

AFRICARRIERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022.



Certified Public Accountants and Tax Consultants

*Samora Tower, Mezzanine 2nd floor (M2),
Corner of Bridge and Mansfield Street,
P.O. Box 7286, Dar Es Salaam*
TEL.: +255(22) 2114081/2115688, FAX: +255 (22) 2131036

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CONTENTS	PAGE
Company information	1
Report of the directors	2 - 4
Statement of directors' responsibilities	5
Declaration of the Head of Finance/Accounting	6
Independent Practitioner's Compilation Report	7
Financial statements:	
Statement of profit or loss	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flow	11
Significant accounting policies	12 - 15
Notes to the financial statements	16 - 25
Tax computation	26

Company information

Board of directors	Names	Nationality
	Mr. Fidahussein Noorali Rashid	Tanzanian
	Mr. Mustafa Rajabali Rashid	Tanzanian

Registered office

Plot No. 17
Nyerere Road
Vingunguti Industrial Area
P.O. Box 5998
Dar es Salaam

Principal bankers

CRDB Bank PLC
Azikiwe Branch
Dar es Salaam
Tanzania

Diamond Trust Bank (T) Ltd
Nyerere Road Branch
Dar es Salaam
Tanzania

Exim Bank (T) Ltd
Corporate Office Branch
Dar es Salaam
Tanzania

Habib African Bank Ltd
Kariakoo Branch
Dar es Salaam
Tanzania

National Bank Commerce Ltd
Corporate Branch
Dar es Salaam
Tanzania

Independent practitioner

Assad Associates
Certified Public Accountants
Mansfield/Bridge Street
P.O. Box 7286
Dar es Salaam
Tanzania

Company secretary

Mr. Mustafa Rajabali Rashid
Plot No. 119
Kitonga Street
East Upanga
P.O. Box 5998
Dar es Salaam
Tanzania

REPORT OF THE DIRECTORS

The directors submit their annual report together with the financial statements for the year ended 30 September 2022 which disclose the state of affairs of the company.

INCORPORATION

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

PRINCIPAL ACTIVITIES

The principal activity of the company is sale of new and used motor vehicles.

COMPOSITION OF THE BOARD OF DIRECTORS

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

Names	Position
Mr. Fidahussein Noorali Rashid	Director
Mr. Mustafa Rajabali Rashid	Director

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

CORPORATE GOVERNANCE

The Board of Directors consists of two directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring significant investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

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

SHARE CAPITAL

The authorised and issued share capital of the company is shown on note 13 of the financial statements. The shareholders of the company with their respective shareholdings is as follows:

Name of the shareholders	No of shares held	Shareholding
Mr. Fidahussein Noorali Rashid	915,000	1.55%
Arrancross Limited, T/A Royale Motors	8,986,441	15.19%
African Terminals Limited	628,399	1.06%
Gardenia Towers Limited	3,264,532	5.52%
Marina Towers Limited	6,425,521	10.86%
Oceanview Apartments Limited	8,445,782	14.27%
Searock Challet Limited	2,323,685	3.93%
Slipway Towers Limited	8,975,099	15.17%
The Hilton Apartments Limited	169,554	0.29%
The Palm Residency Limited	3,482,646	5.89%
The Royale Orchard Inn Limited	9,654,720	16.32%
Trans - Afri Carriages Limited	12,001	0.02%
Upanga Landmark Limited	5,876,618	9.93%
	59,159,998	100%

REPORT OF THE DIRECTORS (CONTINUED)

RESULTS

	2022	2021
	<u>T.SHS</u>	<u>T.SHS</u>
(Loss)/profit before tax	(374,004,471)	695,192,043
Tax (credit)/charge	<u>90,443,541</u>	<u>(238,840,295)</u>
(Loss)/profit for the year	<u>(283,560,930)</u>	<u>456,351,748</u>

DIVIDEND

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

The Board assessed the internal control systems throughout the financial year ended 30 September 2022 and is of the opinion that they met the expected criteria.

The Board carries risk and internal control assessment through board meetings and the Senior Management meetings, on regular basis.

