

Beverage Services Tanzania Limited

Annual Report and Audited Financial Statements

For the Year Ended 31 December 2022

Beverage Services Tanzania Limited

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Beverage Services Tanzania Limited

Company Information

Registered office Oyster Pearl Galleria
1st Floor, Plot 370, Chole Road, Off Toure Drive
Oyster Bay/Peninsula
P.O. BOX 5078
Dar es Salaam
Tanzania

Bankers Citibank Tanzania Limited
36 Upanga Road
Dar es Salaam
Tanzania

Company Secretary East African Law Chambers
Plot No. 18, Rukwa Street
P.O. Box 38192
Dar es Salaam
Tanzania

Auditors/Tax Advisors Ernst & Young
Certified Public Accountants
EY House Plot No. 162/1 – Mzinga Way
P.O. Box 2475
14111 Oysterbay
Dar es Salaam - Tanzania

Beverage Services Tanzania Limited

Report by those charged with governance

For the Year Ended 31 December 2022

Introduction

The directors submit their report together with audited financial statements of Beverage Services Tanzania Limited ("the Company") for the year ended 31 December 2022.

Incorporation

The Company is incorporated in Tanzania under Companies Act, 2002 as a private company limited by shares.

Our Mission

Our mission is aligned to the global mission of The Coca-Cola Company ("TCCC"). TCCC's mission is enduring. It declares our purpose as a Company and serves as the standard against which we weigh our actions and decisions.

- To refresh the world.
- To inspire moments of optimism and happiness.
- To create value and make a difference.

Our Vision

Our vision serves as the framework for our roadmap and guides every aspect of our business by describing what we need to accomplish in order to continue achieving sustainable, quality growth.

- **People:** Be a great place to work where people are inspired to be the best they can be.
- **Portfolio:** Bring to the world a portfolio of quality beverage brands that anticipate and satisfy people's desires and needs.
- **Partners:** Nurture a winning network of customers and suppliers, together we create mutual, enduring value.
- **Planet:** Be a responsible citizen that makes a difference by helping build and support sustainable communities.
- **Profit:** Maximise long-term return to shareowners while being mindful of our overall responsibilities.
- **Productivity:** Be a highly effective, lean and fast-moving organisation.

Principal activity

The principal activity of the Company is to provide services supporting enhancement of brand equity and quality control monitoring for The Coca-Cola Company brands.

Directors of the Company

The directors of the Company at the date of this report, all of who have served throughout the year from 1 January unless as otherwise stated, are:

Director	Nationality	Date of appointment
Hellen Masumba	Tanzanian	1 May 2020
Alper Aydin	Turkish	05 July 2021
Debra Ojany Mallowah	Kenyan	05 July 2021

Secretary to the Board of Directors

East African Law Chambers, the Secretary to the Board of Directors (' Board ') is responsible for advising the Board on legal and corporate governance matters and, in conjunction with the Chairman, for ensuring the efficient flow of information between the Board, its Committees and Management. All members of the Board and Management have access to her legal advice and services.

Beverage Services Tanzania Limited
Report by those charged with governance (continued)
For the Year Ended 31 December 2022

Shareholding of the Company

The total number of shareholders during the period are 2 shareholders.

The shareholding of the Company as at 31 December 2022 is stated below:

	2022 %	2021 %
The Coca-Cola Export Corporation	50	50
Kelvin Balogun	50	50
	<u>100</u>	<u>100</u>

Capital Structure

The Company's capital structure for the year under review constitutes ordinary shares only. The authorised share capital of the Company is 10,000 ordinary shares of TZS 1,000, of which 2 ordinary shares of TZS 1,000 each have been issued and are fully paid.

Key Performance indicators

The detailed results of the Company during the year are set out on page 11.

	2022 TZS '000	2021 TZS '000	Movement %
Revenue	12,313,512	13,003,330	-5.3%
Profit after tax for the year	718,589	803,971	-10.6%
Equity	8,183,686	7,465,097	9.6%

Business environment and future prospects of the Company

Tanzania's economy is estimated to have grown by 4.6% in 2022. The economic recovery in 2022 is mostly due to most sectors getting to pre-COVID activity levels. The GDP growth rate is estimated to reach 5.3% in 2023. This is expected to have a positive impact on the middle class and teens. Based on experience elsewhere, this will lead to an increase in the non-alcoholic ready to drink market. The Company has put in place strategies to gain the greater share of this growth in line with our vision.

Management

The management of the Company falls under the Africa Operating Unit which provides the overall supervision and oversight. The local management team comprises of the Marketing, Operations and Administrative sections.

Dividend

The directors do not propose the payment of a dividend.

Subsequent Events

The directors are not aware of any other matter or event arising at the end of the financial period that requires disclosure in or adjustment to the financial statements.

Solvency Evaluation

The Company's state of affairs as at 31 December 2022 is set out on page 13 of the financial statements. The directors have reviewed the current financial position of the Company and on the basis together with the current business plan, the directors are satisfied that the Company is a solvent going concern within the meaning ascribed by the Companies Act, 2002 of Tanzania.

