

**2023**

**FINANCIAL STATEMENT**

**OF**

**MANISH HOME NEEDS INDUSTRIES LIMITED**

**AMJ ASOCIATES AND PARTNERS**  
**CERTIFIED PUBLIC ACCOUNTANTS AND AUDITORS IN PUBLIC**  
**PRACTICE**  
**P. O. BOX 16357**  
**DAR ES SALAAM**

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**Company information**

**Board of directors**

**Names**

Mr Manish Hasraj Radia  
Mrs Nitaben M Radia

**Registered office**

P. O. Box 1120, Dar es Salaam  
Plot No.1, Block D, Amadoli Street  
Mwandege Area  
Mkuranga  
Coast Region

**Principal bankers**

CRDB Bank PLC  
Dar es Salaam  
Tanzania

Bank of India  
Dar es Salaam  
Tanzania

NBC Bank Limited  
Samora Branch  
Dar es Salaam

**Independent Practitioner**

Amj Associates and Partners  
Certified Public Accountants and Auditors  
Green Acres Building - Victoria  
P O Box 16357  
Dar es Salaam  
Tanzania

**Company Secretary**

Mr Manish Hasraj Radia  
P.O.Box1120  
Dar es Salaam  
Tanzania

## **REPORT OF THE DIRECTORS**

The directors submit their annual report together with the financial statements for the year ended 31 December 2023 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 of Manufacturing and selling of plastic material.

## **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:

<b>Names</b>	<b>Position</b>
Mr Manish Hasraj Radia	Director
Mrs Nitaben M Radia	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 four 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 12 of the financial statements. The shareholders of the company with their respective shareholdings is as follows:

## REPORT OF THE DIRECTORS (CONTINUED)

### RESULTS

	2023 <u>T.SHS</u>	2022 <u>T.SHS</u>
(Loss)/Profit before tax	(4,436,344)	(16,605,531)
Tax charge	(52,532,524)	4,981,659
(Loss)/Profit for the year	<u>(56,968,868)</u>	<u>(11,623,872)</u>

### DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2022: 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 31 December 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.

### GOING CONCERN AND 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 Manish Home Needs Industries Limited has adequate resources to continue in operational existence for the foreseeable future.

### EMPLOYEES' WELFARE

#### Management and employees' relationship

There was continued good relationship between employees and management for the year ended 31 December 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.

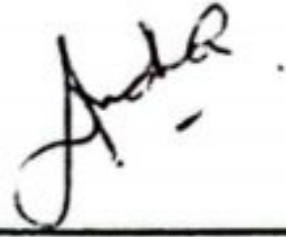
The company gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge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

**REPORT OF THE DIRECTORS (CONTINUED)**

**INDEPENDENT PRACTITIONER**

The company's independent practitioner, Amj Associates & Partners 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 31 December 2023 will be put in the Annual General Meeting.

**BY ORDER OF THE BOARD**



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**Manish Hasraj Radia**  
**Director**

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2024

## 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 flows for the year then ended, in conformity with the International Financial Reporting Standards for Small and Medium-Sized entities (IFRS for SME's) 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.

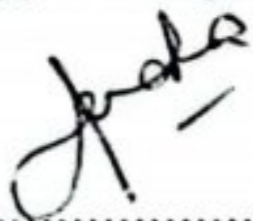
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for 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 cashflow forecast for the year ended 31 December 2023 and in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2022 and of its profit and cash flows 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:



.....  
**Manish Hasraj Radia**  
Director

.....  
**Date**

**DECLARATION OF THE HEAD OF ACCOUNTING OF MANISH HOME NEEDS INDUSTRIES 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 ..... being the Head of Accounting of Manish Home Needs Industries Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2023 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 Manish Home Needs Industries Limited as on that date and that they have been prepared based on properly maintained financial records.

**Signed by:** .....

**Position:** .....

**NBAA Membership No:** .....

Directors of Manish Home Needs Industries Limited  
P. O. Box 1264,  
DAR ES SALAAM.