SOLVENCY STATUS

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

RELATED PARTY BALANCES

There are no transactions and balances with related parties disclosed in the financial statements

EMPLOYEES' WELFARE

Management and employees' relationship

There was continued good relationship between employees and management for the year ended 30 September 2022. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and employees.


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

REPORT OF THE DIRECTORS (CONTINUED)

INDEPENDENT PRACTITIONER

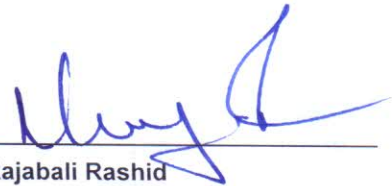
The company's independent practitioner, Assad Associates have expressed their willingness to continue in office in accordance with Section 170 of the Companies Act 2002 and are eligible for re-appointment. A resolution proposing the re-appointment for the year ended 30 September 2023 will be put in the Annual General Meeting.

BY ORDER OF THE BOARD

F: 

Mr. Fidahussein Noorali Rashid
Director

07/11/ 2023



Mr. Mustafa Rajabali Rashid
Director

07/11/ 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

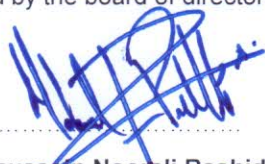
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control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

The directors have reviewed the company's cash flow forecast for the year ended 30 September 2023 and in the light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 30 September 2022 and of its loss and cash flow for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Tanzania Companies Act 2002.

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

F:



Mr. Fidahussein Noorali Rashid
Director

07/11/2023

Date

DECLARATION OF THE HEAD OF ACCOUNTING OF AFRICARRIERS LIMITED

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

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

I Newton Mathew being the Head of Accounting of Africarriers Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 September 2022 have been prepared in compliance with applicable accounting standards and statutory requirements.

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

Signed by: Newton Mathew

NAME	NEWTON MATHEW
Position:	PROFESSIONAL ACCOUNTANT
NBAA Membership No	2839



Assad
ASSOCIATES

Certified Public Accountants, Authorized Auditors and Tax Consultants

**INDEPENDENT PRACTITIONER'S COMPILATION REPORT
TO THE OWNERS OF AFRICARRIERS LIMITED**

Report on the financial statements

We have compiled the accompanying financial statements of Africarriers Limited on information you have provided. These financial statements comprise the statement of financial position of Africarriers Limited as at 30th September 2022, the statement of profit or loss, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

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

**FOR : ASSAD ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

Signed by: *Sajjad Jusab*
FCPA 216

Assad Associates
Certified Public Accountants and Tax Consultants

Date 07/11/2023

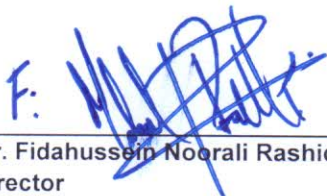
Place : Dar es Salaam

STATEMENT OF PROFIT OR LOSS

	Notes	2022 <u>T.SHS</u>	2021 <u>T.SHS</u>
Revenue	1	27,975,733,452	23,451,080,457
Cost of sales	2	<u>(23,457,960,054)</u>	<u>(19,673,274,364)</u>
Gross profit		4,517,773,398	3,777,806,093
Other income	4	168,351,866	4,951,703
Administrative cost	5	(3,037,689,194)	(2,506,698,036)
Finance cost	6	<u>(2,022,440,541)</u>	<u>(580,867,717)</u>
(Loss)/profit before tax		(374,004,471)	695,192,043
Tax (credit)/charge	7	90,443,541	(238,840,295)
(Loss)profit for the year		<u>(283,560,930)</u>	<u>456,351,748</u>

