

FINANCIAL STATEMENTS

31 DECEMBER 2022

CHOICE MOTORS LIMITED

P. O. BOX 22218

DAR ES SALAAM

*M. A. Hassam & Co.*

Certified Public Accountants in Public Practice

P. O. Box 20719

Telephone: 2110129/2134071/2110648

Choice Motors Limited

Annual Report and Financial Statements  
for the year ended 31 December 2022

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## Choice Motors Limited

### Company Information for the year ended 31 December 2022

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<b>Directors</b>	Mr. Faruk Nizar Meghji	-	Tanzanian
	Mrs. Farida Nizar Meghji	-	Tanzanian
	Mr. Fahim Faruk Meghji	-	Canadian

**Registered office** Plot No. 27, Block 28 C  
Ikuu Street, Mwananyamala  
P.O. Box 22218  
Dar es Salaam

**Company secretary** Mr. Faruk Nizar Meghji  
P.O. Box 22218  
Dar es Salaam

**Accountants** M. A. Hassam & Co.  
Certified Public Accountants in Public Practice  
Mtendeni Street  
P.O. Box 20719  
Dar es Salaam

**Bankers** Exim Bank (Tanzania) Limited  
Main Branch  
P. O. Box 1431  
Dar es Salaam

# Choice Motors Limited

## Directors' Report for the year ended 31 December 2022

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The directors present their report and financial statements for the year ended 31 December 2022.

### Incorporation

The company is incorporated in Tanzania under the former Companies Ordinance (Cap 212) on 15 January 2004 under the Certificate of Incorporation No. 47897.

### Principal activities

The principal activity of the company is that of transportation.

### Directors' interests

The directors' interest in the share capital of the company is as follows:

#### Ordinary shares of TZS 100,000/- each

	<u>2022</u>		<u>2021</u>	
	No. of shares	Nominal value TZS '000	No. of shares	Nominal value TZS '000
Faruk Nizar Meghji	40	4,000	40	4,000
Farida Nizar Meghji	60	6,000	60	6,000
	<u>100</u>	<u>10,000</u>	<u>100</u>	<u>10,000</u>

### Dividends

The directors do not recommend payment of dividends.

### Results for the year

The performance of the company during the year is set out on page 6 of these financial statements.

### Accountants

The accountants, M. A. Hassam & Co. have indicated their willingness to continue in office and are eligible for re-appointment.

By order of the board

  
Faruk Meghji  
Managing Director

Date: 13/05/2023

## Choice Motors Limited

### Statement of Directors' Responsibilities for the year ended 31 December 2022

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The Companies Act, 2002 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results for that year. It also requires the directors to ensure that the company maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

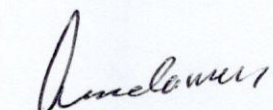
The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act, 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 as at 31 December 2022 and of its operating results for the year then ended. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial

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



Faruk Meghji  
Managing Director

Date: 13/05/2023



Farida Nizar Meghji  
Director

Choice Motors Limited

Declaration of Independent Accountant  
for the year ended 31 December 2022

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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 an independent accountant responsible for the preparation of financial statements of the entity.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of the 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. Legal responsibility for the preparation of financial statements rests with the Board of Directors as per the Statement of Directors' Responsibilities on Page 3.

I, Shahack C. Msekah being the independent accountant 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, give a true and fair view of the position of the Company and are prepared based on properly maintained financial records.

Signature: \_\_\_\_\_

NBAA No.: \_\_\_\_\_

Date: \_\_\_\_\_



*M. A. Hassam & Co.*

Certified Public Accountants in Public Practice

P.O. Box 20719, Dar es Salaam

Telephone: 2134071, 2110648, 2110129

Email: info@mahassam.co.tz

**Practitioners' Compilation Report  
To the Management of Choice Motors Limited  
for the year ended 31 December 2022**

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We have compiled the accompanying financial statements of Choice Motors Limited based on information you have provided. These financial statements are presented in accordance with the financial reporting framework. The financial statements comprise the statement of financial position for the year ended 31 December 2022, and the statement of 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 information.