### Opinion

We have audited the financial statements of **MANISH HOME NEEDS INDUSTRIES LIMITED** to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the company as at 31<sup>st</sup> December, 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### 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 ethical requirements that are relevant to our audit of the financial statements in the United Republic of Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines 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, management is 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance 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 judgment and maintain professional skepticism 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;

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- 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 management;
- 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### 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, No. 12 of 2002 and for no other purposes. As required by the Companies Act No. 12 of 2002, we are also required to report to you if, in our opinion, the Director's Report is not consistent with the financial statements, if the Company has not kept proper records, if we have not received all the information and explanation we require for our audit, or if information specified by law regarding Directors' remuneration and transaction with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.



**Abdul Amran Bandamo - ACPA2854**  
**Certified Public Accountant/Auditor**  
**Dar es Salaam**

Date....15-05-2024



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**STATEMENT OF PROFIT OR LOSS**

	Notes	2023 <u>T.SHS</u>	2022 <u>T.SHS</u>
Revenue	1	4,019,385,662	2,981,138,543
Cost of sales	2	<u>(3,397,492,783)</u>	<u>(2,440,561,288)</u>
Gross profit		621,892,879	540,577,255
Other income	3	<u>90,371,263</u>	<u>81,289,302</u>
<b>Gross income</b>		<b>712,264,142</b>	<b>621,866,557</b>
Administrative costs	4	(689,683,765)	(631,336,460)
Finance costs	5	<u>(27,016,721)</u>	<u>(7,135,629)</u>
<b>(Loss)/Profit before tax</b>		<b>(4,436,344)</b>	<b>(16,605,531)</b>
Tax charge	6	<u>(52,532,524)</u>	<u>4,981,659</u>
<b>(Loss)/Profit for the year</b>		<b>(56,968,868)</b>	<b>(11,623,872)</b>

**STATEMENT OF FINANCIAL POSITION**

	Notes	2023 <u>T.SHS</u>	2022 <u>T.SHS</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	7	5,429,196,850	5,694,395,149
Deferred tax	8	53,883,669	52,552,765
		<b>5,483,080,519</b>	<b>5,746,947,915</b>
<b>Current assets</b>			
Inventory	9	1,016,207,118	773,854,222
Trade and other receivables	10	295,624,303	37,618,772
Cash and cash equivalents	11	97,157,012	100,825,590
Fixed Deposit		692,938,000	639,685,008
Taxation- Last year		59,117,086	
Taxation		3,673,659	59,117,086
		<b>2,164,717,179</b>	<b>1,611,100,679</b>
<b>TOTAL ASSETS</b>		<b>7,647,797,698</b>	<b>7,358,048,593</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	584,000,000	584,000,000
Retained earnings		4,793,456,572	4,903,190,139
		<b>5,377,456,572</b>	<b>5,487,190,139</b>
<b>Non current liabilities</b>			
Borrowings	13	236,088,838	-
<b>Current liabilities</b>			
Trade and other payables	13	2,034,252,288	1,870,858,454
		<b>2,034,252,288</b>	<b>1,870,858,454</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,647,797,698</b>	<b>7,358,048,593</b>



.....  
**Manish Hasraj Radia**  
Director

**STATEMENT OF CHANGES IN EQUITY**

	<b>Share Capital T.SHS</b>	<b>Retained Earnings T.SHS</b>	<b>Total T.SHS</b>
<b>Year ended 31 December 2023</b>			
At start of year	<u>584,000,000</u>	<u>4,903,190,139</u>	5,487,190,139
Profit for the year		(56,968,868)	(56,968,868)
Prior year adjustments		-	-
Prior year taxes		(52,764,700)	(52,764,700)
<b>At end of year</b>	<b><u>584,000,000</u></b>	<b><u>4,793,456,572</u></b>	<b><u>5,377,456,572</u></b>
<b>Year ended 31 December 2022</b>			
At start of year	584,000,000	4,979,842,815	5,563,842,815
Profit for the year	(56,968,868)	(11,623,872)	(68,592,740)
Prior year adjustments		333,360,448	333,360,448
Prior year taxes	-	(398,389,252)	(398,389,252)
<b>At end of year</b>	<b><u>527,031,132</u></b>	<b><u>4,903,190,139</u></b>	<b><u>5,430,221,272</u></b>
<b>Year ended 31 December 2021</b>			
At start of year	584,000,000	4,998,471,632	5,582,471,632
Profit for the year	-	31,371,183	31,371,183
Prior year taxes	-	(50,000,000)	(50,000,000)
<b>At end of year</b>	<b><u>584,000,000</u></b>	<b><u>4,979,842,815</u></b>	<b><u>5,563,842,815</u></b>

