash and cash equivalents		<u>(256,661,630)</u>	<u>90,398,834</u>
At 31 December, 2021	16	<u><u>189,784,712</u></u>	<u><u>446,446,342</u></u>

The notes on pages 13 to 27 are an integral part of these financial statements

HEROCEAN ENTERPRISES (T) LTD

NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER, 2021

1. GENERAL INFORMATION

The Herocean Enterprises (T) Ltd is a limited Company incorporated in Tanzania. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company are described in the Directors' annual report. The Herocean Enterprises (T) Ltd is incorporated in Tanzania and domiciled in Tanzania. The address of its registered office is:

Plot No. 94 - 96
P.O BOX 816,
Dar es Salaam, Tanzania

2. GOING CONCERN

The Company incurred a loss before tax of Tsh.48.54 million for the year ended 31 December 2021 and that at the statement of financial position date, its current liability exceeded its current assets by Tsh.659.66million. These conditions indicate existence of going concern without unmaterial certainty which may cast significant doubt about the Company's ability to continue as a going concern.

Directors have prepared these financial statements on a going concern basis based on expectations that sales will increase going forward. This is because Directors believe there is a substantial untapped market within and outside the country and the Company has plan to reach this market through extensive advertisement, which is expected to boost revenue other income.

This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of company. The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to acquire new customers and increase sales for the ongoing operations of the company.

3. SIGNIFICANT ACCOUNT POLICIES

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

(a) Statement of compliance

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2002. For the Companies Act, 2002 reporting purposes, in these financial statements the balance sheet is represented by the statement of financial position and the profit and loss account in the financial statements as statement of profit or loss and other comprehensive income.

(b) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The measurement basis applied is the historical cost convention, except where otherwise stated in the accounting policies below.

The financial statements are presented in Tanzania shillings, rounded to the nearest thousand. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting

HEROCEAN ENTERPRISES (T) LTD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(c) Adoption of new and revised standards

On January 2021, the company adopted all the new and revised IFRS and these new/revised IFRS and INT IFRs does not result in change to the company's and the company's accounting policies and has no material effect on the amount reported for the current or previous year.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS), rounded to the nearest thousand, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the Tanzanian Shillings ("TZS") using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated in Tanzanian Shillings at the rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

(e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

The amount is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenues from sells of services

Revenue from hardware & building materials and transport services is recognized when the goods or services are delivered and title has passed. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the government of Tanzania.

(f) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The current rate of corporate taxation is 30%.

Deferred income tax

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in associates except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Company is unable to control the reversal of the temporary difference for associates. Deferred income tax assets are recognized on deductible temporary differences arising from investments in associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(g) Value Added Tax (VAT)

Revenue, expenses and assets are recognized at gross of the amount of value added tax except where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the assets or services as applicable.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(h) Property, plant and equipment

All categories of Property, plant and equipment are initially recorded at cost. These assets are subsequently shown at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, 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. All other repairs and maintenance are charged

HEROCEAN ENTERPRISES (T) LTD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

to profit or loss during the financial period in which they are incurred. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Trucks	25%
Furniture & fittings	12.5%
Plant & machinery	25%
Motor vehicle	25%
GPS tracking device	12.5%
Generator	12.5%

(i) Impairment of assets

Assets that are subject to amortization/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separable identifiable cash flows (cash-generating units).

(j) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in profit or loss on a straight-line basis over the period of the lease.

(k) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. Stores and consumables are stated at cost less any provision for obsolescence. Any obsolete items are provided for in full in the year they are detected.

(l) Income tax

Income tax expense is the aggregate of the charge to the statement of profit or loss in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with Tanzania income Tax Act, 2004 as revised in respective years.

Deferred income tax is provided in full using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted

HEROCEAN ENTERPRISES (T) LTD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized.

(m) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, and deposits held with banks

(n) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third-party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(o) Employees' benefits

The Company has a statutory requirement to contribute to publicly administered pension schemes (Public Services Pension Fund - PSPF, National Social Security Fund -NSSF and Parastatal Pension Fund - PPF). The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefits expense when they are due. The estimated monetary liability for employees' accrued entitlements at the reporting date is recognized as accrued expenses.

(p) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

(q) Account payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

HEROCEAN ENTERPRISES (T) LTD

NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER, 2021

(r) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average cost method and comprises expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is the estimated selling price in the open market less applicable selling expenses.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the entity's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Asset useful lives

The Company reviews the estimated useful lives and residual values of the items of property and equipment at the end of each reporting period. During the financial year the Directors determined that there were no significant changes in the useful lives and residual values of property and equipment. The useful lives of items of property and equipment are estimated annually and are in line with the rate at which they are depreciated.