Management is responsible for these financial statements, including adoption of the applicable financial reporting framework, and the accuracy and completeness of the information used to compile the financial statements.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements. This Standard requires that we comply with quality control standards and relevant ethical requirements, including ethical principles of integrity, objectivity, professional competence and due care.

A compilation engagement involves applying expertise in accounting and financial reporting to assist management in preparing and presenting financial information. A compilation engagement does not include gathering evidence for the purpose of expressing an audit opinion or a review conclusion.

**Murtaza Hassam ACPA 2239  
Partner  
M. A. Hassam & Co.  
Certified Public Accountants in Public Practice**

Dar es Salaam

Date: 15.05.2023



Choice Motors Limited

Statement of Comprehensive Income  
for the year ended 31 December 2022

	Notes	2022 TZS	2021 TZS
Income		2,307,236,234	1,168,489,503
Operating cost	2	<u>(1,353,151,312)</u>	<u>(553,234,147)</u>
<b>Gross profit</b>		954,084,923	615,255,355
Other Income	3	61,246,084	9,888,335
Administrative expense		(834,879,522)	(512,761,952)
Depreciation		<u>(59,268,148)</u>	<u>(83,381,564)</u>
<b>Profit before tax</b>	4	121,183,337	29,000,175
Income tax expense	5	<u>(36,481,751)</u>	<u>(10,265,295)</u>
<b>Profit for the year</b>		<u><u>84,701,586</u></u>	<u><u>18,734,880</u></u>

**Choice Motors Limited**

**Statement of Financial Position  
as at 31 December 2022**

	Notes	2022 TZS	2021 TZS
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	<u>96,054,602</u>	<u>88,744,368</u>
<b>Current assets</b>			
Trade and other receivables	7	949,170,245	912,579,240
Cash and cash equivalents	8	<u>204,480,739</u>	<u>115,423,602</u>
		<u>1,153,650,984</u>	<u>1,028,002,842</u>
<b>Total assets</b>		<u><u>1,249,705,586</u></u>	<u><u>1,116,747,211</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	10,000,000	10,000,000
Shareholders' fund		11,967,426	11,967,426
Retained earnings		812,774,803	728,073,311
<b>Total equity</b>		<u>834,742,229</u>	<u>750,040,737</u>
<b>Non - current liabilities</b>			
Deferred taxation	10	<u>4,384,683</u>	<u>(4,400,261)</u>
<b>Current liabilities</b>			
Trade and other payables	11	438,702,316	385,510,330
Taxation	12	<u>(28,123,641)</u>	<u>(14,403,595)</u>
		<u>410,578,675</u>	<u>371,106,735</u>
<b>Total equity and liabilities</b>		<u><u>1,249,705,586</u></u>	<u><u>1,116,747,211</u></u>

The financial statements were approved by the board of directors on 13/05/2023 and signed on their behalf by:

  
Faruk Meghji  
Managing Director

  
Farida Nizar Meghji  
Director

Choice Motors Limited

Statement of Changes in Equity  
for the year ended 31 December 2022

	Share capital TZS	Shareholders' fund TZS	Retained earnings TZS	Total TZS
Balance at 1 January 2021	10,000,000	11,967,426	866,959,950	888,927,376
Prior years taxes	-	-	(157,621,519)	(157,621,519)
Loss for the year	-	-	18,734,880	18,734,880
Balance at 31 December 2021	10,000,000	11,967,426	728,073,311	750,040,737
Balance at 1 January 2022	10,000,000	11,967,426	728,073,311	750,040,737
Profit for the year	-	-	84,701,586	84,701,586
Balance at 31 December 2022	10,000,000	11,967,426	812,774,803	834,742,229