**Prior year adjustments**

This relates to the adjustments in respect of reclassification of fixed assets to its appropriate account from cost of sales..The relevant adjustment had to be done in line with the notes of discussion presented by Tax Authorities. The relevant tax arising out of this adjustment has been paid accordingly.

**STATEMENT OF CASH FLOWS**

	Notes	2023 T.SHS	2022 T.SHS
<b>Cash flows from operating activities</b>			
(Loss)/Profit for the year		(4,436,344)	(16,605,531)
<i>Adjustment for:</i>			
Prior year adjustments		(52,764,701)	333,360,448
Depreciation	7	656,236,052	539,581,728
(Loss)/Profit before changes in working capital		599,035,007	856,336,645
<b>Changes in working capital</b>			
Inventory		(242,352,896)	(533,865,902)
Fixed Deposit		(53,252,992)	(56,743,174)
Trade and other receivables		(258,005,531)	87,586,116
Trade and other payable		163,393,832	551,043,540
<b>Cash generated from operations</b>		208,817,421	904,357,225
Tax paid for prior year		-	(354,013,143)
Withholding tax suffered		(9,037,086)	(9,117,086)
Tax paid for current year		(48,500,000)	(50,000,000)
<b>Net cash generated from operating activities</b>		<u>151,280,335</u>	<u>491,226,996</u>
<b>Cash flows from investing activities</b>			
Cash paid for purchase of property & equipment	7	(391,037,752)	(605,578,077)
Proceeds from disposal		-	55,084,746
<b>Net cash used in investing activities</b>		<u>(391,037,752)</u>	<u>(550,493,331)</u>
<b>Cash flows from financing activities</b>			
Net movement in borrowing		236,088,838	-
Compensation received		-	-
<b>Net cash used in financing activities</b>		<u>236,088,838</u>	<u>-</u>
<b>Net decrease(increase) in cash and cash equivalents</b>		(3,668,579)	(59,266,334)
Cash and cash equivalents at start of year		100,825,590	160,091,925
<b>Cash and cash equivalents at end of year</b>	11	<u>97,157,012</u>	<u>100,825,590</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 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) Plant and equipment

Plant 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 plant 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 plant 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 plant and equipment. The following annual rates are used for the depreciation of plant and equipment.

Items	Rates
Motor vehicles	25%
Plant and machinery	25%
Building	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 plant and 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 flows, 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.

### 1j) 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.

### 1k) Inventory

Inventories are stated at the lower of cost or net realisable value. 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)**

**1l) Borrowings**

Borrowings are initially recognised at fairvalue, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired and its costs are expensed in the year in which they are incurred.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