STATEMENT OF FINANCIAL POSITION

	Notes	2022 T.SHS	2021 T.SHS
ASSETS			
Non-current assets			
Property and equipment	8	4,470,133,753	4,758,599,288
Investments	9	27,893,578,136	25,998,578,136
Deferred tax	14	35,810,679	-
		<u>32,399,522,568</u>	<u>30,757,177,424</u>
Current assets			
Inventory	10	32,451,617,706	27,637,777,714
Leased property		694,643,306	781,473,719
Tax receivable	17	65,970,581	-
Trade and other receivables	11	41,512,998,644	35,755,690,821
Cash and cash equivalents	12	565,941,314	175,112,166
		<u>75,291,171,551</u>	<u>64,350,054,420</u>
TOTAL ASSETS		<u>107,690,694,119</u>	<u>95,107,231,844</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	59,159,998,000	59,159,998,000
Retained earnings		184,405,420	1,787,637,268
		<u>59,344,403,420</u>	<u>60,947,635,268</u>
Non current liabilities			
Deferred tax	14	-	54,632,862
Borrowings	15	28,306,248,287	11,597,247,496
		<u>28,306,248,287</u>	<u>11,651,880,358</u>
Current liabilities			
Borrowings	15	4,863,077,799	9,521,396,593
Trade and other payables	16	15,176,964,613	12,961,178,131
Tax payable	17	-	25,141,494
		<u>20,040,042,412</u>	<u>22,507,716,218</u>
TOTAL EQUITY AND LIABILITIES		<u>107,690,694,119</u>	<u>95,107,231,844</u>

F. 
Mr. Fidahussein Noorali Rashid
Director

07/11/2023
Date

STATEMENT OF CHANGES IN EQUITY

	Share Capital <u>T.SHS</u>	Retained Earnings <u>T.SHS</u>	Total <u>T.SHS</u>
Year ended 30 September 2022			
At start of year	59,159,998,000	1,787,637,268	60,947,635,268
Loss for the year	-	(283,560,930)	(283,560,930)
Prior year taxes	-	(1,332,050,579)	(1,332,050,579)
Prior year adjustment	-	12,379,661	12,379,661
At end of year	<u>59,159,998,000</u>	<u>184,405,420</u>	<u>59,344,403,420</u>
Year ended 30 September 2021			
At start of year	59,159,998,000	1,336,410,621	60,496,408,621
Profit for the year	-	456,351,748	456,351,748
Prior year taxes	-	(5,125,101)	(5,125,101)
At end of year	<u>59,159,998,000</u>	<u>1,787,637,268</u>	<u>60,947,635,268</u>

STATEMENT OF CASH FLOW

	Notes	2022 <u>T.SHS</u>	2021 <u>T.SHS</u>
Cash flow from operating activities			
(Loss)/profit for the year		(374,004,471)	695,192,043
<i>Adjustment for:</i>			
Depreciation	8	<u>275,691,471</u>	<u>287,273,127</u>
(Loss)/profit before changes in working capital		(98,313,000)	982,465,170
<i>Changes in working capital</i>			
Inventory		(4,813,839,992)	(5,469,404,954)
Leased property		86,830,413	86,830,413
Trade and other receivables		(5,757,307,823)	(2,925,723,719)
Trade and other payables		<u>2,215,786,482</u>	<u>7,348,525,705</u>
Cash (used in)/generated from operations		(8,366,843,920)	22,692,615
Tax paid for prior year		(1,200,782,993)	-
Tax paid for current year		<u>(210,000,000)</u>	<u>(199,507,276)</u>
Net cash used in operating activities		<u>(9,777,626,913)</u>	<u>(176,814,661)</u>
Cash flow from investing activities			
Purchase of property and equipment	8	(593,958,867)	(28,137,595)
Investments	9	<u>(1,895,000,000)</u>	<u>(1,910,000,000)</u>
Net cash used in investing activities		<u>(2,488,958,867)</u>	<u>(1,938,137,595)</u>
Cash flow from financing activities			
Net movement in borrowing		16,709,000,791	962,502,856
Insurance claim		606,732,931	-
Net cash generated from financing activities		<u>17,315,733,722</u>	<u>962,502,856</u>
<i>Net increase/(decrease) in cash and cash equivalents</i>		5,049,147,942	(1,152,449,400)
Cash and cash equivalents at start of year		<u>(9,346,284,427)</u>	<u>(8,193,835,027)</u>
Cash and cash equivalents at end of year	12 and 15	<u>(4,297,136,485)</u>	<u>(9,346,284,427)</u>

