

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

THE REPORT BY THOSE CHARGED WITH GOVERNANCE AND
AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2022

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

CONTENTS	PAGE
Company's Information	1
Report by those charged with governance.	2 – 4
Statement of Directors' Responsibilities	5
Declaration of the Head of Finance	6
Report of the Auditors	7 - 8
Financial Statements:	
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash flows	12
Notes to the Financial Statements	13-25

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022

REGISTERED ADDRESS AND PRINCIPAL PLACE OF BUSINESS

Registered Address and Principal place of Business

Everwell Cable and Engineering Company Limited
Dundani Area,
Plot no. 4-12, Block G
P.O. Box 63149
Mkuranga
Coast, TANZANIA

BANKERS

Standard Chartered Bank
International House branch
P.O. Box 9011
Dar es Salaam

National Microfinance Bank
Mkuranga branch
Coast region

CRDB Bank PLC
Kariakoo branch
Dar es Salaam

Stanbic Bank Tanzania Ltd
Stanbic Centre branch
P.O. Box 72647
Dar es Salaam

KCB Bank Tanzania Ltd
Lumumba Plaza branch
Dar es Salaam

AUDITORS

Mazars
Certified Public Accountants
3rd Floor, 85K, Kinondoni Road
P.O. Box 78999,
Dar es Salaam, Tanzania

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119188)

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2022

1. INTRODUCTION

The Directors hereby present their annual report together with audited financial statements for the year ended 31 December 2022 which disclose the state of affairs of the company as at that date.

2. INCORPORATION

The Company incorporated in Tanzania under the Tanzania Companies' Act 2002 on 30th July 2015 with certificate of incorporation No.119188 as a private company limited by shares and is domiciled in Tanzania.

3. PRINCIPAL ACTIVITIES

The principal activity of the company is manufacturing and selling of cables and electrical equipment.

4. COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the Company as at the date of this report are as indicated below:

S/n	Name	Position	Nationality	Age
1	Jiaopeng Lu	Executive Director	Chinese	43
2	Shujun Zhang	Non-Executive Director	Chinese	44

5. SHAREHOLDING OF THE COMPANY

The shareholding of the company at the beginning of, during and at the end of the year is as below.

S/n	Name of Shareholder	Number of shares	Value in TZS
1	Hebei Huatong Wires and Cables Group Ltd	97	9,700,000,000
2	HT International (Asia Pacific) Limited	3	300,000,000
	Total	100	10,000,000,000

6. POLITICAL AND CHARITABLE DONATIONS

During the year, the company did not make any political and charitable donations (2021: Nil)

7. MANAGEMENT OF THE COMPANY

The company is under the supervision of the board of directors and day to day management is entrusted to the key management team of the company headed by Executive Director.

The Board comprises of Executive and Non-Executive directors.

The organization structure of the company comprises of the following departments:

- Sales Department
- Finance Department
- Operations Department

Sales, Finance and Operation departments are headed by the Sales manager, Finance manager and Plant manager respectively who report to Managing Director while the Managing Director reports to the Board of directors.

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119188)

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued) FOR THE YEAR ENDED 31 DECEMBER 2022

8. CORPORATE GOVERNANCE

The Board of Directors consists of 2 Directors only, apart from the Managing Director, no other directors hold executive positions in the company. The Board takes overall responsibility for the company, including responsibility for identifying key risk areas, considering, and monitoring 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 Board is required to meet at least four times a year. The Board delegates the day-to-day management of the business to Managing Director assisted by senior management. Senior Management is invited to attend board meetings and facilitates the effective control of all company's operational activities, acting as a medium of communication and coordination between all the various business units.

The company is committed to the principles of effective good corporate governance. The directors also recognise the importance of integrity, transparency, and accountability.

9. 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 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.
- Activities 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 of Directors assessed the internal control systems throughout the financial year ended 31 December 2022 and is of the opinion that they met accepted criteria.

10. RESULTS AND PERFORMANCE FOR THE YEAR

The results for the year are set out on page 10 to the financial statements and summarized hereunder.