Beverage Services Tanzania Limited

Report by those charged with governance (continued)

For the Year Ended 31 December 2022

Going Concern Considerations

The Management is confident that the Company will continue to operate indefinitely. The Management has prepared its financial statements on a going concern basis and it has done all necessary assessment of the Company's ability to continue as a going concern. Both operational and financial strategies have potentially attributed to the current period performance.

Accounting Policies

The financial statements are prepared on the underlying assumptions of a going concern. The accounting policies which are laid out in Note 3 to the financial statements are subject to annual review to ensure continuing compliance with International Financial Reporting Standards (IFRSs).

Corporate Governance

The directors are committed to the principles of good corporate governance and recognise the need to conduct the operations in accordance with generally accepted best practice. In so doing the directors therefore confirm that:

- The Board of directors met regularly throughout the year;
- The retain full and effective control over the Company and monitor executive management;
- The board of directors accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

Risk Management and Internal Control

The Company's activities expose it to a variety of financial risks and uncertainties. These can be categorized as credit risk, liquidity risk and foreign currency exchange rate risk.

Financial instruments exposing the Company to the above risks include cash and cash equivalents, receivables, related party transactions, and payables. The directors review and agree on policies for managing these risks which are implemented by management. Risk Management objectives and policies are set out on note 5 of the financial statements.

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, if internal control can provide absolute assurance against misstatement of 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 31 December 2022 and is of the opinion that they met accepted criteria.

Beverage Services Tanzania Limited
Report by those charged with governance (continued)
For the Year Ended 31 December 2022

Employee Welfare

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

The Company is equal opportunity employer. It 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.

a.) Industrial Safety

The Company continued to comply with the standards of industrial safety established by various authorities.

b.) Management/Employee Relationship

The relationship between employees and management continue to be good. Any grievances are resolved through regular staff meetings.

c.) Training

Manpower identification, recruitment and development are under the established comprehensive manpower program.

d.) Medical Facilities

The Company provides medical aid by having medical insurance arrangement with Strategies Insurance Tanzania Limited where by the Company pays fixed premium to the fund and employee get treatment free of charge from specific

Disabled Persons

The Company maintains its policy for continued employment of staff who becomes disabled while on service.

Gender Parity

As at year end, the Company had 2 employees (2021: 2 employees), one male, one female. Both employees as at the end of 2021 were female.

Related Party Transactions

Related party transactions are disclosed in Note 17 of the financial statements.

Political donations

The Company did not make any political donations during the year (2021: None).

Contribution to Charities and Subscriptions

The Company did not make any contributions/subscriptions to Professional Associations and Charities. (2021: None).

Serious Prejudicial Matters

In the opinion of the directors, there are no serious unfavourable matters that can materially affect the Company.

Statement of Compliance

This Report has been prepared in full compliance with Tanzania Financial Reporting Standard No. 1 (The Report by those charged with governance) and all other statutory legislations relevant to the Company.

Auditors

Ernst & Young were the Company's auditors for the year 2022. They have expressed their willingness to continue as auditors and eligible for reappointment. The details of the auditors are as shown below:

Physical address: EY House Plot No. 162/1, Mzinga Way, 14111, Oysterbay.

Registration number: 154167.


TIN No: 100-149-222.

NBAA Registration No: PF 151.

Beverage Services Tanzania Limited
Report by those charged with governance (continued)
For the Year Ended 31 December 2022

BY ORDER OF THE BOARD OF DIRECTORS

Approved and authorised for issue by the Board of Directors and signed on its behalf by:



.....
Hellen Masumba
Director



.....
Alper Aydin
Director

Date: 29 June 2023

Beverage Services Tanzania Limited
Statement of Directors' Responsibilities
For the Year Ended 31 December 2022

The Tanzanian Companies Act, 2002 requires the Directors to prepare financial statements for each financial year, that present fairly the state of financial affairs of Beverage Services Tanzania Limited as at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the Company keeps proper accounting records, which disclose with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company hence for taking reasonable steps for the prevention and detection of fraud, error, and other irregularities.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, and their requirement of the Tanzanian Companies Act, 2002. The Directors are of the opinion that the financial statements present fairly the state of the financial affairs of the Company and of its profit or loss in accordance with the International Financial Reporting Standards and the requirement of the Tanzanian Companies Act, 2002.

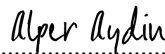
The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control including accepting responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have reasonable expectation that Company will have adequate resources to continue in operational existence for the foreseeable future. If necessary, the parent company will provide financial support to enable the Company meet obligations as and when they fall due.