SIGNIFICANT ACCOUNTING POLICIES

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

1a) Basis of preparation

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

1b) Revenue recognition

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

1c) Taxation

Current tax assets and liabilities

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

Deferred tax

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

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

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

Tax expense

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

1d) Translation of foreign currencies

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

At the end of each reporting period:

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

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1e) Property and equipment

Property and equipment are tangible items that:

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

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

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

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Items	Rates
Land and buildings	5.0%
Motor vehicles	37.5%
Motor cycles	37.5%
Computers	37.5%
Furniture, fittings and equipments	12.5%
Generator	12.5%
Bicycles	12.5%

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

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

1f) Impairment of asset

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

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

1g) Financial instruments

Initial measurement

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1g) Financial instruments (continued)

Trade and other receivables

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

Trade and other payables

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

1h) Cash and cash equivalents

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

1i) Share capital

Ordinary shares are classified as equity.

1j) Employee benefits

Short term employee benefits

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

Defined contribution plans

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

1k) Provisions and contingencies

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

Contingent assets and contingent liabilities are not recognised.

1l) Inventory

Inventories are stated at the lower of cost or net realisable value. Costs comprise direct cost for the purchase of motor vehicles and spares. Cost is determined by the first in first out (FIFO) method. Net realisable value is the estimated selling price less any other costs necessary to make the sale. The value of inventory is determined by the Directors of the Company.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1m) Comparatives