	2022	Restated 2021
Profit Before Tax	12,091,393,767	8,412,323,185
Income Tax Expense	<u>(5,819,951,225)</u>	<u>(1,930,592,985)</u>
Profit for The Year	<u>6,271,442,542</u>	<u>6,481,730,200</u>

11. SOLVENCY EVALUATION

The state of affairs of the company as at 31 December 2022 is set out on page 9 of these financial statements. The directors consider the company to be solvent within the meaning ascribed by the Company Act, 2002

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119188)

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. DIVIDENDS

The directors did not recommend the payment of dividends in respect of the year ended 31 December 2022 (2021: Nil)

13. GENDER PARITY

The average number of employees during the year were 210 (2021: 129) out of which 30 (2021:17) were females and males were 180 (2021: 112)

14. EMPLOYEES'S WELFARE

Management and Employees' Relationship

Management and employee's relationship continued to be good. There were no unresolved complaints by employees at the end of the year. A healthy relationship continues to exist between management and trade union. The Company is an 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.

Employees Benefit Plan

The Company pays contributions to a publicly administered pension plans on mandatory basis which qualifies to be a defined contribution plan. The Company's obligations in respect of these contributions are limited to 10% of the employees' gross emolument for National Social Security Fund (NSSF).

15. CORPORATE SOCIAL RESPONSIBILITY

The Company has a strong commitment to the communities around the company and aim to address issues of prime local concern such as education, health, and infrastructure development, environment protection and water supply programs among others. The Company also provides support in the form of charitable donations, sponsorship, staff volunteering and other resources such as the sharing of professional skills and expertise or the use of equipment and premises.

Corporate social responsibility is firmly embedded in our mission, values and behaviours in the whole company and the region at large. The Company is also committed on environmentally protection programs and operations by reducing its operations impact on the environment by complying with applicable environmental laws, regulations and standards, implementing waste minimization programs to eliminate or reduce wastes and emissions and conserving energy materials through resource management.

16. AUDITORS

The Auditors of the Company are Mazars Tanzania and have expressed their willingness to continue in office and are eligible for re-appointment.

By order of the Board

Jiao Peng Lu
Name

29/07/2023
Date

**EVERWELL CABLE AND ENGINEERING
COMPANY LIMITED
P. O. Box 63149
MKURANGA, DUNDANI**

[Signature]
Signature

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119188)

STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Companies Act, 2002 requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, errors 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 judgement and estimates, in conformity with International Financial Reporting Standards for Small and Medium enterprises (IFRS for SMEs) and the requirements of the Companies Act, 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and its operating results.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Jiao Peng Lu
Name

Director
Title

魯教明
Signature

29/12/2022
Date

EVERWELL CABLE AND ENGINEERING
COMPANY LIMITED
P. O. Box 63149
MKURANGA, DUNDANI

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119188)

DECLARATION OF THE HEAD OF FINANCE 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 the Head of Finance 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 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 as under Directors' Responsibility Statement on an earlier page.

I, Makenda I. Ayoub, being the Head of Finance / Accountant of the Everwell Cable and Engineering Company Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended on 31 December 2022 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of the Everwell Cable and Engineering Company Limited as 31 December 2022 and that they have been prepared based on properly maintained financial records.

Signed by:

Name: Makenda I. Ayoub

Signature: M Ayoub

Position: Outsourced Accountant

NBAA Membership No: GA 9443

Date: 29/07/2023

**INDEPENDENT AUDITORS' REPORT
TO SHARE HOLDERS OF EVERWELL CABLE AND ENGINEERING COMPANY LIMITED****Our Opinion**

We have audited the accompanying financial statements of Everwell Cable and Engineering Company Limited, which comprise the Statement of Financial Position as at 31 December 2022, the Statement of Comprehensive Income, Statement of Change in Equity and the Statement of Cash Flows for the year then ended and the Summary of Significant Accounting Policies and other explanatory notes. The financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards for SMEs (IFRS for SMEs) and on the basis of the accounting policies in note 2 of the financial statements on page 13.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Everwell Cable and Engineering Company Limited as at 31 December 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS for SMEs) and the Companies Act, 2002.