**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) Plant and equipment**

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

	<b>2023</b>	<b>2022</b>
	<b><u>T.SHS</u></b>	<b><u>T.SHS</u></b>
<b>1 Revenue</b>		
Revenue from sales of goods	<b><u>4,019,385,662</u></b>	<b><u>2,981,138,543</u></b>
	<b>4,019,385,662</b>	<b>2,981,138,543</b>
<b>2 Cost of production</b>		
Opening inventory of raw materials	355,474,440	44,540,440
Add: Purchases of raw materials	<u>2,735,572,961</u>	<u>2,242,835,465</u>
<b>Cost of goods available for sale</b>	<b><u>3,091,047,401</u></b>	<b><u>2,287,375,905</u></b>
Less: Closing inventory of raw materials	<u>(609,724,271)</u>	<u>(355,474,440)</u>
	<b>2,481,323,130</b>	<b>1,931,901,465</b>
<b>Factory Overhead Cost</b>		
Clearing and Forwarding	56,213,793	34,442,342
Depreciation	442,550,050	365,564,206
Direct Exp	91,469,675	
Rent & Whargage Exp	7,142,417	0
Electricity and water	305,208,415	328,252,280
Machinery Repairs and maintenance	1,688,368	3,332,897
<b>Total production costs</b>	<b><u>3,385,595,848</u></b>	<b><u>2,663,493,190</u></b>
<b>Cost of sales</b>		
Opening inventory of finished goods	418,379,782	195,447,880
Add: Total production costs	<u>3,385,595,848</u>	<u>2,663,493,190</u>
<b>Cost of goods available for sale</b>	<b><u>3,803,975,630</u></b>	<b><u>2,858,941,070</u></b>
Less: Closing inventory of finished goods	<u>(406,482,847)</u>	<u>(418,379,782)</u>
	<b>3,397,492,783</b>	<b>2,440,561,288</b>
<b>3 Other income</b>		
Rental Income	31,200,000	32,000,000
Gain on sale of asset	-	24,864,322
Interest received on fixed deposit	59,170,863	24,424,980
Other income	399	
	<b><u>90,371,263</u></b>	<b><u>81,289,302</u></b>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023 <u>T.SHS</u>	2022 <u>T.SHS</u>
<b>4 Administrative costs</b>		
Accommodation	187,605	4,420,678
Accountancy fees	3,000,000	4,000,000
Cleaning materials	12,711	18,541
Commision Exp	1,444,280	
Depreciation	213,686,003	174,017,522
Employment Cost (Note 4a)	336,830,818	288,229,286
Fines and penalties	1,950,000	1,500,000
Garbage Expense	800,000	300,000
Insurance Charges	38,040,684	20,659,100
N E M C	1,500,000	1,500,000
Medical expenses	-	145,980
MV repairs and maintainance	665,000	4,957,840
Mv running expenses	41,400,000	14,547,940
Fire extinguisher	1,000,000	1,000,000
Parking	-	996,613
Printing & Stationery	11,826,314	3,142,347
Repairs and maintenance	1,564,016	85,880,692
Osha	1,000,000	818,000
Security	21,000,000	18,500,000
License and fees	950,000	600,000
Staff Uniforms	-	53,390
Staff refreshment	1,111,445	1,235,762
Port Charges	6,181,412	
Telephone , Postage & Internet Charges	-	314,600
Transport & travelling	5,533,477	4,498,169
<b>Total administrative costs</b>	<b>689,683,765</b>	<b>631,336,460</b>
<b>4a Employment costs</b>		
Directors Remuneration	41,000,000	48,000,000
N.S.S.F. Contributions	22,608,375	16,612,725
Salaries, Wages & Costs	261,449,795	191,273,425
Skills Development Levy	10,421,038	9,570,937
Visa and permits	-	21,707,338
Workers Compensation Fund	1,351,610	1,064,861
	<b>336,830,818</b>	<b>288,229,286</b>
<b>5 Finance cost</b>		
Bank Charges	24,505,898	3,895,496
Foreign exchange loss unrealised	2,510,823	3,240,134
	<b>27,016,721</b>	<b>7,135,629</b>
<b>6 Tax expense</b>		
Current tax	53,863,427.02	-
Deferred tax credit (Note 8)	(1,330,903)	(4,981,659)
<b>Tax charge</b>	<b>52,532,524</b>	<b>(4,981,659)</b>
<b>Reconciliation of tax expense</b>		
Profit before tax	(4,436,344)	(16,605,531)
Tax calculated at a tax rate of 30% (2021: 30%)	(1,330,903)	(4,981,659)
Tax effect of:		
initial allowance	-	-
expenses not deductible for tax purposes	-	-
<b>Tax charge</b>	<b>(1,330,903)</b>	<b>(4,981,659)</b>