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

2) Key sources of estimation uncertainty

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

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

(i) Property and equipment

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

(ii) Income taxes

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

NOTES TO THE FINANCIAL STATEMENTS

	2022	2021
	<u>T.SHS</u>	<u>T.SHS</u>
1 Revenue		
Revenue from sale of motor vehicles	23,205,766,877	20,264,440,775
Revenue from sale of spares	3,100,226,959	1,761,752,672
Revenue from car hire income	-	94,095,000
Revenue from garage income - work shop	716,910,663	606,781,142
Revenue from rental income	825,348,650	724,010,868
Revenue from sales of tracking devices	127,480,303	-
	<u>27,975,733,452</u>	<u>23,451,080,457</u>
2 Cost of sales		
Motor vehicles (Note 2a)	19,656,164,030	17,182,161,919
Spares (Note 2b)	2,357,006,254	1,374,167,084
Generators (Note 2c)	-	-
Air conditioner (Note 2d)	-	-
Tracking devices (Note 2e)	49,624,318	-
Direct cost (Note 3)	1,395,165,452	1,116,945,361
	<u>23,457,960,054</u>	<u>19,673,274,364</u>
2a Motor vehicles		
Opening inventory	21,573,772,049	17,769,144,986
Purchases	24,742,248,503	20,986,788,982
	<u>46,316,020,552</u>	<u>38,755,933,968</u>
Closing inventory	(26,659,856,522)	(21,573,772,049)
Utilised	<u>19,656,164,030</u>	<u>17,182,161,919</u>
2b Spares		
Opening inventory	-	-
Purchases	2,357,006,254	1,374,167,084
	<u>2,357,006,254</u>	<u>1,374,167,084</u>
Closing inventory	-	-
Utilised	<u>2,357,006,254</u>	<u>1,374,167,084</u>
2c Generators		
Opening inventory	294,129,154	294,129,154
Purchases	-	-
	<u>294,129,154</u>	<u>294,129,154</u>
Closing inventory	(294,129,154)	(294,129,154)
Utilised	<u>-</u>	<u>-</u>
2d Air conditioner		
Opening inventory	61,783,410	61,783,410
Purchases	-	-
	<u>61,783,410</u>	<u>61,783,410</u>
Closing inventory	(61,783,410)	(61,783,410)
Utilised	<u>-</u>	<u>-</u>
2e Tracking devices		
Purchases	269,082,716	-
Closing inventory	(219,458,398)	-
Utilised	<u>49,624,318</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2022 <u>T.SHS</u>	2021 <u>T.SHS</u>
3 Direct cost		
Car hire (Note 3a)	-	64,756,598
Garage - work shop (Note 3b)	565,994,873	726,098,767
Rental (Note 3c)	829,170,579	326,089,996
	<u>1,395,165,452</u>	<u>1,116,945,361</u>
3a Car hire		
Repairs and maintenance	-	10,497,584
Gas, fuel, oil and lubricants	-	54,259,015
	<u>-</u>	<u>64,756,599</u>
3b Garage - work shop		
Spares 3b(a)	333,655,821	473,289,291
Paints and thinners 3b(b)	43,069,875	39,650,154
Tyres, tubes, and batteries 3b(c)	53,281,188	19,297,419
Gas, fuel, oil and lubricants 3b(d)	25,961,729	55,916,751
Garage expenses	90,003,616	99,986,533
Transport	20,022,644	37,958,618
Cleaning materials 3b(e)	-	-
	<u>565,994,873</u>	<u>726,098,767</u>
3b(a) Spares		
Opening inventory	4,585,106,999	3,036,999,310
Purchases	1,884,607,463	3,452,021,064
	<u>6,469,714,462</u>	<u>6,489,020,374</u>
Closing inventory	(3,638,836,572)	(4,585,106,999)
Utilised	<u>2,830,877,890</u>	<u>1,903,913,375</u>
<u>Charged to:</u> Garage expenses	333,655,821	473,289,291
Shop	2,357,006,254	1,374,167,084
Company car	140,215,815	56,457,000
	<u>2,830,877,890</u>	<u>1,903,913,375</u>
3b(b) Paints and thinners		
Opening inventory	247,813,465	185,063,002
Purchases	208,760,426	145,354,952
	<u>456,573,891</u>	<u>330,417,954</u>
Closing inventory	(369,931,455)	(247,813,465)
Utilised	<u>86,642,436</u>	<u>82,604,489</u>
<u>Charged to:</u> Garage expenses	43,069,875	39,650,154
Company car	43,572,561	42,954,335
	<u>86,642,436</u>	<u>82,604,489</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2022	2021
	<u>T.SHS</u>	<u>T.SHS</u>
3b(c) Tyres, tubes and batteries		
Opening inventory	827,443,370	791,822,935
Purchases	180,814,936	107,572,032
	<u>1,008,258,306</u>	<u>899,394,967</u>
Closing inventory	(865,692,109)	(827,443,370)
Utilised	<u>142,566,197</u>	<u>71,951,597</u>
<u>Charged to:</u> Garage expenses	53,281,188	19,297,419
Company car	89,285,009	52,654,178
	<u>142,566,197</u>	<u>71,951,597</u>
3b(d) Gas, fuel, oil and lubricants		
Opening inventory	47,445,627	29,146,323
Purchases	394,604,577	230,829,716