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 national Board of Accountant and Auditors (NBAA) Code of Ethics, which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants, together with other ethical requirements that are relevant to our audit of the financial statements in 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.

Other Information

The Directors are responsible for the other information, including the report of Directors. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 on the other information that we obtained prior to the date of this auditor's report, 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.

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 for SMEs, and for such internal controls 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 have 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.
- 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.
- Conclude on the appropriateness of management's 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion. 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.

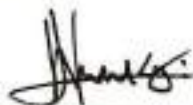
Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Tanzania Companies Act, 2002 and for no other purposes.

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

- i. 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;
- ii. In our opinion, proper books of account have been kept by the Company, so far as it appears from examination of those books;
- iii. The Directors report is consistent with the financial statements;
- iv. Information specified by law regarding directors remuneration and transactions with the Company is disclosed; and
- v. The Company's financial statements are in agreement with the books of account.

Yours faithfully



CPA – Ipyana Lazaro (FCPA-1230)
Partner – Mazars Tanzania
Dar es Salaam

Date: 29/July 2023

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119188)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Notes	2022 TZS	2021 TZS
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	12,276,167,375	12,564,358,477
Investments to Everbright	4	1,172,315,393	1,172,315,392
Right of Use Asset	5	980,042,620	839,863,899
		14,428,525,388	14,576,537,768
Closing Stock	6.1	42,400,762,382	33,765,469,886
Goods in Transit	6.2	9,675,653,793	9,658,939,101
Advance Payment	7	-	131,983,457
Trade and Other Receivables	8	52,726,228,434	31,551,241,503
Cash and Cash Equivalent	9	3,415,021,284	3,553,479,927
Corporate Tax	15	759,711,750	577,061,927
		108,977,377,643	79,238,175,801
TOTAL ASSETS		123,405,903,031	93,814,713,570
EQUITY AND LIABILITIES			
Equity			
Share Capital	10	10,000,000,000	10,000,000,000
Advance Towards Share Capital		5,803,759,620	5,803,759,620
Retained Earnings		27,082,958,493	21,304,580,120
		42,886,718,114	37,108,339,741
Liabilities			
Non-Current Liabilities			
Deferred Tax	21	4,275,213,450	1,821,222,857
Long Term Loan	11	23,611,889,162	19,212,624,341
Financing Lease	12	865,545,452	723,571,555
		28,752,648,064	21,757,418,753
Current Liabilities			
Trade and Other Payables	13	41,860,276,448	25,786,764,028
Short Term Borrowing	14	9,906,260,406	9,162,191,047
		51,766,536,854	34,948,955,076
TOTAL EQUITY AND LIABILITIES		123,405,903,031	93,814,713,570

The statements on pages 9 to 25 were approved by the Board of Directors on 29/07/2023 and were signed on its behalf by:

Name: Jiao Peng **EVERWELL CABLE AND ENGINEERING COMPANY LIMITED** Director Signature: [Signature]
P. O. Box 63149
MKURANGA, DUNDUNI

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR 31 DECEMBER 2022

	Notes	2022 TZS	2021 TZS
Revenue	17	104,655,338,801	63,960,232,740
Cost of Sales	19	(84,980,274,771)	(51,727,549,786)
Gross Profit		19,675,064,030	12,232,682,954
Other Income	18	32,038,151	-
Indirect Expenses	20	(5,247,527,103)	(3,820,359,769)
Impairment loss	21	(2,368,181,310)	
Profit or (Loss) Before Tax		12,091,393,767	8,412,323,185
Income Tax Expense	22	(5,819,951,225)	(1,930,592,985)
Profit or (Loss) for the Year		6,271,442,542	6,481,730,200