Choice Motors Limited

Statement of Cash Flow  
for the year ended 31 December 2022

	Notes	2022 TZS	2021 TZS
<b>Operating activities</b>			
Cash generated from operations	13	158,048,017	235,466,902
Provisional tax paid		(37,500,000)	(13,500,000)
Prior year's tax as per assessments		(3,916,853)	(157,621,519)
<b>Net cash generated from operating activities</b>		<b>116,631,164</b>	<b>64,345,383</b>
<b>Investment activities</b>			
Purchase of property and equipment		(70,474,026)	(3,339,913)
Proceeds from disposal of property and equipment		42,900,000	6,779,661
<b>Net cash (used in) / generated from investing activities</b>		<b>(27,574,026)</b>	<b>3,439,747</b>
<b>Financing activities</b>			
Decrease in borrowing		-	(25,000,000)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(25,000,000)</b>
Net increase in cash and cash equivalents		89,057,137	42,785,131
Cash and cash equivalents at the beginning of the year		115,423,602	72,638,472
<b>Cash and cash equivalents at the end of the year</b>	8	<b>204,480,739</b>	<b>115,423,602</b>

The accounting policies and notes on pages 10 to 16 form part of these financial statements.

Practitioners' compilation report on page 5

## Choice Motors Limited

### Notes to the Financial Statements for the year ended 31 December 2022

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#### 1. Principal accounting policies

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

##### (a) Basis of preparation

These financial statements are presented in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention.

##### (b) Revenue and expenditure recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

##### Income

Income is recognised upon provision of service.

##### Expenditure:

Expenses are recognised in the income statement in the year in which they are incurred.

##### (c) Property and equipment

All items of property and equipment are initially recorded at cost. Cost comprises of expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised 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 to the income statement during the financial period in which they are incurred.

Other items of property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation is calculated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life.

Applicable depreciation rates as follows:

Buses	37.5%
Light duty motor vehicles	25.0%
Furniture and fittings, equipment and bicycle	12.5%
Computers and printers	37.5%

## Choice Motors Limited

### Notes to the Financial Statements for the year ended 31 December 2022

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#### (d) Impairment of assets

At each balance sheet date, the company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the income statement whenever the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### (e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Provision is made when there is objective evidence that the company will not be able to collect the debt.

Other receivables are carried at anticipated realizable value. Bad debts are written off in the year in which they are identified.

#### (f) Cash and bank balances

Cash and bank balances are carried in the balance sheet at cost. Cash and cash equivalents comprise cash in hand and cash at bank.

#### (g) Deferred income taxes

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

#### (h) Trade and other payables

Trade and other payables are stated at their nominal value.

**Choice Motors Limited**

**Notes to the Financial Statements  
for the year ended 31 December 2022**

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**(i) Employees' benefit**

The company contributes to the statutory National Social Security Fund. This is a defined pension contribution scheme registered under the National Social Security Fund Act. The company's contributions are charged to the income statement in the year to which they relate.

**Provision for liabilities and charges**

Employees' entitlements to annual leave are recognised when they accrue to employees. Provision is made for the estimated liability in respect of annual leave accrued on the balance sheet date.

**(j) Comparatives**

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

## Choice Motors Limited

### Notes to the Financial Statements for the year ended 31 December 2022

	2022 TZS	2021 TZS
<b>2. Operating cost</b>		
Fuel and oil	631,770,207	254,300,898
Spares, tyres and tubes	281,541,183	168,710,016
Vehicle hiring and parking charges	383,087,041	86,028,033
Yard expense	6,518,030	3,706,737
Yard rent	6,000,000	6,000,000
Insurance and licence fees	44,234,850	34,488,463
	<u>1,353,151,312</u>	<u>553,234,147</u>
<b>3. Other income</b>		
Claim received	15,441,526	3,146,271
Gain on disposal of motor vehicle	39,004,356	4,527,035
Gain on foreign exchange	6,800,203	2,215,030
	<u>61,246,084</u>	<u>9,888,335</u>
<b>4. Profit before tax</b>		
The following items have been charged in arriving at profit before tax:		
Accountancy fees	2,300,000	2,000,000
Depreciation on property, plant and equipments	59,268,148	83,381,564
Directors' remuneration	54,000,000	54,000,000
Directors' fees	260,000,000	170,000,000
Staff costs	249,232,718	205,371,584
<b>5. Income tax expense</b>		
Current year's tax	27,696,807	17,149,580
Deferred tax (Note 10)	8,784,944	(6,884,285)
	<u>36,481,751</u>	<u>10,265,295</u>