Approved and authorised for issue by the Board of Directors on 29 June 2023 and signed on its behalf by:



.....
Hellen Masumba
Director



.....
Alper Aydin
Director

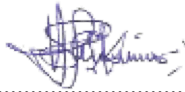
Beverage Services Tanzania Limited
Declaration by an NBAA Registered Accountant
For the Year Ended 31 December 2022

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 NBAA Registered Accountant 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 a company showing true and fair view of the Company's financial position and performance in accordance with International Financial Reporting Standards and the requirements of Companies Act, 2002 of Tanzania. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as indicated in the Statement of Directors' Responsibility.

I Samwel Karoli, being NBAA Registered Accountant acting on behalf of Beverage Services Tanzania Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2022 have been prepared in compliance with International Financial Reporting Standards and the requirements of Companies Act, 2002 of Tanzania.

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



Signed by:

Name: Samwel Karoli

Position: Financial Consultant

NBAA Membership No : ACPA 3916

Date: 29 June 2023



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TIN: 100-149-222
VRN: 10-007372-Z

INDEPENDENT AUDITOR'S REPORT

**To the members of
BEVERAGE SERVICES TANZANIA LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Beverage Services Tanzania Limited (the "Company") set out on pages 12 to 40 which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Beverage Services Tanzania Limited as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors of the Company are responsible for the other information. The other information comprises the information included in the pages 1 to 8 of Beverage Services Tanzania Limited financial statements for the year ended 31 December 2022, which include the Company Information on page 1, Report by those charged with governance on pages 2 to 6, Statement of Directors Responsibilities on page 7, the Declaration of the NBAA Registered Accountant on page 8, as required by the Companies Act, 2002 of Tanzania and the Auditors and Accountants (Registrations) Act No. 33 of 1972, as amended by Act No. 2 of 1995. The other information does not include the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT (Continued)

**To the members of
BEVERAGE SERVICES TANZANIA LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT (Continued)

**To the members of
BEVERAGE SERVICES TANZANIA LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Companies Act, 2002 of Tanzania and for no other purposes. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in our auditor's report pursuant to the Act and our letter of engagement and for no other purposes. We do not accept or assume responsibility to anyone other than Beverage Services Tanzania Limited and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

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

- We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
- The Directors' Report is consistent with the financial statements;
- Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and
- The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

A handwritten signature in black ink, appearing to be 'Deokari S Mkenda', written over a horizontal line.

Signed by: Deokari S Mkenda
Partner (ACPA 3438)

For and on behalf of Ernst & Young
Certified Public Accountants
Dar es Salaam

Date: 29 June 2023

Beverage Services Tanzania Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2022


	Note	2022 TZS 000	2021 TZS 000
Revenue	6	12,313,512	13,003,330
Direct marketing expenses	7	(9,185,907)	(10,795,329)
Other operating expenses	8	<u>(2,095,617)</u>	<u>(1,055,938)</u>
Profit before tax		1,031,988	1,152,063
Taxation	10.2	<u>(313,399)</u>	<u>(348,092)</u>
Profit for the year		718,589	803,971
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year, net of tax		<u><u>718,589</u></u>	<u><u>803,971</u></u>

The notes on pages 16 to 40 form an integral part of these financial statements.

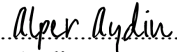
Beverage Services Tanzania Limited**Statement of Financial Position as at 31 December 2022**

	Note	2022 TZS 000	2021 TZS 000
Assets			
Non-current assets			
Property, plant and equipment	11	903	1,736
Right-of-use assets	12	102,316	151,427
Deferred tax assets	10.1	54,189	-
		<u>157,408</u>	<u>153,163</u>
Current assets			
Trade and other receivables	13	15,593,686	14,169,187
Income tax recoverable	10.1	1,882,045	1,889,473
Amount due from related parties	17.1	320,410	318,872
Cash and cash equivalents	18	3,620,142	1,832,280
		<u>21,416,283</u>	<u>18,209,812</u>
Total assets		<u>21,573,691</u>	<u>18,362,975</u>
Equity and liabilities			
Equity			
Share capital	14	2	2
Retained earnings		8,183,684	7,465,095
Total equity		<u>8,183,686</u>	<u>7,465,097</u>
Non-current liabilities			
Deferred tax liabilities	10.1	-	293
Long-term lease liabilities	16	52,910	103,559
		<u>52,910</u>	<u>103,852</u>
Current liabilities			
Trade and other payables	15	4,866,340	4,970,126
Amount due to related parties	17.2	8,419,558	5,760,540
Lease liabilities	16	51,197	63,360
		<u>13,337,095</u>	<u>10,794,026</u>
Total liabilities		<u>13,390,005</u>	<u>10,897,878</u>
Total equity and liabilities		<u>21,573,691</u>	<u>18,362,975</u>

The financial statements on pages 10 to 40 were approved and authorized for issue by the Board of Directors on 29 June 2023 and were signed on its behalf by:



 Hellen Masumba
 Director



 Alper Aydin
 Director

The notes on pages 16 to 40 form an integral part of these financial statements.