Property, Plant & Equipment

ITEM		BALANCE AS			SUM	DEPRECIATION	NHV AS AT
		AT 01/01/2022	ADDITIONS/ ADJUSTMENTS	DISPOSALS			
Plant & Machinery	12.5%	411276244.00	228,808,278	-	640,182,523	81,022,815	559,159,707
Concrete mixer	12.5%	3012880.00	0	-	3,012,880	378,808	2,634,073
Easer Fitting Machine For Pencil	12.5%	9248325.00	0	-	9,248,325	1,198,041	8,050,284
Injection Mould & welding machine	12.5%	367947560.00	0	-	367947560.00	43,993,443	323,954,117
Mould - Drums	25.0%	239636890.00	0	-	239,636,890	59,958,873	179,678,017
Two Color Injection Moulding Machine	25.0%	418363074.00	0	-	418,363,074	104,845,789	313,517,285
Injection Moulding Machine	12.5%	472525381.00	0	-	472,525,381.00	59,068,701.3	413,456,679
Plate compactor	12.5%	589289.00	0	-	589,289	73,661	515,628
Plastic Mould for Injection Moulding Machine	12.5%	161414494.00	0	-	161,414,494	20,176,812	141,237,682
Cooling Tower	12.5%	10573873.00	0	-	10,573,873	1,321,734	9,252,139
Grinder	25.0%	51129.00	0	-	51,129	12,782	38,347
Cargo Trolley	12.5%	1212148.00	0	-	1,212,148	151,519	1,060,629
Hydraulic Jack	12.5%	671468.00	0	-	671,468	83,934	587,534
Mortar Spraying Machine	12.5%	1752928.00	0	-	1,752,928	219,104	1,533,824
Screw Lift	12.5%	4851735.00	0	-	4,851,735	581,467	4,270,268
Machine for Balpaen plant	12.5%	12681895.00	0	-	12,681,895	15,860,237	111,021,658
Machine for Pencil plant	12.5%	108148747.00	0	-	108,148,747	13,518,593	94,630,154
Adapter Fitting Machine	12.5%	4851980.00	0	-	4,851,980	606,488	4,245,492
Automatic Ink Filling Machine	12.5%	5525866.00	0	-	5,525,866	690,733	4,835,133
Ball Pen Mould	12.5%	13981239.00	0	-	13,981,239.00	1,747,655	12,233,584
Chamfering Machine	12.5%	3638985.00	0	-	3,638,985	454,873	3,184,112
Extruder Machine Fitting	12.5%	9544345.00	0	-	9,544,345.00	1,193,043	8,351,302
Extruder Machine for Pvc	12.5%	73025334.00	0	-	73,025,334.00	9,128,167	63,897,167
Dustbin Swing Outer Mould	12.5%	8356188.00	0	-	8,356,188	1,044,524	7,311,664
Dustbin Swing Mould	12.5%	5930198.00	0	-	5,930,198	741,275	5,188,923
Moulder	12.5%	165818757.00	0	-	165,818,757	20,727,345	145,091,412
Plastic Injection Mould	12.5%	22376814.00	0	-	22,376,814	2,797,077	19,579,737
Tools & Equipment	12.5%	913570.00	0	-	913,570	114,196	799,374
Furniture & Fittings	12.5%	2262292.00	0	-	2,262,292.00	282,797	1,979,495
Computer	37.5%	1979232.00	233,168	-	2,212,400	276,550	1,935,850
Office Equipment	12.5%	9436739.00	0	-	9,436,739	1,179,592	8,257,147
Equipment	12.5%	22347893.00	0	-	22,347,893	2,793,487	19,554,406
TATA- 1658 GAU TRUCK	37.5%	243017.00	0	-	243,017	91,131	151,886
TATA - T 816 GAU- TRUCK	37.5%	243017.00	0	-	243,017	91,131	151,886
TATA - T 865 GEN- TRUCK	37.5%	607361.00	0	-	607,361	227,760	379,601
TATA - T 403 BMQ - TRUCK	37.5%	55584.00	0	-	55,584	20,844	34,740
Motor Vehicle	25.0%	16332757.00	136,898,305	-	153,231,062	38,307,766	114,923,297
TOYOTA DYNA T 165 AGL	37.5%	500157.00	0	-	500,157	62,520	437,637
Water pump	12.5%	1947.00	0	-	1,947	243	1,704
Bicycle	12.5%	14206435.00	25,000,000	-	39,256,435	4,907,304	34,351,131
Transformer	12.5%	3694651.00	-	-	3,694,651	461,631	3,232,820
Revolving Motor	12.5%	192829.00	-	-	192,829	24,104	168,725
Television	37.5%	11168.00	-	-	11,168	4,196	6,972
Generator	25.0%	17578125.00	-	-	17,578,125	4,364,531	13,213,594
Truck	25.0%	57585936.00	-	-	57,585,936	14,366,485	43,219,451
Truck - T 580 DXB	37.5%	2672264.00	-	-	2,672,264	1,002,069	1,670,195
Eacher- Truck - T 965 DRY	37.5%	1359109.00	-	-	1,359,109	509,666	849,443
Mitsubishi - Fighter - T 365 DJX	12.5%	574515.00	-	-	574,515	71,814	502,701
Printer	5.0%	2689219305.00	-	-	2,689,319,305	144,465,965	2,544,853,340
Land and building							
		<b>5,684,395,152</b>	<b>391,837,752</b>	<b>-</b>	<b>6,085,432,903</b>	<b>656,236,652</b>	<b>5,429,196,251</b>