Choice Motors Limited

Notes to the Financial Statements  
for the year ended 31 December 2022

6. Property, plant and equipment

	Buses		Light duty motor vehicles		Furniture and fittings		Equipment and bicycle		Computers and printers		Total
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
<u>Cost</u>											
At the start of the year	60,528,477	1,658,251,992	33,283,095	9,652,150	25,524,894	1,787,240,608					
Additions	-	70,079,026	-	-	395,000	70,474,026					
Disposal	-	(179,836,199)	-	-	-	(179,836,199)					
At the end of the year	60,528,477	1,548,494,820	33,283,095	9,652,150	25,919,894	1,677,878,435					
Depreciation											
At start of the year	60,128,477	1,583,405,699	20,789,925	9,461,566	24,710,571	1,698,496,239					
Charge for the year	-	56,390,351	2,434,322	-	443,475	59,268,148					
Disposal	-	(175,940,554)	-	-	-	(175,940,554)					
At end of the year	60,128,477	1,463,855,497	23,224,248	9,461,566	25,154,046	1,581,823,833					
Net book value											
As at 31 December 2022	400,000	84,639,323	10,058,847	190,584	765,848	96,054,602					
As at 31 December 2021	400,000	74,846,293	12,493,169	190,584	814,322	88,744,368					

Practitioners' compilation report on page 5

**Choice Motors Limited**

**Notes to the Financial Statements  
for the year ended 31 December 2022**

	2022 TZS	2021 TZS
<b>7. Trade and other receivables</b>		
Trade	909,595,922	910,949,859
Other	39,574,323	1,629,381
	<u>949,170,245</u>	<u>912,579,240</u>
<b>8. Cash and cash equivalents</b>		
Cash in hand	4,892,861	37,758,329
Cash at bank	199,587,878	77,665,273
	<u>204,480,739</u>	<u>115,423,602</u>
<b>9. Share capital</b>		
<i>Authorised:</i>		
1,000 ordinary shares of Tzs. 100,000/- each	<u>100,000,000</u>	<u>100,000,000</u>
<i>Issued and fully paid:</i>		
100 ordinary shares of Tzs. 100,000/- each	<u>10,000,000</u>	<u>10,000,000</u>
<b>10. Deferred tax</b>		
As at 1 January	(4,400,261)	2,484,024
Charge / (credit) for the year	8,784,944	(6,884,285)
As at 31 December	<u>4,384,683</u>	<u>(4,400,261)</u>
Deferred tax liability / (asset) is made as follows:		
Unrealised gain on foreign exchange	2,040,061	643,304
Accelerated capital allowances	2,344,622	(5,043,565)
	<u>4,384,683</u>	<u>(4,400,261)</u>
<b>11. Trade and other payables</b>		
Trade	70,386,532	37,908,103
Directors current account	301,846,218	217,071,778
Accruals	27,736,725	52,586,926
VAT	38,732,841	21,479,468
Other	-	56,464,055
	<u>438,702,316</u>	<u>385,510,330</u>

## Choice Motors Limited

### Notes to the Financial Statements for the year ended 31 December 2022

	2022 TZS	2021 TZS
<b>12. Taxation</b>		
As at 1 January	(14,403,595)	(18,053,175)
Current year's tax	27,696,807	17,149,580
	<u>13,293,212</u>	<u>(903,595)</u>
Less: Provisional tax paid	(37,500,000)	(13,500,000)
Prior year's tax paid	(3,884,453)	-
Withholding tax credit	(32,400)	-
	<u>(28,123,641)</u>	<u>(14,403,595)</u>

### 13. Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

Profit before tax	121,183,337	29,000,175
<b>Adjustments for:</b>		
Depreciation	59,268,148	83,381,564
Gain on disposal	(39,004,356)	(4,527,035)
<b>Changes in working capital</b>		
(Increase) / decrease in trade and other receivables	(36,591,005)	146,177,318
Increase / (decrease) in trade and other payables	<u>53,191,986</u>	<u>(18,565,121)</u>
<b>Cash generated from operations</b>	<u>158,048,017</u>	<u>235,466,902</u>

### 14. Contingent liabilities

The company had no contingent liabilities as at 31 December 2022.