Beverage Services Tanzania Limited
Statement of Changes in Equity
For the Year Ended 31 December 2022

	Share capital TZS 000	Retained earnings TZS 000	Total TZS 000
At 1 January 2021	2	6,661,124	6,661,126
Profit for the year	-	803,971	803,971
Total comprehensive income for the year, net of tax	-	803,971	803,971
At 31 December 2021	<u>2</u>	<u>7,465,095</u>	<u>7,465,097</u>
At 1 January 2022	2	7,465,095	7,465,097
Profit for the year	-	718,589	718,589
Total comprehensive income for the year, net of tax	-	718,589	718,589
At 31 December 2022	<u>2</u>	<u>8,183,684</u>	<u>8,183,686</u>

The notes on pages 16 to 40 form an integral part of these financial statements.

Beverage Services Tanzania Limited
Statement of Cash Flows
For the Year Ended 31 December 2022

	Note	2022 TZS 000	2021 TZS 000
Cash flows from operating activities			
Profit before tax		1,031,988	1,152,063
Depreciation of equipment	11	833	1,320
Depreciation of right-of-use asset	12	49,111	49,112
Interest expense	16	<u>5,150</u>	<u>7,702</u>
Operating profit before working capital changes		1,087,082	1,210,197
Working capital changes			
Increase in trade and other receivables		(1,424,499)	(126,877)
(Decrease)/increase in trade and other payables		(103,786)	2,215,366
Increase/(decrease) in amounts owing by affiliates		<u>2,657,480</u>	<u>(4,530,099)</u>
Cash generated from/(used in) operations		2,216,277	(1,231,413)
Interest paid	16	(5,150)	(7,702)
Taxation paid	10	<u>(360,453)</u>	<u>(173,818)</u>
Net cash flow generated from/(used in) operating activities		1,850,674	(1,412,933)
Cash flows from investing activities			
Acquisitions of property plant and equipment	11	-	(2,500)
Cash flows from financing activities			
Principal portion of lease payment	16	<u>(62,812)</u>	<u>(46,668)</u>
Net increase/(decrease) in cash and cash equivalents		1,787,862	(1,462,101)
Cash and cash equivalents at 1 January		<u>1,832,280</u>	<u>3,294,381</u>
Cash and cash equivalents at 31 December		<u>3,620,142</u>	<u>1,832,280</u>

The notes on pages 16 to 40 form an integral part of these financial statements.

Beverage Services Tanzania Limited

Notes to the Financial Statements

For the Year Ended 31 December 2022

1 General information

1.1 Corporate information

The financial statements of Beverage Service Tanzania Limited for the year ended 31 December 2022 were authorized for issue with a resolution of the Directors as indicated on the statement of financial position.

The Company is a limited company domiciled and incorporated in Tanzania under the Companies Act, 2002 and whose shares are not publicly traded. The registered office and other corporate information indicated on page 1.

The principal activities of the Company are described in the Report by those charged with governance on page 2.

1.2 Basis of preparation

The financial statements have been prepared on a historical cost basis except measurement at fair value of specific terms, as described further in the accounting policy notes below. The financial statements are presented in Tanzanian Shillings (TZS) and all values are rounded to the nearest thousand (TZS '000) except when otherwise indicated.

The financial statements of Beverage Service Tanzania Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Companies Act, 2002 of Tanzania. The financial statements are prepared in accordance with the going concern principle under the historical cost basis.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

None of the standards, interpretations and amendments effective for the first time from 1 January 2022 have had a material effect on the financial statements.

New and revised IFRSs Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts	1 January 2023
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet determined
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IFRS 16	Lease liability in a Sale and Leaseback	1 January 2024

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below, for which the Company is assessing their impact.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, amendments to IAS 1 *Presentation of Financial Statements* were issued to specify the requirements for classifying liabilities as current or non-current.

As per the amendments, if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The amendments clarified that the requirements in paragraph 72B apply to liabilities arising from loan arrangements only.

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

However, the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Settlement of liability should be linked with the outflow of resources of the entity.

Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current.

An entity should provide a disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities.

The amendments are effective for annual periods beginning on or after 1 January 2024 and the amendments must be applied prospectively. Early application is permitted and must be disclosed. However, an entity that applies the 2020 amendments early is also required to apply the 2022 amendments, and vice versa.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments issued in May 2021 clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which is expected to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

The amendment is effective for annual periods beginning on or after 1 January 2023 and should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

Amendments to IAS 8 - Definition of Accounting Estimates

The amended standard issued in February 2021 clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

The amendment is effective for annual periods beginning on or after 1 January 2023. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

In February 2021, amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), were issued providing guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments replaces the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies.

In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.

In circumstances where standardised accounting policy information may be needed for users to understand other material information in the financial statements, the standardised accounting policy information is material in this situation, and should be disclosed.

The amendments are effective for annual periods beginning on or after 1 January 2023. Earlier application of the amendments to IAS 1 is permitted as long as this fact is disclosed.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

3 Significant accounting policies

Property, plant and equipment

Owner-occupied buildings and other property, plant and equipment are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on a straight-line basis over the useful life of the assets. Depreciation starts when the asset is ready for the intended use as required by management and ceases when there are no future economic benefits expected from its use or disposal or when the asset is held for sale.