Note

Additional transfers comprises of prior year adjustments in respect for which it was wrongly classified in cost of sales in previous years.

## 8 Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2020: 30%). The movement on the deferred tax account is as follows:

At start of year	(52,552,765)	(47,571,106)
Deferred tax credit (Note 6)	(1,330,903)	(4,981,659)
<b>At end of year</b>	<b>(53,883,669)</b>	<b>(52,552,765)</b>

Deferred tax (asset), deferred tax (credit) in the statement of profit or loss are attributable to the following items:

	<u>At start of year</u> <u>T.SHS.</u>	<u>Credit to SPL</u> <u>T.SHS.</u>
<b>Year ended 31 December 2023</b>		
<b>Deferred tax (asset)</b>		
Excess capital allowances over depreciation	(55,194,330)	98,147,862
Tax losses	53,863,427	(103,129,521)
<b>Net deferred tax (asset)</b>	<b>(1,330,903)</b>	<b>(4,981,659)</b>
<b>9 Inventories</b>		
Raw materials	609,724,271	355,474,440
Finished goods	406,482,847	418,379,782
	<b>1,016,207,118</b>	<b>773,854,222</b>
<b>10 Trade &amp; other receivables</b>		
Trade receivables	74,636,776	9,208,064
Deposit, prepayment and advances	220,987,527	21,707,338
Other receivables	-	6,703,370
	<b>295,624,303</b>	<b>37,618,772</b>
<b>11 Cash and cash equivalents</b>		
Cash in hand	19,073,645	6,592,313
Cash at bank	78,083,367	94,233,277
	<b>97,157,012</b>	<b>100,825,590</b>
<b>12 Share capital</b>		
<b>Authorised:</b>		
10,000(2022:10,000 shares) ordinary shares of TShs100,000 each	584,000,000	584,000,000
<b>Issued and fully paid:</b>		
500(2022:500 shares) ordinary shares of TShs100,000 each	584,000,000	584,000,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023	2022
	<u>T.SHS</u>	<u>T.SHS</u>
<b>13 Borrowings</b>		
<b>Non current liability</b>		
Loan from Diamond Trust Bank		-
Related party borrowing- Director	236,088,838	
	<b>236,088,838</b>	-
	<hr/>	
<b>13 Trade and other payables</b>		
Trade payables	845,263,380	908,410,069
Bank Overdraft	476,453,065	277,168,867
Other payables and accruals	379,646,402	352,390,077
Due to directors	332,889,441	332,889,441
	<b>2,034,252,288</b>	<b>1,870,858,454</b>
	<hr/>	

**14 Going concern**

The Company meets day to day working capital requirements through operating cashflows and borrowings. The shareholder's have undertaken to finance the company to meet its financial needs for the foreseeable future. Based on this, the directors have considered it appropriate to prepare the financial statements on a going concern basis.