(ii) Income taxes

Significant judgement is required in determining the Company's overall income tax provision or estimated future recovery of income tax losses. There are many transactions and calculations, for which the ultimate tax determination is uncertain.

The Company recognizes liabilities for anticipated tax audit issues, based on estimates of whether additional taxes will be due. Where the final outcome of tax matters is different from the amounts that were initially recorded, such differences will have an impact on the income tax and any deferred tax provisions in the period in which the determination is made.

5. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks; foreign exchange, credit and liquidity risks. The Company's overall risk management programme seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the management on behalf of the Board of Directors.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

HEROCEAN ENTERPRISES (T) LTD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

(i) Price risk

The Company regularly monitors financing options available to ensure optimum interest rates are obtained. The Company did not hold any financial instruments subject to price risk.

(ii) Credit risk

Credit risk arises from credit exposures to customers and cash and cash equivalents. The Company has no significant concentrations of credit risk.

(b) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the ability to meet all its obligations. The Company aims at maintaining flexibility in funding its major operations. Management monitors forecasts of the Company's liquidity on the basis of expected cash flows.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances as the impact of discounting is not significant.

(c) Capital risk management

The Partner's objectives when managing capital are to safeguard the Partner's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company will continue assessing its risks exposure yearly and taking appropriate decisions to match with partner's risk profile and associated liability

HEROCEAN ENTERPRISES (T) LTD

NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER, 2021

6. PROPERTY, PLANT & EQUIPMENT

	Plant & Machinery TZS	Motor Vehicle TZS	Generator TZS	Computer & Accessories TZS	Furniture & Equipment TZS	Total TZS
At Cost						
At January, 2021	1,363,191,906	1,442,533,124	7,778,307	342,373	59,100,459	2,872,946,169
Additions	355,764,212	-	6,162,881	3,667,542	-	365,594,636
At 31 December, 2021	1,718,956,118	1,442,533,124	13,941,188	4,009,915	59,100,459	3,238,540,805
Depreciation						
At January, 2021	179,022	1,194,393,135	2,808,598	53,496	35,432,984	1,232,867,235
Charge for the year	50,716	62,034,997	1,391,574	1,483,657	2,958,434	67,919,378
At 31 December, 2021	229,738	1,256,428,132	4,200,172	1,537,153	38,391,418	1,300,786,613
Carrying value						
31 December, 2021	1,718,726,380	186,104,992	9,741,017	2,472,762	20,709,041	1,937,754,191
31 December, 2020	1,363,012,884	248,139,989	4,969,709	288,877	23,667,475	1,640,078,934

HEROCEAN ENTERPRISES (T) LTD

NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER, 2021

	Plant & Machinery TZS	Motor Vehicle TZS	Generator TZS	Computer & Accessories TZS	Furniture & Equipment TZS	Total TZS
At Cost						
At January, 2020	1,363,191,906	1,413,464,919	5,803,731	-	59,100,459	2,841,561,015
Additions	-	29,068,205	1,974,576	342,373	-	31,385,154
At 31 December, 2020	<u>1,363,191,906</u>	<u>1,442,533,124</u>	<u>7,778,307</u>	<u>342,373</u>	<u>59,100,459</u>	<u>2,872,946,169</u>
Depreciation						
At January, 2020	121,061	1,113,243,371	2,216,174	-	32,051,917	1,147,632,523
Charge for the year	57,961	81,149,764	592,424	53,496	3,381,067	85,234,712
At 31 December, 2020	<u>179,022</u>	<u>1,194,393,135</u>	<u>2,808,598</u>	<u>53,496</u>	<u>35,432,984</u>	<u>1,232,867,235</u>
Carrying value						
31 December, 2020	<u>1,363,012,884</u>	<u>248,139,989</u>	<u>4,969,709</u>	<u>288,877</u>	<u>23,667,475</u>	<u>1,640,078,934</u>
31 December, 2019	<u>1,363,070,845</u>	<u>300,221,548</u>	<u>3,587,557</u>	<u>-</u>	<u>27,048,542</u>	<u>1,693,928,492</u>