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share Capital TZS	Advance Toward Share Capital TZS	Retained Earnings TZS	Total TZS
1 January 2022	10,000,000,000	5,803,759,620	21,304,580,120	37,108,339,740
Prior year adjustments	-	-	(493,064,169)	(493,064,169)
Profit for the year	-	-	6,271,442,542	6,271,442,542
31 December 2022	<u>10,000,000,000</u>	<u>5,803,759,620</u>	<u>27,082,958,493</u>	<u>42,886,718,113</u>
1 January 2022	10,000,000,000	5,803,759,620	14,822,849,920	30,626,609,540
Profit for the year	-	-	6,481,730,200	6,481,730,200
31 December 2022	<u>10,000,000,000</u>	<u>5,803,759,620</u>	<u>21,304,580,120</u>	<u>37,108,339,740</u>

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119188)

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	TZS	TZS
Cash flows from Operating activities		
Profit/(Loss) Before Tax	12,091,393,767	8,412,323,185
Adjustment to reconcile profit before tax to net cash flows		
Non – Cash Items;		
Depreciation of PPE	1,774,827,073	1,564,454,566
Prior year adjustment	493,064,169	(359,986,271)
Loss on disposal	29,861,942	
Impairment loss	2,368,181,310	
Amortization of ROU Asset	149,879,712	456,122,992
	16,907,207,973	10,072,914,472
Working Capital Adjustments:		
Decrease/ (Increase) in Closing Stock	(9,648,800,590)	(5,699,257,914)
Decrease/ (Increase) in Goods in Transit	(16,714,692)	(5,052,559,451)
Decrease/ (Increase) in Advance Payment	131,983,457	(131,983,457)
(Increase)/Decrease in Trade and Other Receivables	(23,515,792,485)	(6,468,019,933)
Increase/(Decrease) in Trade and Other Payables	16,068,325,363	14,609,192,142
Cash flows From Operating Activities	(73,790,975)	7,330,285,858
Tax Paid	(3,548,610,454)	(3,442,838,606)
Net Cash flows From Operating Activities	(3,622,401,429)	3,887,447,253
Cash flows From Investing Activities		
Purchase of PPE	(1,516,493,914)	(3,036,502,737)
Acquisition of ROU Asset	(290,058,433)	(1,295,986,891)
Net Cash flows From Investing Activities	(1,806,552,347)	(4,332,489,628)
Cash flows from Financing Activities		
Long Term Loan	4,404,451,878	3,794,559,154
Short Term Borrowing	744,069,359	(3,490,028,282)
Financing Lease	141,973,897	723,571,555
Net Cash flows From Financing Activities	5,290,495,133	1,028,102,428
Net (Decrease) / Increase in Cash and Cash Equivalent	(138,458,643)	613,276,413
Cash and cash Equivalent at 1 January 2022	3,553,479,927	2,970,419,874
Cash and cash Equivalent at 31 December 2022	3,415,021,284	3,483,696,287

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Corporate Information

The financial statements of Everwell Cable and Engineering Company Limited ("the Company") for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors. The Company is a limited company incorporated and domiciled in Tanzania. The Company was incorporated in 2015. Details of the Company information are disclosed on page 1.

The principal activity of the company is described under report by those charged with Governance in earlier pages.

2. Summary of Significant Accounting Policies

a) Basis of preparation

The financial statements have been prepared on a historical cost basis, for certain financial instruments that have been measured at fair value. The financial statements are presented in Tanzanian Shillings (TZS) and all values are rounded to the nearest thousand except where otherwise indicated.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards for Small and Medium Enterprises (IFRs for SMEs) as issued by the International Accounting Standards Board (IASB) and the Companies Act, 2002.

b) Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

c) Revenue recognition

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

d) Property, plant and equipment

Tangible fixed assets are recognized at cost (purchase price) including any directly attributable costs of bringing the asset to working conditions for its intended use. Financing expenses are not capitalized as part of the cost price but expensed as incurred in the income statement.

Tangible fixed assets are depreciated on straight line Method base over their expected useful life. The depreciation should be based on a prudent estimate of the economic lifetime of the individual assets or group of similar assets. The residual value and the expected useful life of an asset shall be reviewed at least at each year-end and if expectations differ from previous estimates.

