

# HUNAN TENGDA POWER GROUP LIMITED

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2023



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Coast Region - Tanzania

## TABLE OF CONTENTS

Report by Those charged with Governance	3-5
Statement of Directors' Responsibility	5
Report of the independent Auditors	6
Statement of profit or loss and other Comprehensive Income	7
Statement of Financial Position	8
Statement of change in equity	9
Statement of Cash flow	10
Notes to the Financial Statements	11 - 19

## REPORT BY THOSE CHARGED WITH GOVERNANCES

Those charged with governance present their report together with financial statements of HUNAN TENGDA POWER GROUP COMPANY LIMITED for the year ended 31<sup>st</sup> December 2023.

### 1.0 Introduction

Hunan Tengda Power Group Company Limited is a limited company registered under the Law of Tanzania

### 2.0 Directors

The directors of the company at the date of this report, and who held office throughout the year were as follows:

1. FU DI
2. ZHU GU OHE

### 3.0 Principal Activities of the Company

The principal activities of the company is production and sales of concrete poles.

### 4.0 Operational Performance of the Company

During the period the company produce and sale concrete poles on order bases.

### 5.0 Future Plans

Presently the Company plans to improve its marketing strategies in order to expand its market share in sales of concrete poles

### 6.0 Shareholders' Interests

The shareholders' interests in the issued shares of the company at 31<sup>st</sup> December 2023 were as follows:

Name	Shares
FU DI	900
ZHU GU OHE	100
<b>Total</b>	<b>1000</b>

### 7.0 Related Party Transactions

During the period Directors purchase material and machines from China for use in the company. The amount was treated as creditors in the financial statements to be refunded when the company gain its liquidity position.

### **8.0 Employee's Welfare**

The Company provides support to employees in accordance with staff regulations and incentive packages approved by the Board of Directors from time to time.

The Company communicates with its employees through regular management and staff meetings and circulars. There were continued goods relations between employees and management during the financial year 2023 and no unrest has been reported apart from isolated disciplinary cases.

### **9.0 Employees Benefit Plan**

The Company's employment terms are reviewed annually.

### **10.0 HIV/ AIDS Mitigation**

The Company conducts HIV / AIDS awareness rising at workplace to employees engaging HIV / AIDS experts.

### **11.0 Going Concern**

The directors confirm that the company operation is in good hand that nothing can impair the going concern of company

### **12.0 Auditors**

PanAfrican Auditors (Certified Public Accountants), have been appointed as company auditor for the year 2023.

BY ORDER

  
.....  
MANAGING DIRECTOR

Date: 30/05/2024

**STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCES**

The Companies Act No.12 of 2002 requires the Directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its profit or loss. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors of HUNAN TENGDA POWER GROUP COMPANY LIMITED hereby accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act 2002 and its subsequent amendments. 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 its profit for the year ended 31<sup>st</sup> December 2023. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors still believe that the Company will retain its going concern status for at least next twelve months from the date of this statement despite having no sales of concrete poles for the previous three years.



.....  
MANAGING DIRECTOR

Date: 30/05/2024



## PRACTITIONER'S COMPILATION REPORT

We have compiled the accompanying financial statement **HUNAN TENGDA POWER COMPANY LIMITED** which includes, statement of Profit or loss and other Comprehensive Income, statement of financial position, statement of change in equity, cash flow statement and explanatory notes for the year ended 31<sup>st</sup> December 2023 from the accounting records and explanations supplied to us.

### Directors Responsibility

The Directors are responsible for maintaining the books of accounts that gives a true and fair view in accordance with the international financial reporting standards for small and medium sized entities (IFRS for SME's). The directors are also responsible for accuracy, authenticity and completeness of the information used to compile these financial statements.

### Auditors Responsibility

Our responsibility was to compile these financial statements. We have performed this compilation engagement in accordance to International Standard on Related Services 4410 (revised) Compilation engagements.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy, authenticity or completeness of the information provided to us to compile these financial statements.