	<u>442,050,204</u>	<u>259,976,039</u>
Closing inventory	(341,646,446)	(47,445,627)
Utilised	<u>100,403,758</u>	<u>212,530,412</u>
<u>Charged to:</u> Garage expenses	25,961,729	55,916,751
Company car	74,442,029	102,354,646
Car hire	-	54,259,015
	<u>100,403,758</u>	<u>212,530,412</u>
3b(e) Cleaning materials		
Opening inventory	283,640	283,640
Purchases	-	-
	<u>283,640</u>	<u>283,640</u>
Closing inventory	(283,640)	(283,640)
Utilised	-	-
<u>Charged to:</u> Garage expenses	-	-
	<u>-</u>	<u>-</u>
3c Rental		
Rent	641,400,000	140,525,058
Land rent	728,365	-
Repairs and maintenance	100,211,800	98,734,525
Expenses incurred during the year	86,830,413	86,830,413
	<u>829,170,579</u>	<u>326,089,996</u>
4 Other income		
Forex gain	-	1,288,059
Electricity income	2,809,443	3,663,644
Tracking device subscription fee	24,251,513	-
Sales incentives	141,290,910	-
	<u>168,351,866</u>	<u>4,951,703</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2022	2021
	<u>T.SHS</u>	<u>T.SHS</u>
5 Administrative cost		
Accountancy fees	3,500,000	3,150,000
Advertising	81,948,004	52,913,121
Bad debts	-	65,246,467
Bank charges	69,057,082	70,314,347
City service levy	83,253,664	70,930,356
Depreciation	275,691,471	287,273,127
Donation	72,526,000	35,695,804
Employment cost (Note 5a)	788,346,058	692,451,798
Electricity and water	106,868,932	101,792,287
Filing fees	1,274,000	5,689,000
Fines and penalties	30,795,226	-
Fire inspection fees	3,190,500	-
Immigration permit expenses	16,718,750	200,000
Internet and telephone	59,277,858	32,776,249
Insurance	148,386,450	80,144,555
Land rent and property tax	463,790	14,722,798
License fees	6,006,240	17,223,000
Motor vehicle running expenses (Note 5b)	347,515,414	276,940,007
Newspapers and periodicals	10,521,400	-
OSHA fees	1,420,000	1,430,000
Printing, postage and stationery (Note 5c)	61,483,040	65,195,948
Professional and legal fees	171,872,036	73,079,350
Rent	54,000,000	-
Repairs and maintenance - office and work shop	223,517,536	261,994,425
Road permit	2,685,450	100,000
Sales promotion	72,468,400	70,707,695
Security expenses	90,554,100	98,260,000
Staff welfare	60,849,879	46,587,315
Staff medical	62,716,237	23,972,131
Staff refreshment	19,469,508	19,676,481
Stamp duty	690,000	276,500
Subscription charges	-	3,942,000
Travelling expenses	107,322,169	34,013,275
Valuation fees	3,300,000	-
Total administrative cost	<u>3,037,689,194</u>	<u>2,506,698,036</u>
5a Employment cost		
Directors remuneration	78,000,000	78,000,000
Salaries and wages	625,237,956	539,981,943
Skills and development levy	28,126,174	24,793,305
Pension contribution	53,625,412	44,071,794
Workers compensation fund	3,356,516	5,604,756
Total employment cost	<u>788,346,058</u>	<u>692,451,798</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2022	2021
	<u>T.SHS</u>	<u>T.SHS</u>
5b Motor vehicle running expenses		
Spares	140,215,815	56,457,000
Paints and thinner	43,572,561	42,954,335
Tyres, tubes and batteries	89,285,009	52,654,178
Gas, fuel, oil and lubricants	74,442,029	102,354,646
GPS Tracking expenses	-	22,519,848
	<u>347,515,414</u>	<u>276,940,007</u>
5c Printing, postage and stationery		
Opening inventory	-	-
Purchases	<u>61,483,040</u>	<u>65,195,948</u>
	61,483,040	65,195,948
<u>Less: Closing inventory</u>	-	-
Utilised	<u>61,483,040</u>	<u>65,195,948</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2022	2021
	<u>T.SHS</u>	<u>T.SHS</u>
6 Finance cost		
Foreign exchange loss realised	423,716,690	-
Interest expenses	1,007,690,815	63,317,306
Interest expenses - on asset finance and overdraft	591,033,036	517,550,411
	<u>2,022,440,541</u>	<u>580,867,717</u>
7 Tax expense		
Current tax	-	211,090,851
Deferred tax (credit)/charge (Note 14)	(90,443,541)	27,749,444
Tax (credit)/charge	<u>(90,443,541)</u>	<u>238,840,295</u>
Reconciliation of tax expense		
Loss before tax	<u>(374,004,471)</u>	<u>695,192,043</u>
Tax calculated at a tax rate of 30% (2021: 30%)	(112,201,341)	208,557,613
Tax effect of:		
income not subject to tax	-	-
expenses not deductible for tax purposes	<u>21,757,800</u>	<u>30,282,682</u>
Tax (credit)/charge	<u>(90,443,541)</u>	<u>238,840,295</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Property and equipment