HEROCEAN ENTERPRISES (T) LTD

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER, 2021**

	2021	2020
	TZS	TZS
7 REVENUE		
Sales from hardware materials	12,872,564,740	11,318,266,164
Sales from transport income	-	374,257,136
	<u>12,872,564,740</u>	<u>11,692,523,300</u>
8 COST OF SALE		
Opening	1,241,962,000	1,667,474,521
Purchases	8,469,641,927	7,782,625,840
Inventory	(921,471,500)	(1,241,962,000)
	<u>8,790,132,427</u>	<u>8,208,138,361</u>
9 DIRECT COST		
Fuel cost	-	179,457,573
Motor vehicle spares, tyres & others	-	178,774,388
Import & other duties	-	2,180,856,330
Clearing and handling cost	92,496,678	-
Freight and insurance on import	395,768,184	-
Service charges on import	126,928	-
Wharfage cost	132,032,428	-
RDF cost	127,690,414	-
CPF cost	48,699,782	-
Electricity & water	4,965,437	-
Transport charges	4,447,458	-
Import duty	2,164,623,096	-
Depreciation	67,919,378	85,234,712
	<u>3,038,769,784</u>	<u>2,624,323,003</u>
10 OTHER INCOME		
Loss/(Gain) on forex	-	(95,482,152)
Indirect income	-	-
	<u>-</u>	<u>(95,482,152)</u>
11 ADMINISTATIVE EXPENSE		
Advertising costs	-	32,652,364
Book writing fee	-	9,600,000
Business license & inspection	88,000	9,893,020

HEROCEAN ENTERPRISES (T) LTD
**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER, 2021**

	2021	2020
	TZS	TZS
Audit fee	13,596,392	1,000,000
Bank charges & interest	11,329,159	3,400,447
City service levy	17,002,973	35,077,570
Entertainment	6,549,288	3,927,930
Electricity & water	-	2,990,702
Fire & rescue	-	620,000
Insurance	4,573,582	9,326,351
Internet, telephone & postage	24,601,361	2,717,276
Medical expense	274,041,144	139,900
Motor vehicle running cost	-	17,511,982
Motor Vehicle Repair & Maintenance	25,899,987	-
Office expense	-	5,460,151
Printing & stationery	11,954,093	2,646,297
Rent expense	104,880,000	123,575,383
Stamp duty	-	622,800
Subscription	13,151,313	-
Travelling & transport	-	6,766,517
WHT expense	-	278,462
Bookkeeping & Tax Advisory Fee	28,805,140	-
Legal & Professional Fee	3,389,831	-
Government Fee	20,176,143	-
Garbage & Sanitation	982,219	-
Parking & Other Duties	35,184,229	-
Security Services Charge	2,804,237	-
Work, Immigration & Resident Charge	663,094	-
Penalty & Interest Charge	410,425	-
General Office Expense	10,392,574	-
Parcel & Postage Expense	1,004,885	-
Staff Welfare Expense	7,175,987	-
Repair and Maintenance	18,071,869	-
Loading & Unloading Expenses	1,095,275	-
	<u>637,823,201</u>	<u>268,207,152</u>
Employment cost		
Salary & wages	395,830,000	375,640,000
NSSF employer contribution	39,583,000	37,344,000
SDL expense	15,833,200	15,967,650
WCF expense	3,134,540	3,756,400
	<u>454,380,740</u>	<u>432,708,050</u>
	1,092,203,941	700,915,202

HEROCEAN ENTERPRISES (T) LTD

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER, 2021**

	2021	2020
	TZS	TZS
12 FINANCIAL COST		
Interest expense	-	-
	<u>-</u>	<u>-</u>
13 INCOME TAX EXPENSE		
(i) Current income tax	-	28,737,099
(ii) Deferred income tax	-	-
	<u>-</u>	<u>28,737,099</u>
(i) Current income tax		
Profit/(loss) before tax	(48,541,411)	63,664,582
Depreciation expense	67,919,378	85,234,712
Capital allowance	(79,503,170)	(79,503,170)
Movement of unutilised tax loss	-	-
<i>Non deductible expense:</i>		
Loss/(Gain) on forex	-	22,466,276
Entertainment	6,549,288	3,927,930
Refreshment & entainment Expense	-	-
Work, Immigration & Resident Charge	663,094	-
Penalty & Interest Charge	410,425	-
Repair and maintenance	18,071,869	-
Taxable income	<u>(34,430,526)</u>	<u>95,790,330</u>
Current income tax at 30%	-	28,737,099
15 TRADE AND OTHER RECEIVABLE		
Account receivable		
Trade Receivables	98,952,500	1,160,309,466
	<u>98,952,500</u>	<u>1,160,309,466</u>
Other receivable		
VAT receivable	55,580,126	-
Prepayments	-	-
	<u>55,580,126</u>	<u>-</u>
	<u>154,532,626</u>	<u>1,160,309,466</u>
16 CASH AND CASH EQUIVALENTS		
Cash balance	100,875,990	33,159,490
	<u>100,875,990</u>	<u>33,159,490</u>