We have obtained information and explanation which were necessary for the purpose of our compilation. However, where adequate third-party documentation and or accuracy and authenticity and completeness of the accounting records were not obtainable, we have accepted explanation and assurance from the management.

Signed by,

**Saidi Yusuph ACPA (T) 2758**  
Partner,  
PanAfrican Auditors PF308



**Signed on: 30/06/2024**

HUNAN TENGDA POWER GROUP COMPANY LIMITED  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

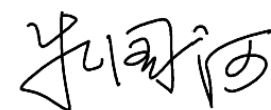
	Note	31.12.2023 Tshs	31.12.2022 Tshs
<b>Income</b>		2,401,660,735	1,153,138,141
Cost of Sale	12	1,390,207,031	903,391,272
<b>Gross Profit</b>		<b>1,011,453,704</b>	<b>249,746,869</b>
<b>Less:</b>			
Financial Charge	13	24,399,073	2,456,870
Operating Expenses	14	681,326,933	133,953,074
Depreciation	15	102,338,946	90,630,199
		<b>808,064,952</b>	<b>227,040,143</b>
<b>Operating profit before Tax</b>		<b>203,388,752</b>	<b>22,706,726</b>
Tax		<b>61,016,626</b>	<b>6,812,018</b>
<b>Operating Profit/(loss)for the year After Taxation</b>		<b>142,372,127</b>	<b>15,894,708</b>

HUNAN TENGDA POWER GROUP COMPANY LIMITED  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2023

	Note	31.12.2023 Tshs	31.12.2022 Tshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	6	671,168,479	544,168,802
		<b>671,168,479</b>	<b>544,168,802</b>
<b>CURRENT ASSETS</b>			
Stock & WIP	12	76,830,960	353,693,963
Debtors & Pre payments	8	44,744,768	110,081,257
Cash and Bank Balances	7	66,869,828	440,461,837
Tax Asset	10	2,281,170	6,673,725
		<b>190,726,725</b>	<b>910,910,781</b>
<b>Total Assets</b>		<b>861,895,205</b> =====	<b>1,455,079,583</b> =====
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share Capital	11	500,000,000	500,000,000
Accumulated Loss		(224,481,746)	(345,667,433)
Advanced towards capital		540,000,000	540,000,000
<b>Total Equity</b>		<b>815,518,254</b>	<b>694,332,567</b>
<b>Current Liabilities</b>			
Trade and Other Payables	9	46,376,950	760,747,015
Taxation	10	-	-
		<b>46,376,950</b>	<b>760,747,015</b>
<b>Total Equity and Liabilities</b>		<b>861,895,205</b> =====	<b>1,455,079,583</b> =====

The Board of Directors is responsible for the preparation and presentation of these financial statements.  
Approved and signed on behalf of the board.



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**DIRECTOR**

26/03/2024  
**DATE**

HUNAN TENGDA POWER GROUP COMPANY LIMITED  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

	<b>Share Capital Tshs.</b>	<b>Accumulated Profit/(Loss) Tshs.</b>	<b>Total Tshs.</b>
Balance as at 1st January 2022	500,000,000	(320,959,420)	179,040,580
Profit for the Year ended 31ST December 2022	-	15,894,708	15,894,708
<b>Prior Year tax payments</b>		<b>(40,602,720)</b>	<b>(40,602,720)</b>
<b>Balance as at 31ST December 2022</b>	<b>500,000,000</b>	<b>(345,667,433)</b>	<b>154,332,567</b>
<b>Balance as at 1st January 2023</b>	<b>500,000,000</b>	<b>(345,667,433)</b>	<b>154,332,567</b>
Profit for the Year ended 31ST December 2023	-	142,372,127	142,372,127
Adj for Prior Year tax payments		(21,186,440)	(21,186,440)
<b>Balance as at 31ST December 2023</b>	<b>500,000,000</b>	<b>(224,481,746)</b>	<b>275,518,254</b>