When each major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised. The assets residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Any changes are adjusted for prospectively as changes in estimates.

Each asset is depreciated to its estimated residual value over the term of its useful life. The estimated useful lives are as follows:

Computer equipment	3 years
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The carrying values of property, plant and equipment are assessed at each reporting date as to whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, an estimate of the assets recoverable amount is made. An assets recoverable amount is the higher of an asset's or cash generating units fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the statement of comprehensive income.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

3 Significant accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The Company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

3 Significant accounting policies (continued)

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:-

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

3 Significant accounting policies (continued)

Derecognition

Financial assets

The Company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

(a) The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised.

(b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;

(c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined

(d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

3 Significant accounting policies (continued)

Financial liabilities

If the terms of a financial liabilities are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Impairment of financial assets

Measurement of Expected Credit Losses

The Company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVPTL, namely:

- Financial assets that are debt instruments;
- Accounts and other receivables;
- Financial guarantee contracts issued; and
- Loan commitments issued.

The Company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the company recognises the lifetime ECL.

The Company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

3 Significant accounting policies (continued)

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the company on terms that the company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Company, or economic conditions that correlate with defaults in the company.

For trade receivables, the company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Initial recognition and measurement

The Company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

3 Significant accounting policies (continued)

Subsequent measurement

After the commencement date, the Company measures the lease liability by:

- a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are [presented separately as non-operating /included in finance cost] in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right-of-use asset where the lease liability is re-measured in accordance with the above. Right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

Lease modifications

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The Company then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

3 Significant accounting policies (continued)

Short term and low value leases

The Company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The Company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. Cash and cash equivalents that have a fixed maturity date (less than 3 months) are subsequently measured at amortized cost as these are highly liquid and readily convertible.

Cash and cash equivalents that don't have fixed maturity date are subsequently measured at amortized cost using the effective interest rate method. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Taxes

Current income tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Value added tax

Revenues, expenses and assets are recognised net of the amount of Value Added Tax (VAT) except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of VAT included.

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

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

3 Significant accounting policies (continued)

Share capital and equity

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company:

- identifies the contract with a customer;
 - identifies the performance obligations in the contract;
 - determines the transaction price which takes into account estimates of variable consideration and the time value of money;
 - allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

(i) Rendering of services

Rendering of services revenue is recognised, based on the stage of completion of the contract and control of a right to be compensated for the services has been attained.

(ii) Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends payable

Dividends payable and any Secondary Tax on Companies (STC) pertaining thereto are recognised in the year in which such dividends are declared.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

3 Significant accounting policies (continued)

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). The financial statements are presented in Tanzanian Shillings (TZS), which is the Company’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss with the exception of exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Useful life of assets

Critical estimates are made by the directors in determining depreciation rates of property, plant and equipment.

Impairment of financial assets

Financial assets of the Company are measured at amortised cost and subject to impairment provisions of IFRS 9. The Company applies a simplified approach in determining expected future losses from receivables. The amounts due from related parties have historically been settled and rarely written off. The Expected Credit Loss was estimated at **TZS 95** which is immaterial. The estimate was based on global default risk of the ultimate parent company, The Coca-Cola Company. In 2022 the Company did not provide for trade receivables; the whole amount was settled by February 2023.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

5 Financial risk management objectives and policies

The Company principal financial liabilities are comprised of amounts due to related parties, trade and other payables. The Company does not enter into derivative transactions for trading purposes. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as amounts due from related parties, trade and other receivables, and cash and bank balances, which arise directly from its operations.

The main risks arising from the Company financial instruments are liquidity risk, market risk and credit risk. Market risk comprises mainly of interest rate risk, foreign exchange risk and price risk. The Company does not have significant exposure to interest rate risk and price risk since no interest rate or price sensitive financial instruments are held.

Policies are reviewed and agreed upon at Company level in order to manage the financial risks as summarized below:

The Company's overall risk management programme seeks to minimize potential adverse effects on its financial performance. Risk management is carried out by management on behalf of the Board of Directors and in line with the Company's policies.

Credit risk management

The Company only deposits cash surpluses with major banks of high quality credit standings.

Trade account receivables comprise a widespread customer base. Ongoing credit evaluation of the financial position of customer is preferred.

The granting of credit is made on application and is approved by the Directors. At year-end, the Company did not consider there to be any significant concentration of credit risk which has not been incurred or adequately provided for.

The Company does not grade the credit quality of receivables. All the receivables that are neither past due nor impaired are within their approved limits.

Trade and other receivables that were neither past due nor impaired amounted to TZS 460 million (2021: TZS 580 million) in respect of counterparties without external credit rating. These predominantly relate to existing customers or related parties with no defaults in the past.