### 15. Capital commitment

The company had no capital commitments as at 31 December 2022.

## Choice Motors Limited

### Appendix to the Financial Statements for the year ended 31 December 2022

	2022 TZS	2021 TZS
<b>A1. Operating and administrative expenses</b>		
Accountancy fees	2,300,000	2,000,000
Bad debts	161,453,500	-
Bank charges	2,351,286	1,947,084
City service levy	6,921,708	3,535,246
Commission	385,227	3,822,697
Directors' remuneration	54,000,000	54,000,000
Directors' fees	260,000,000	170,000,000
Employment cost	249,232,718	208,075,809
General office expenses	11,923,737	6,047,764
Legal and professional fees	28,150,000	8,395,610
Licence and fees	7,354,500	19,774,000
Marketing	4,355,078	10,588,000
Printing and stationery	2,437,508	779,067
Security services	5,040,000	5,040,000
Stamp duty	-	60,000
Staff uniform	1,340,678	5,049,492
Telephone, internet and courier	3,585,593	2,013,210
Transport and travelling	25,630,762	1,909,983
Vehicle running	489,000	490,000
Work permit	7,928,226	9,233,990
	<u>834,879,522</u>	<u>512,761,952</u>
<b>A2. Employment cost</b>		
Salaries and wages	139,316,551	119,688,333
Housing allowance	6,000,000	6,000,000
Other allowance	2,377,992	-
Overtime	35,521,733	24,374,933
Bonus	6,690,000	7,100,000
Notice and termination	1,871,939	2,934,615
NSSF contribution	34,577,821	29,909,788
Skills and development levy	20,231,129	15,363,915
Workers compensation fund	2,645,553	2,704,226
	<u>249,232,718</u>	<u>208,075,809</u>

Choice Motors Limited

Appendix to the Financial Statements  
for the year ended 31 December 2022

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B. Gain / (loss) on disposal of motor vehicles

	N.B.V	Sales Proceeds	Gain / (Loss)
	TZS	TZS	TZS
T255 DNG	100,000	2,500,000	2,400,000
T446 DKV	100,000	2,500,000	2,400,000
T489 DMV	3,295,644	2,500,000	(795,644)
T504 DHG	100,000	2,200,000	2,100,000
T757 DGW	100,000	2,000,000	1,900,000
T793 DGW	100,000	1,200,000	1,100,000
T736 DFV	100,000	30,000,000	29,900,000
	<u>3,895,644</u>	<u>42,900,000</u>	<u>39,004,356</u>

**Choice Motors Limited**

**Tax computation  
for the year ended 31 December 2022**

		<b>TZS</b>
<b>Profits per accounts</b>		<b>121,183,337</b>
Add: <u>Non-allowable expenses</u>		
Depreciation	59,268,148	
General office expenses	422,500	
Unrealised foreign exchange gain for 2021 reversed	2,144,347	61,834,995
		<u>183,018,332</u>
Less: Gain on sale of motor vehicles		<u>(39,004,356)</u>
		144,013,977
Less: Unrealised foreign exchange gain 2022	(6,800,203)	
Depreciation allowance (as per schedule below)	(44,891,083)	(51,691,286)
		<u>(51,691,286)</u>
<b>Taxable income</b>		<b><u>92,322,691</u></b>
Corporation tax at 30%		27,696,807
Less: Provisional tax paid		(37,500,000)
Less: Withholding tax paid		(32,400)
		<u>(9,835,593)</u>

Schedule of depreciation allowance

	Class 1 TZS	Class 2 TZS	Class 3 TZS	Total TZS
W.D.V. at 01.01.2022	80,589,886	9,670,560	15,295,807	105,556,252
Additions	70,474,026	-	-	70,474,026
Disposal proceeds	(42,900,000)	-	-	(42,900,000)
	108,163,912	9,670,560	15,295,807	133,130,279
Less: Depreciation allowance	(40,561,467)	(2,417,640)	(1,911,976)	(44,891,083)
	67,602,445	7,252,920	13,383,831	88,239,196