Year ended 30 September 2022

	Land and buildings	Motor vehicles	Motor cycles	Computers	Furniture, fittings and equipments	Generator	Bicycles	TOTAL
	T.SHS.	T.SHS.	T.SHS.	T.SHS.	T.SHS.	T.SHS.	T.SHS.	T.SHS.
Cost								
As at start of the year	6,375,809,543	566,607,223	3,836,507	127,232,496	272,544,569	2,119,111	26,349	7,348,175,798
Additions	550,651,589	-	-	38,736,092	4,571,186	-	-	593,958,867
Insurance claim	(606,732,931)	-	-	-	-	-	-	(606,732,931)
As at end of the year	6,319,728,201	566,607,223	3,836,507	165,968,588	277,115,755	2,119,111	26,349	7,335,401,734
Depreciation								
As at start of the year	1,784,679,453	553,557,413	1,892,045	90,594,964	157,549,687	1,286,946	16,002	2,589,576,510
Charge for the year	226,752,437	4,893,679	729,173	28,265,109	14,945,759	104,021	1,293	275,691,471
As at end of the year	2,011,431,890	558,451,092	2,621,218	118,860,073	172,495,446	1,390,967	17,295	2,865,267,981
Net Book Value	4,308,296,311	8,156,131	1,215,289	47,108,515	104,620,309	728,144	9,054	4,470,133,753

Year ended 30 September 2021

Cost								
As at start of the year	6,375,809,543	566,607,223	3,836,507	106,493,233	265,146,237	2,119,111	26,349	7,320,038,203
Additions	-	-	-	20,739,263	7,398,332	-	-	28,137,595
As at end of the year	6,375,809,543	566,607,223	3,836,507	127,232,496	272,544,569	2,119,111	26,349	7,348,175,798
Depreciation								
As at start of the year	1,543,041,027	545,727,531	1,194,099	68,612,446	142,545,691	1,168,065	14,524	2,302,303,383
Charge for the year	241,638,426	7,829,882	697,946	21,982,518	15,003,996	118,881	1,478	287,273,127
As at end of the year	1,784,679,453	553,557,413	1,892,045	90,594,964	157,549,687	1,286,946	16,002	2,589,576,510
Net Book Value	4,591,130,090	13,049,810	1,944,462	36,637,532	114,994,882	832,165	10,347	4,758,599,288

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2022	2021
	<u>T.SHS</u>	<u>T.SHS</u>
9 Investments		
Afri Auto Assembly Plants (T) Ltd	1,501,575,000	1,501,575,000
Allied Apartments Ltd	440,000,000	440,000,000
Bayview Complex Ltd	561,000,000	561,000,000
Conti Car Sales Ltd	4,330,096,000	4,330,096,000
Galaxy Tours and Hauliers Ltd	916,400,000	916,400,000
Habitat Apartments Ltd	948,300,000	948,300,000
Heritage Apartments Ltd	1,929,500,000	1,929,500,000
Investment Bank M	9,783,144,758	9,783,144,758
Investment Maxisure Tanzania Ltd	6,142,067,378	4,247,067,378
Leisure Tours and Holidays Ltd	33,195,000	33,195,000
Seaview Towers Ltd	550,900,000	550,900,000
The Emerald Court Ltd	317,000,000	317,000,000
Trident Clearing Ltd	440,400,000	440,400,000
	<u>27,893,578,136</u>	<u>25,998,578,136</u>
10 Inventory		
Motor vehicles	26,659,856,522	21,573,772,049
Spares	3,638,836,572	4,585,106,999
Paints and thinner	369,931,455	247,813,465
Generators	294,129,154	294,129,154
Air Conditioner	61,783,410	61,783,410
Tyres, tubes and batteries	865,692,109	827,443,370
Tracking devices	219,458,398	-
Gas, fuel, oil and lubricants	341,646,446	47,445,627
Cleaning materials	283,640	283,640
	<u>32,451,617,706</u>	<u>27,637,777,714</u>
11 Trade and other receivables		
Trade receivables	27,110,995,768	25,602,289,790
Deposit, prepayment and advances	14,123,109,020	9,588,337,175
Other receivables	278,893,856	565,063,855
	<u>41,512,998,644</u>	<u>35,755,690,821</u>
12 Cash and cash equivalents		
Cash in hand	14,089,728	17,805,345
Cash at bank	551,851,586	157,306,821
	<u>565,941,314</u>	<u>175,112,166</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2022 T.SHS	2021 T.SHS	
13 Share capital			
Authorised:			
60,000,000 (2021: 60,000,000 shares) ordinary shares of TShs 1,000 each	<u>60,000,000,000</u>	<u>60,000,000,000</u>	
Issued and fully paid:			
59,159,998 (2021: 59,159,998 shares) ordinary shares of TShs 1,000 each	<u>59,159,998,000</u>	<u>59,159,998,000</u>	
14 Deferred tax			
Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2021: 30%). The movement on the deferred tax account is as follows:			
At start of year	54,632,862	26,883,418	
Deferred tax (credit)/charge (Note 7)	(90,443,541)	27,749,444	
At end of year	<u>(35,810,679)</u>	<u>54,632,862</u>	
Deferred tax (asset), deferred tax (credit) in the statement of profit or loss are attributable to the following items:			
	At start of year	(Credit)/charge to	At end of year
	T.SHS.	SPL	T.SHS.
	T.SHS.	T.SHS.	T.SHS.
Year ended 30 September 2022			
Deferred tax (asset)			
Excess capital allowances over depreciation	54,632,862	33,331,290	87,964,152
Tax losses	-	(123,774,831)	(123,774,831)
Net deferred tax (asset)	<u>54,632,862</u>	<u>(90,443,541)</u>	<u>(35,810,679)</u>
Year ended 30 September 2021			
Deferred tax (liability)			
Excess capital allowances over depreciation	26,883,418	27,749,444	54,632,862
Net deferred tax (liability)	<u>26,883,418</u>	<u>27,749,444</u>	<u>54,632,862</u>
		2022	2021
15 Borrowings			
Non current liability			
Loans		<u>28,306,248,287</u>	<u>11,597,247,496</u>
Current liability			
Bank overdraft		<u>4,863,077,799</u>	<u>9,521,396,593</u>
16 Trade and other payables			
Trade payables		13,910,635,939	12,395,491,930
Other payables and accruals		1,266,328,674	565,686,201
		<u>15,176,964,613</u>	<u>12,961,178,131</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2022	2021
	<u>T.SHS</u>	<u>T.SHS</u>
17 Tax receivable		
Balance brought forward	25,141,494	95,162,555
Additional tax as per assessment	131,267,586	5,125,101
W/Tax paid per assessment	<u>(12,379,661)</u>	<u>(86,729,737)</u>
	144,029,419	13,557,919
Tax (receivable)/payable for current year	<u>(210,000,000)</u>	<u>11,583,575</u>
	<u>(65,970,581)</u>	<u>25,141,494</u>