		2022	2021
Maximum exposure to credit risk	Notes	TZS 000	TZS 000
Trade receivables	13	139,916	364,855
Amounts due from related parties	17	320,410	318,872
Other trade receivables	13	4,733	-
Bank balances	18	3,620,142	1,832,280
		<u>4,085,201</u>	<u>2,516,007</u>

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk is managed at an operational level and monitored by the Finance Division. Exposure to losses from foreign liabilities is managed through prompt payment of outstanding liabilities.

The following table demonstrates the sensitivity to possible changes in the exchange rate between the Tanzanian Shilling and foreign currencies (mainly US dollar, other currencies are considered to be immaterial), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

5 Financial risk management objectives and policies (continued)

	Increase/decrease in the value of TZS vs USD	Effect on profit before tax TZS 000	Effect on Profit after tax TZS 000
At 31 December 2022			
Net effect based on the year end as at 31 December 2022	+5.00%	(170,489)	(119,342)
	-5.00%	<u>170,489</u>	<u>119,342</u>

	Increase/decrease in the value of TZS vs USD	Effect on profit before tax TZS 000	Effect on Profit after tax TZS 000
At 31 December 2021			
Net effect based on the year end as at 31 December 2021	+5.00%	109,654	76,758
	-5.00%	<u>(109,656)</u>	<u>(76,759)</u>

The sensitivity analysis has been determined based on the net exposure as at 31 December 2022. The change of 5% is what is used when determining the net foreign currency transaction risk reported internally to key management personnel to assess reasonably possible change in foreign exchange rates.

The various currencies to which the Company is exposed on its financial instruments are summarized below:

At 31 December 2022	Exposure in TZS	Exposure in other currencies	Exposure in USD	Total in functional currency
Financial assets				
Amount due from related parties	-	-	320,410	320,410
Trade receivables	144,649	-	-	144,649
Cash and cash equivalents	<u>512,223</u>	<u>-</u>	<u>3,107,919</u>	<u>3,620,142</u>
	<u>656,872</u>	<u>-</u>	<u>3,428,329</u>	<u>4,085,201</u>

	Exposure in TZS	Exposure in other currencies	Exposure in USD	Total in functional currency
Financial liabilities				
Amount due to related parties	835,388	49,060	7,535,110	8,419,558
Trade and other payables	<u>5,401,591</u>	<u>(14,525)</u>	<u>(520,726)</u>	<u>4,866,340</u>
	<u>6,236,979</u>	<u>34,535</u>	<u>7,014,384</u>	<u>13,285,898</u>
Net Exposure	<u>(5,580,107)</u>	<u>(34,535)</u>	<u>(3,586,055)</u>	<u>(9,200,697)</u>

At 31 December 2021	Exposure in TZS	Exposure in other currencies	Exposure in USD	Total in functional currency
Financial asset				
Amount due from related parties	-	-	318,872	318,872
Other short-term financial assets	364,855	-	-	364,855
Cash and cash equivalent	<u>846,086</u>	<u>-</u>	<u>986,194</u>	<u>1,832,280</u>
	<u>1,210,941</u>	<u>-</u>	<u>1,305,066</u>	<u>2,516,007</u>

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

5 Financial risk management objectives and policies (continued)

Financial liabilities	Exposure in TZS	Exposure in other currencies	Exposure in USD	Total in functional currency
Amount due to related parties	1,482,862	25,258	4,252,420	5,760,540
Trade and other payables	4,488,534	14,376	467,216	4,970,126
	<u>5,971,396</u>	<u>39,634</u>	<u>4,719,636</u>	<u>10,730,666</u>
Net Exposure	<u>(4,760,455)</u>	<u>(39,634)</u>	<u>(3,414,570)</u>	<u>(8,214,659)</u>

Exchange rates applicable were as follows:

	TZS:USD
On 1 January 2022	2,301
On 31 December 2022	2,327
On 1 January 2021	2,314
On 31 December 2021	<u>2,298</u>

Liquidity risk

The Company maintains a sufficient level of liquidity to be able to meet all its obligations. The Company manages its liquidity risk by monitoring weekly cash flows and ensuring that adequate cash is available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as this approximates the expected future cash outflows.

Maturity analysis

	< 1 year TZS 000	> 2 and 5 years TZS 000	> 5 years TZS 000	Total TZS 000
At 31 December 2022				
Trade and other payables	4,866,340	-	-	4,866,340
Amount due to related parties	<u>8,419,558</u>	<u>-</u>	<u>-</u>	<u>8,419,558</u>
	<u>13,285,898</u>	<u>-</u>	<u>-</u>	<u>13,285,898</u>
At 31 December 2021				
Trade and other payables	4,970,126	-	-	4,970,126
Amount due to related parties	<u>5,760,540</u>	<u>-</u>	<u>-</u>	<u>5,760,540</u>
	<u>10,730,666</u>	<u>-</u>	<u>-</u>	<u>10,730,666</u>

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

5 Financial risk management objectives and policies (continued)

Fair value

The directors are of the opinion that the book value of financial instruments approximates fair value.