HUNAN TENGDA POWER GROUP COMPANY LIMITED  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2023**

	Note	31.12.2023 Tshs.	31.12.2022 Tshs.
<b>Cash Flows From/(Used in) Operating Activities</b>			
Profi/(Loss)t before Income Tax Expenses and Extraordinary Items		203,388,752	22,706,726
Adjustment for			
Depreciation		102,338,946	90,630,199
		<b>305,727,698</b>	<b>113,336,925</b>
<b>Operating Profit before Working Capital Changes</b>			
(Increase)/Decrease Stock & WIP		276,863,003	(298,459,484)
(Increase)/Decrease in VAT Accounts		65,336,489	130,498,802
Increase/(Decrease) in Trade and Other Payables		(714,370,065)	758,747,015
		<b>(372,170,574)</b>	<b>590,786,334</b>
<b>Cash Generated from Operations</b>		<b>(66,442,875)</b>	<b>704,123,259</b>
<b>Tax Paid</b>		<b>(77,810,510)</b>	<b>(54,353,460)</b>
<b>Cash Flows from/(Used in) Investing Activities</b>			
Acquisition of Property, Plant & Equipment	6	(229,338,623)	(227,316,118)
		<b>(229,338,623)</b>	<b>(227,316,118)</b>
<b>Cash Flows from/(Used in) Financing Activities</b>			
Increase/ (Decrease) in Loan			
Increase/ (Decrease) in Share Capital		-	-
Increase/ (Decrease) in Advanced to capital		-	-
		-	-
Net Increase/Decrease in Cash and Cash Equivalents		<b>(373,592,009)</b>	<b>422,453,680</b>
Cash and Cash Equivalents at the beginning of the Year		<b>440,461,836</b>	18,008,156
<b>Cash and Cash Equivalents at the end of the Year</b>		<b>66,869,828</b> =====	<b>440,461,836</b> =====

## 1.0 GENERAL INFORMATION

HUNAN TENGDA POWER GROUP COMPANY LIMITED was incorporated under the Companies Ordinance (CAP212) and was issued with the Certificate of Incorporation has been assigned TIN No. 131 -846 - 770

The main principal activities are to produce concrete Poles

## 2.0 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

### Functional and Presentation Currency

The financial statements are presented in the functional currency, Tanzania Shilling (Tsh), rounded to the nearest Shilling.

The financial statements have been prepared under the historical cost convention and as modified by the revaluation of assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Estimates and judgments are continually made and evaluated based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

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

### 2.1 Principal Accounting Policies

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

### 2.2 Income Recognition

Income is recognized to the extent that it is probable that economic benefit will flow to the Company and income can be measured reliably.

### 3.0 Property, Plant and Equipment

#### 3.1 Recognition

All items of property, plant and equipment are initially recorded at cost. Cost comprises expenditure that is directly attributable to the acquisition of the items and putting them into its stable condition and location.

#### 3.2 Subsequent Costs

Subsequent costs are included in the asset's carrying amount or are 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 to expense account during the financial period in which they are incurred.

Major renovations are capitalized and included in the carrying amount of the assets when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company.

#### 3.3 Depreciation

Depreciation is calculated to write off the cost/valuation of fixed assets on a reducing balance method over their expected useful lives.

The principal annual rates used for this purpose are as follows:

<b>Types of Assets</b>	<b>Rate</b>
Furniture and Fittings	12. %
Machinery & equipment	12. %
Motor vehicles	25 %
Buildings	5 %
Land	0 %
Motor cycle	12.5 %

Depreciation is charged in full in the year of acquisition but no depreciation charged in the year of disposal.

Assets are depreciated from the dates they are put to use to the date when they are derecognized. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying amount and are credited / charged to Statement of Comprehensive Income.

*Impairment of assets*

Assets that are subject to 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.

The Company has not assessed its assets for impairment and therefore has not been compliant to IAS 36. Consequences and the impact of this are equally minimal because the value of the total net fixed assets is 407.482 Million.