If the book value of an asset exceeds the recoverable amount, necessary write-downs must be made in order to ensure that no assets are overvalued. If the conditions that caused the impairment change and the basis for the write-down no longer exist, the write-down must be reversed. Write-downs and reversal of write-downs must always be done via the income statement.

When fixed assets are sold at other than book value, the gain/loss arriving from the transaction must be taken to the income statement.

Depreciation is calculated on the straight-line basis to write down the cost of each asset, to their residual values over their estimated useful life as follows:

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119188)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022****2. Summary of Significant Accounting Policies (Continued)**

Item	Years	Rates in %
Building	5	20
Plant and Machinery	10	10
Motor Vehicle	6	16.67
Computer and Accessories	6	16.67
Furniture, fittings, and other equipment	6	16.67
Utilities and tools	6	16.67

Property, plant, and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is the asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

e) Impairment

At each balance sheet date, the proprietor reviews the carrying amounts of its financial assets, tangible and intangibles assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount of the asset is estimated, and an impairment loss is recognized in the income statement whenever the carrying amount of the asset exceeds its recoverable amount.

f) Foreign currency transactions

The financial statements are presented in TZS, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

All differences are taken to profit or loss. Non-monetary items that measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. 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.

g) Inventory

Inventories are measured at the lower of cost and net realisable value on the FIFO Basis.

The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the number of inventories recognised as an expense in the period in which the reversal occurs.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

h) Employee Benefit

The Company is registered with the National Social Security Fund (NSSF) to which both employee and employer contribute. The company's obligations under the scheme are limited to specific contribution from time to time. The company's contributions to the Funds are charged to statement of income statement in the year to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Summary of Significant Accounting Policies (Continued)

i) Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only if the reimbursement is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

j) Taxes

Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the reporting date. The current rate of taxation is 30%.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and Tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation is provided, under the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted rates are used to determine deferred income tax.

A deferred tax asset is recognised to the extent that it is possible that future taxable profits will be available against which unused tax credits can be utilised.

k) Financial Instrument

i) Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows: The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Summary of Significant Accounting Policies (Continued)

Financial assets at fair value through profit or loss

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised costs using the effective interest rate method, less impairment.

Gains and losses are recognized in profit or loss statement when the loans and receivables are derecognised as well as impairment through the amortisation process. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. This category generally applies to trade and other receivables. For more information on receivables.

Held-to-maturity investment

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Where the Company has to sell other than an insignificant amount of Held-to-maturity assets, the entire category would be tainted and reclassified as available for sale.

Financial Assets carried at amortized cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Board of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the Statement of Financial Performance. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the Statement of Financial Performance.

ii) financial liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdraft, loans and borrowings.



EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE AND
AUDITED FINANCIAL STATEMENTS**

31 DECEMBER 2023

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119188)

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

CONTENTS	PAGE
Company's Information	1
Report by Those Charged With Governance	2 – 4
Statement of Responsibilities By Those Charged With Governance	5
Declaration of the Head of Finance	6
Report of the Auditors	7- 8
Financial Statements:	
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash flows	12
Notes to the Financial Statements	13-25

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023

REGISTERED ADDRESS AND PRINCIPAL PLACE OF BUSINESS

Registered Address and Principal Place of Business

Everwell Cable and Engineering Company Limited
Dundani Area,
Plot no. 4-12, Block G
P.O. Box 63149
Mkuranga
Coast, TANZANIA

BANKERS

Standard Chartered Bank
International House branch
P.O. Box 9011
Dar es Salaam

National Microfinance Bank
Mkuranga branch
Coast region

CRDB Bank PLC
Kariakoo branch
Dar es Salaam

Stanbic Bank Tanzania Ltd
Stanbic Centre branch
P.O. Box 72647
Dar es Salaam

KCB Bank Tanzania Ltd
Lumumba Plaza branch
Dar es Salaam

AUDITORS

Forvis Mazars
Certified Public Accountants
4th Floor, 85K, Kinondoni Road
P.O. Box 78999,
Dar es Salaam, Tanzania

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119188)

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2023****1. INTRODUCTION**

The Directors hereby present their annual report together with audited financial statements for the year ended 31 December 2023 which disclose the state of affairs of the company as at that date.