**15 Contingent liability**

As at 31 December 2022, the Company had no litigations.

**16 Subsequent event**

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

**17 Capital Commitments**

As at 31 December 2022, the Company had no capital expenditure contracted or accrued.

<b>TAX COMPUTATION</b>	<b>2023 T.SHS</b>
Loss before tax as per accounts	(4,436,344)
<b>Add: Non-allowable expenses</b>	
Depreciation	656,236,052
	<b>651,799,708</b>
<b>Less: Allowable deductions</b>	
Wear and tear allowance	(317,345,022)
Capital allowance	(144,082,072)
Initial allowance	(10,827,857)
	<b>(472,254,952)</b>
	<b>179,544,757</b>
<b>Adjusted taxable Profit / (loss) for the year</b>	
<b>POSITION OF TAXATION</b>	53,863,427
Corporation tax at 30%	(48,500,000)
Less: Provisional tax paid for the year	(3,120,000)
Less: Withholding tax paid for the year	(5,917,086)
Less: Withholding tax paid on bank interest	<b>(3,673,659)</b>
<b>Tax Payable /(repayable)</b>	

**A. WEAR AND TEAR ALLOWANCES SCHEDULE FOR THE YEAR 2023**

	<b>CLASS I 37.5% T.SHS</b>	<b>CLASS II 25% T.SHS</b>	<b>CLASS III 12.5% T.SHS</b>	<b>TOTAL T.SHS</b>
WDV as at 1.1.2023	8,140,079	64,437,758	1,857,062,034	1,929,639,870
Additions	233,168	136,898,305	253,906,279	391,037,752
	8,373,247	201,336,063	2,110,968,312	2,320,677,622
Disposal	-	-	-	-
	8,373,247	201,336,063	2,110,968,312	2,320,677,622
Wear & Tear allowances	(3,139,968)	(50,334,016)	(263,871,039)	(317,345,022)
	5,233,279	151,002,047	1,847,097,273	2,003,332,599
Add: Qualifying expenditure	-	-	114,453,139	114,453,139
WDV as at 31.12.2023	5,233,279	151,002,047	1,961,550,412	2,117,785,739

**B. CAPITAL ALLOWANCE**

	<b>CLASS I 5.0% T.SHS</b>
WDV as at 1.1.2023	2,881,641,448
Additions	2,881,641,448
Disposal	-
	2,881,641,448
Wear & Tear allowances	(144,082,072)
	2,737,559,375
Add: Qualifying expenditure	-
WDV as at 31.12.2023	2,737,559,375

<b>C: INITIAL ALLOWANCE</b>	<b>AT COST</b>	<b>INITIAL ALLOWANCE</b>	<b>QUALIFYING EXP</b>
	<u>T.SHS</u>	<u>T.SHS</u>	<u>C/F</u> <u>T.SHS</u>
PLANT & MACHINERY	228,906,279	114,453,139	114,453,139
Summary of initial allowance claim			114,453,139
Less: 50% C/F to be claimed in 2023			(57,226,570)
<b>50% to be claimed in the year</b>			<u>57,226,570</u>
Add: 50% claim to be claimed this year from 2022			(68,054,427)
<b>Total claim for the year</b>			<u><u>(10,827,857)</u></u>

**D: SUMMARY OF ADDITIONS DURING THE YEAR**

**CLASS I**

Computer

233,168

233,168

**CLASS II**

Plant and machinery

Motor vehicle

228,906,279

136,898,305

365,804,584

**CLASS III**

Plant

Furniture & Fittings

Office Equipment

Rewinding Motor

**CLASS III**

253,906,279

391,037,752

253,906,279

**CLASS VI**

Buidling

-

**Total additions**

619,944,030

**E: SUMMARY OF CAPITAL ALLOWANCES**

A: DEPRECIATION ALLOWANCE

B: INDUSTRIAL BUILDING ALLOWANCE

B: INITIAL ALLOWANCE

(317,345,022)

(144,082,072)

(10,827,857)

(472,254,952)