Financial instruments by category

	2022	2021
	TZS 000	TZS 000
<u>Financial assets at amortised cost</u>		
Trade receivables	139,916	364,855
Amounts due from related parties	320,410	318,872
Other trade receivables	4,733	-
Bank balances	3,620,142	1,832,280
	<u>4,085,201</u>	<u>2,516,007</u>

	2022	2021
	TZS 000	TZS 000
<u>Financial liabilities at amortised cost</u>		
Accrued expenses	2,500,752	4,168,869
Other payables	5,801	8,708
Trade payables	2,359,787	792,549
Lease liabilities	104,107	166,919
Amount due from related parties	8,419,558	5,760,540
	<u>13,390,005</u>	<u>10,897,585</u>

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure, calculated as equity plus net debt, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year. The Company had no borrowings at year end.

6 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2022	2021
	TZS 000	TZS 000
Rendering of services	<u>12,313,512</u>	<u>13,003,330</u>

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

7 Direct marketing expenses

	2022	2021
	TZS 000	TZS 000
Advertising and promotions	<u>9,185,907</u>	<u>10,795,329</u>

8 Other operating expenses

	2022	2021
	TZS 000	TZS 000
Audit fees	73,665	68,984
Foreign exchange loss	40,601	146
*Staff related costs (note 9)	1,561,882	478,346
Travelling	33,313	15,505
Taxes - general	262	54,516
Depreciation on equipment	833	1,320
Depreciation on right-of-use asset	49,111	49,112
*Other specified expenses	<u>335,950</u>	<u>338,009</u>
	<u>2,095,617</u>	<u>1,005,938</u>

*Staff related costs and other specified expenses relating to 2021 are restated to reflect correct amounts. This has not affected overall other operating expense.

Other specified expenses include interest on lease liability, refer to note 16.

9 Staff Related costs

	2022	2021
	TZS 000	TZS 000
Wages and salaries	1,104,809	395,109
Social security costs	123,629	43,984
Skills development levy	-	1,170
Other staff related costs	329,130	33,837
Medical aid	<u>4,314</u>	<u>4,246</u>
	<u>1,561,882</u>	<u>478,346</u>

Staff related costs include costs associated with the Kilimanjaro water business.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

10 Taxation

10.1 Statement of Financial Position

	2022	2021
	TZS 000	TZS 000
<i>Income tax recoverable</i>		
At 1 January	(1,889,473)	(1,989,306)
Current tax	367,881	273,651
Payments during the year	<u>(360,453)</u>	<u>(173,818)</u>
At 31 December	<u><u>(1,882,045)</u></u>	<u><u>(1,889,473)</u></u>
<i>Deferred tax (asset)/liability</i>		
At 1 January	293	(74,148)
Deferred tax charge	<u>(54,482)</u>	<u>74,441</u>
At 31 December	<u><u>(54,189)</u></u>	<u><u>293</u></u>
<i>Deferred tax (asset)/ liability is comprised of:</i>		
Other timing differences	(32,553)	24,808
Property, plant and equipment	<u>(21,636)</u>	<u>(24,515)</u>
At 31 December	<u><u>(54,189)</u></u>	<u><u>293</u></u>

10.2 Statement of profit or loss and other comprehensive income

Current tax	367,881	273,651
Deferred tax charge	<u>(54,482)</u>	<u>74,441</u>
	<u><u>313,399</u></u>	<u><u>348,092</u></u>

10.3 Reconciliation of tax expense

	2022	2021
	TZS 000	TZS 000
Profit before tax	<u>1,031,988</u>	<u>1,152,063</u>
Tax on profit calculated at standard rate	309,596	345,619
Tax effect on disallowed deductions	<u>3,803</u>	<u>2,473</u>
	<u><u>313,399</u></u>	<u><u>348,092</u></u>

10.4 Taxation paid in statement of cash flows

Corporation tax	<u>360,453</u>	<u>173,818</u>
	<u><u>360,453</u></u>	<u><u>173,818</u></u>

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

11 Property, plant and equipment

	Computer Equipment TZS 000	Total TZS 000
Cost		
At 1 January 2022	5,000	5,000
Additions	-	-
At 31 December 2022	<u>5,000</u>	<u>5,000</u>
Depreciation		
At 1 January 2022	3,264	3,264
Charge for the year	833	833
At 31 December 2022	<u>4,097</u>	<u>4,097</u>
Cost		
At 1 January 2021	2,500	2,500
Additions	<u>2,500</u>	<u>2,500</u>
At 31 December 2021	<u>5,000</u>	<u>5,000</u>
Depreciation		
At 1 January 2021	1,944	1,944
Charge for year	<u>1,320</u>	<u>1,320</u>
At 31 December 2021	<u>3,264</u>	<u>3,264</u>
Net carrying amount		
At 31 December 2022	<u>903</u>	<u>903</u>
At 31 December 2021	<u>1,736</u>	<u>1,736</u>