3.4 Inventories

Inventories are stated at lower of cost or net realizable value. Cost is determined using weighed average cost method. Cost is comprised of the actual cost of Production and processing, and therefore includes expenditure incurred in acquiring the raw material, direct labour costs, and other production overheads that bring the poles into its finished state.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Provision is made where necessary for obsolete, redundant, defective stocks or when their selling prices have declined. Provisions are determined for specific items identified. During the year the company did not sale its stock of concrete poles produced so the stock of poles remain unsold

3.5 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less; and bank overdrafts. For the purpose of reporting for this period Cash and Cash equivalent contain only Cash on hand and bank balance.

3.6 Payables and Accruals

Payables are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the year under review.

### 3.7 Income Tax

Income tax expense is the aggregate of the charge to the profit or loss account 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 the Tanzania Income Tax Act, 2004.

The Company, being a profit generating entity is subject to taxation and is therefore liable to pay Income Tax as per Second Schedule of the Tanzania Income Tax Act, 2004.

### 3.8 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, or it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

### 3.9 FINANCIAL RISK MANAGEMENT

The Company's activities do not expose it directly to financial risks such as, credit risk or foreign currency risk.

The Company's exposure to each of the above risks is mitigated by policies and procedures aimed at minimizing or managing the risk as described below:

#### Credit risk

The Company is currently not exposed to credit risk as it receives its cash outflows normally.

#### Foreign currency risk

The Company is not exposed to fluctuations in foreign currency exchange rates all transactions are carried out in local currency.

#### Interest rates and liquidity risk

The Company is not subjected to interest rate on borrowed funds, as the Company has no loans at the moment.

#### Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory origins and generally accepted standards of operation.

#### Capital risk management

The Company does not have any capital risk because its capital structure does not include any long term debt financing. Its ability to continue as a going concern and to maintain an optimal capital structure depends, to a large extent, on its operational results and retained earnings.

### 3.10 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

Critical estimates are made by the management in determining average useful lives for property plant and equipment and their carrying values. The assets useful lives used are set out in Note 3.3(b) above.

#### Critical judgments in applying the entity's accounting policies

In the process of applying the Company's accounting policies, management has determined that assets' carrying amounts are reasonable and there is no need to provide for impairment losses for the year 2023.

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

	31.12.2023 Tshs	31.12.2022 Tshs
<b>4. REVENUE</b>		
Sales Income	2,401,660,735	1,153,138,141
<b>4.1 OTHER OPERATING INCOME</b>	-	-
Miscellaneous Income		
<b>4.2 PROFIT FROM OPERATING ACTIVITIES</b>		
Stated after Charging/(Crediting)		
Auditors' Remuneration	2,644,067	2,389,831
Depreciation	102,338,946	90,630,199
<b>5. INCOME TAX EXPENSES</b>		
<b>Balance as at 1st January 2023</b>	(6,673,725)	264,998
Tax for the period	61,016,626	6,812,018
Payment	(3,000,000)	(2,000,000)
Withholding Tax Deducted	(53,624,071)	(11,750,740)
Prior Tax Assesements	21,186,440	40,602,720
Prior year tax payments	(21,186,440)	(40,602,720)
Balance c/f	<b>(2,281,170)</b>	<b>(6,673,725)</b>

HUNAN TENGDA POWER GROUP COMPANY LIMITED  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