HEROCEAN ENTERPRISES (T) LTD
**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER, 2021**

	2021	2020
	TZS	TZS
CRDB Bank-TZS	84,975,154	-
CRDB Bank-USD	2,782,306	-
NCBA Bank-TZS	325,097	-
NCBA Bank-USD	432,765	-
CRDB TZS 01	153,672	-
CRDB USD 01	239,728	-
Balance st bank	-	413,286,852
	<u>88,908,722</u>	<u>413,286,852</u>
	189,784,712	446,446,342
17 TRADE PAYABLE AND OTHER PAYABLES		
Account payable		
Trade Payables	2,362,863,772	3,147,567,277
Tanzania Front Limited	44,280,000	-
Shanghai General-Fortune Industry	(404,413,770)	-
Mscm Limited	2,400,000	-
Africa Dragon Enterprises (T) Ltd	232,778,442	-
Finactax Associates	(195,196)	-
Probs Associate	-	-
UAP Insurance Tanzania Limited	(6,124,200)	-
Zhejiang Zesh	(392,481,900)	-
Apple Media T Ltd	(6,155,352)	-
En Xin Company Limited	137,925,000	-
BNBM	(64,900,000)	-
Beijing	(46,000,000)	-
Masoud Auto Spares	(49,500,000)	-
	<u>1,810,476,796</u>	<u>3,147,567,277</u>
Other payables		
NSSF Payable	16,971,500	-
PAYE Payable	2,154,200	-
SDL Payable	1,480,600	-
WCF Payable	222,090	-
Withholding Tax Payable	346,568	-
	<u>21,174,958</u>	<u>-</u>
	1,831,651,753	3,147,567,277

HEROCEAN ENTERPRISES (T) LTD**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER, 2021**

	2021	2020
	TZS	TZS
18 INCOME TAX LIABILITY/(RECOVERABLE)		
Opening balance	14,601,809	1,441,702
Current income tax	-	28,737,099
Prior tax adjustment	100,443,867	-
Prior tax adjustment paid	(16,740,645)	(1,441,702)
Provision tax paid	(4,500,000)	(6,000,000)
Non-final withholding tax paid	-	(8,135,290)
	<u>93,805,032</u>	<u>14,601,809</u>
19 BORROWING		
Bank loan	<u>-</u>	<u>-</u>
	-	-
20 EQUITY		
Authorised share capital 100@5,000,000/=	<u>500,000,000</u>	<u>500,000,000</u>
Share capital paid up	2,644,700,000	2,644,700,000
Accumulated loss	<u>(1,366,613,755)</u>	<u>(1,318,072,344)</u>
	1,278,086,245	1,326,627,656

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Directors on the date shown on page 5.

22. CONTINGENT LIABILITIES

At the end of this period there were no contingent liabilities after the reporting date which requires adjustment or disclosure in the financial statements.

23. COMMITMENTS

(i) Operating lease commitments (where the company is a lessee)

The Company had no future minimum lease payments receivable under non-cancellable operating leases as at 31 December 2021 (2020: Nil)

(ii) Capital commitments

The Company had no capital commitments as at 31 December 2021 (2020: Nil)

24. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company. There are no compensation ok key management personnel.

25. EVENTS AFTER PERIOD END

Covid-19 started to impact Wuhan, China late year 2019, and spread globally in 2020. Tanzania started to be initially affected in March 2020 with new cases being reported up to date and the Government of Tanzania announcing a range of preventive measures to fight the virus. The Government of Tanzania also announced that it will not impose a lockdown of the Country. In light of the above, there is no material adjusting event in respect of the matters included in the financial statements for the year ended 31 December, 2021.

As this COVID-19 pandemic presents unprecedented challenges for societies, governments, and businesses across the world and in Tanzania. The Group and Company are expecting impacts on 2021 performance. Management has put various measures in place in 2021 ranging from assuring the health and safety of our colleagues while investing in new capabilities to better connect with customers, consumers, and other stakeholders.