18 Contingent liability

As at 30 September 2022, the Company had no litigations.

19 Subsequent event

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

20 Capital Commitments

As at 30 September 2022, the Company had no capital expenditure contracted or accrued.

TAX COMPUTATION	2022
	<u>T.SHS</u>
Loss before tax as per accounts	(374,004,471)
<u>Add: Non-allowable expenses</u>	
Depreciation	275,691,471
Donation	72,526,000
	<u>348,217,471</u>
	(25,787,000)
<u>Less: Allowable deductions</u>	
Wear and tear allowance	(386,795,771)
Adjusted loss for the year	<u><u>(412,582,771)</u></u>
 <u>POSITION OF TAXATION</u>	
Corporation tax at 30%	-
Less: Provisional tax paid for the year	(79,114,608)
Less: Withholding tax paid for the year	(130,885,392)
Tax receivable	<u><u>(210,000,000)</u></u>

WEAR AND TEAR ALLOWANCES SCHEDULE FOR THE YEAR 2022

	CLASS I	CLASS III	CLASS VI	TOTAL
	37.5%	12.5%	5%	
	T.SHS	T.SHS	T.SHS	T.SHS
WDV as at 1.10.2021	12,962,039	112,075,504	4,149,895,576	4,274,933,119
Additions	38,736,092	1,762,712	550,651,589	591,150,393
Insurance claim	-	-	(606,732,931)	(606,732,931)
	51,698,131	113,838,216	4,093,814,234	4,259,350,581
Wear and tear allowances	(19,386,799)	(14,229,777)	* (353,179,195)	(386,795,771)
WDV as at 30.9.2022	32,311,332	99,608,439	3,740,635,039	3,872,554,810

*** CLASS VI**

At Cost	7,119,665,238		
Additions	550,651,589		
Insurance claim	(606,732,931)		
	<u>7,063,583,896</u>	at 5%	<u>353,179,195</u>