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

12 Right-of-use assets

	Motor vehicle TZS 000	Total TZS 000
Cost or valuation		
At 1 January 2021	245,558	245,558
Additions	-	-
At 31 December 2021	<u>245,558</u>	<u>245,558</u>
At 1 January 2022	245,558	245,558
Additions	-	-
At 31 December 2022	<u>245,558</u>	<u>245,558</u>
Depreciation		
At 1 January 2021	45,019	45,019
Charge for year	<u>49,112</u>	<u>49,112</u>
At 31 December 2021	<u>94,131</u>	<u>94,131</u>
As at 1 January 2022	94,131	94,131
Charge for the year	<u>49,111</u>	<u>49,111</u>
At 31 December 2021	<u>143,242</u>	<u>143,242</u>
Carrying amount		
As at 31 December 2022	<u>102,316</u>	<u>102,316</u>
As at 31 December 2021	<u>151,427</u>	<u>151,427</u>

13 Trade and other receivables

	2022 TZS 000	2021 TZS 000
Trade receivables	139,916	364,855
Other trade receivables	4,733	-
Prepayments	14,673	14,551
VAT receivables	<u>15,434,364</u>	<u>13,789,781</u>
Total current trade and other receivables	<u>15,593,686</u>	<u>14,169,187</u>

The trade and other receivables classified as financial instruments are disclosed below. The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note.

As at 31 December, the ageing analysis of trade receivables was as follows:

Terms and conditions of the above trade receivables:

Trade receivables are non-interest bearing and are generally on 30 day payment terms. As at 31 December 2022, there were no trade receivables that were impaired and fully provided for.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

13 Trade and other receivables (continued)

Age of trade receivables that are past due but not impaired

	2022	2021
	TZS 000	TZS 000
Not past due	139,916	261,248
1 to 30 days	-	103,607
	<u>139,916</u>	<u>364,855</u>

14 Share capital

	2022	2021
	TZS 000	TZS 000
Authorized		
10,000 Ordinary shares of TZS 1,000 each	<u>10,000</u>	<u>10,000</u>
Issued		
2 Ordinary shares of TZS 1,000 each	<u>2</u>	<u>2</u>

15 Trade and other payables

	2022	2021
	TZS 000	TZS 000
Trade payables	2,359,787	792,549
Accrued expenses	2,500,752	4,168,869
Other payables	5,801	8,708
	<u>4,866,340</u>	<u>4,970,126</u>

The carrying amount of trade and other payables approximate fair values due to their short term nature.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled between 15 to 120 days after the invoice date.
- Other payables are non-interest bearing and have an average term of 30 days.

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

16 Leases

Lease liability

	2022	2021
	TZS 000	TZS 000
As at 1 January	166,919	213,587
Interest	5,150	7,702
Payments interest portion	(5,150)	(7,702)
Payments principal portion	<u>(62,812)</u>	<u>(46,668)</u>
As at 31 December	<u><u>104,107</u></u>	<u><u>166,919</u></u>

	2022	2021
	TZS 000	TZS 000
Analysed as:		
Lease liability current	51,197	63,360
Lease liability non-current	<u>52,910</u>	<u>103,559</u>
	<u><u>104,107</u></u>	<u><u>166,919</u></u>

The Company has leased motor vehicles for a period of 5 years.

Impact in Profit and loss

	2022	2021
	TZS 000	TZS 000
Interest	5,150	7,702
Depreciation right-of-use asset	49,111	49,112
	<u>54,261</u>	<u>56,814</u>

Beverage Services Tanzania Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2022

17 Related parties

	2022	2021
	TZS 000	TZS 000
17.1 Amounts due from related parties		
Coca-Cola Africa (Proprietary) Limited	320,410	318,872
17.2 Amounts due to related parties	2022	2021
	TZS 000	TZS 000
Coca-Cola Central, East & West Africa Ltd	1,195	3,411
Soft Drinks International Inc.	458,459	-
Coca-Cola Kwanza Ltd	437,704	119,032
The Coca-Cola Export Corporation	7,473,141	5,598,591
European Refreshments Unlimited Company	49,059	39,506
	<u>8,419,558</u>	<u>5,760,540</u>

Terms and conditions of transactions with other related parties

The sales to and purchases from related parties are made at 'arm's length' prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables and they generally have 30 to 90 days terms.

For the year ended 31 December 2022, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2021 - Nil). An assessment for impairment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Key management compensation

	2022	2021
	TZS 000	TZS 000
Salaries	157,484	168,252
Bonus	35,165	10,656
Other benefits	27,829	5,928
	<u>220,478</u>	<u>184,836</u>

18 Cash and cash equivalents

	2022	2021
	TZS 000	TZS 000
Cash at bank	<u>3,620,142</u>	<u>1,832,280</u>

19 Events after the reporting date

There have been no events after the reporting date which require adjustment or further disclosure in the financial statements.