6. PROPERTY, PLANT & EQUIPMENT

6.1 Gross Carrying amounts	Balance as at 1.1.2023 Tshs.	Additions Tshs.	Balance as at 31.12.2023 Tshs.
<b>At Cost</b>			
Land	59,590,000	-	59,590,000
Buildings	81,637,019		81,637,019
Motor Vehicles	241,183,898		241,183,898
Machinery and Equipments	565,115,337	227,304,725	792,420,062
Motor Cycle	-	2,033,898	2,033,898
	<b>947,526,254</b>	<b>229,338,623</b>	<b>1,176,864,877</b>
6.2 Depreciation	Balance as at 1.1.2023 Tshs.	Charge for the year Tshs.	Balance as at 31.12.2023 Tshs.
Land	-	-	-
Buildings	21,626,308	3,000,536	24,626,844
Motor Vehicles	100,383,328	35,200,142	135,583,471
Machinery and Equipments	281,347,816	63,884,031	345,231,847
Motor Cycle	-	254,237	254,237
	<b>403,357,452</b>	<b>102,338,946</b>	<b>505,696,398</b>
Net Book Value	<b>544,168,802</b>		<b>671,168,479</b>

HUNAN TENGDA POWER GROUP COMPANY LIMITED  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

	31.12.2023 TShs.	31.12.2022 TShs.
<b>7. CASH AND BANK BALANCES</b>		
Cash at Bank	62,454,208	439,487,667
Cash on Hand	4,415,620	974,169
	<b>66,869,828</b>	<b>440,461,837</b>
<b>8. DEBTORS AND PREPAYMENTS</b>		
VAT Accounts	44,744,768	110,081,257
Other Debtors	-	
	<b>44,744,768</b>	<b>110,081,257</b>
	=====	=====
<b>9. TRADE AND OTHER PAYABLES</b>		
Trade debtors	41,944,583	
Audit Fees	2,644,067	2,389,831
Directors Accounts	-	758,357,185
NSSF	1,656,000	
SDL	132,300	
	<b>46,376,950</b>	<b>760,747,015</b>

	Per Value Tshs.	At the Beginning of the Year	At the End of the period
<b>10 . SHARE CAPITAL</b>			
<b>1000 Authorised</b>	500,000	500,000,000	500,000,000
<b>Issued and Fully Paid 1000</b>	500,000	500,000,000	500,000,000
		500,000,000	500,000,000
		=====	=====
<b>ADVANCED TOWARDS CAPITAL</b>		<b>540,000,000</b>	<b>540,000,000</b>
		=====	=====

**DETAILED EXPENDITURE STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2023**

		<b>31.12.2023</b>	<b>31.12.2022</b>
		<b>Tshs.</b>	<b>Tshs.</b>
<b>12. COST OF SALE</b>			
Opening Stock :	Material	30,900,400	-
	Finished goods	322,793,563	55,234,479
Purchase raw Material		1,081,618,148	1,159,672,444
Direct Labour		19,393,800	31,559,500
Electricity		12,332,080	10,618,812
<b>Goods available for production</b>		<b>1,467,037,991</b>	<b>1,257,085,235</b>
Less Closing Stock:	Materials/WP	(21,474,900)	(30,900,400)
	Finished Goods	(55,356,060)	(322,793,563)
		<b>(76,830,960)</b>	<b>(353,693,963)</b>
<b>COST OF GOODS PRODUCED</b>		<b>1,390,207,031</b>	<b>903,391,272</b>
<b>13. FINANCIAL CHARGES</b>			
Bank Charges		<b>24,399,073</b>	<b>2,456,870</b>
<b>14. OPERATING EXPENSES</b>			
Accounts & Audit fee		8,584,746	3,949,155
Salary and Wages		16,020,000	16,800,000
Printing and Stationery		4,653,814	8,475
Office Expenses		948,983	12,860,491
Transportation charges		621,546,350	78,003,396
Security charges			7,200,000
Electricity (office)		244,280	123,250
Building repair & Maintenance		14,360,000	9,454,155
Tools		-	2,825,339
Repair and Maintenance		2,264,407	2,372,881
Lubricants		-	313,560
Legal Fee		-	42,373
Insurance Expenses		7,335,907	
Sdl Expenses		1,049,997	
Business License		600,000	
NSSF		3,541,380	
WCF		177,069	
		<b>681,326,933</b>	<b>133,953,074</b>
<b>15. DEPRECIATION</b>		<b>102,338,946</b>	<b>90,630,199</b>