2. INCORPORATION

The Company incorporated in Tanzania under the Tanzania Companies' Act 2002 on 30th July 2015 with certificate of incorporation No.119188 as a private company limited by shares and is domiciled in Tanzania.

3. PRINCIPAL ACTIVITIES

The principal activity of the company is manufacturing and selling of cables and electrical equipment.

4. COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the Company as at the date of this report are as indicated below:

S/n	Name	Position	Nationality	Age
1	Jiापeng Lu	Executive Director	Chinese	44
2	Shujun Zhang	Non-Executive Director	Chinese	45

5. SHAREHOLDING OF THE COMPANY

The shareholding of the company at the beginning of, during and at the end of the year is as below.

S/n	Name of Shareholder	Number of shares	Value in TZS
1	Hebei Huatong Wires and Cables Group Ltd	97	9,700,000,000
2	HT International (Asia Pacific) Limited	3	300,000,000
Total		100	10,000,000,000

6. POLITICAL AND CHARITABLE DONATIONS

During the year, the company did not make any political and charitable donations (2022: Nil)

7. MANAGEMENT OF THE COMPANY

The company is under the supervision of the board of directors and day to day management is entrusted to the key management team of the company headed by Executive Director.

The Board comprises of Executive and Non-Executive directors.

The organization structure of the company comprises of the following departments:

- Sales Department
- Finance Department
- Operations Department

Sales, Finance and Operation departments are headed by the Sales manager, Finance manager and Plant manager respectively who report to Managing Director while the Managing Director reports to the Board of Directors.

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119188)

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. CORPORATE GOVERNANCE

The Board of Directors consists of 2 Directors only, apart from the Managing Director, no other directors hold executive positions in the company. The Board takes overall responsibility for the company, including responsibility for identifying key risk areas, considering, and monitoring 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 Board is required to meet at least four times a year. The Board delegates the day-to-day management of the business to Managing Director assisted by senior management. Senior Management is invited to attend board meetings and facilitates the effective control of all company's operational activities, acting as a medium of communication and coordination between all the various business units.

The company is committed to the principles of effective good corporate governance. The directors also recognise the importance of integrity, transparency, and accountability.

9. 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 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.
- Activities 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 of Directors assessed the internal control systems throughout the financial year ended 31 December 2023 and is of the opinion that they met accepted criteria.

10. RESULTS AND PERFORMANCE FOR THE YEAR

The results for the year are set out on page 10 to the financial statements and summarized hereunder.

	2023	2022
Profit Before Tax	1,846,870,655	12,091,393,767
Income Tax Expense	2,725,912,766	(5,819,951,225)
Profit for The Year	<u>4,572,783,421</u>	<u>6,271,442,542</u>

11. SOLVENCY EVALUATION

The state of affairs of the company as at 31 December 2023 is set out on page 9 of these financial statements. The directors consider the company to be solvent within the meaning ascribed by the Company Act, 2002.

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119188)

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023**

12. DIVIDENDS

The directors did not recommend the payment of dividends in respect of the year ended 31 December 2023 (2022: Nil)

13. GENDER PARITY

The average number of employees during the year were 297 (2022: 210) out of which 60 were females and 237 were males (2022: 30 and 180 respectively).

14. EMPLOYEES'S WELFARE

Management and Employees' Relationship

Management and employee's relationship continued to be good. There were no unresolved complaints by employees at the end of the year. A healthy relationship continues to exist between management and trade union. The Company is an 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.

Employees Benefit Plan

The Company pays contributions to a publicly administered pension plans on mandatory basis which qualifies to be a defined contribution plan. The Company's obligations in respect of these contributions are limited to 10% of the employees' gross emolument for National Social Security Fund (NSSF).

15. CORPORATE SOCIAL RESPONSIBILITY

The Company has a strong commitment to the communities around the company and aim to address issues of prime local concern such as education, health, and infrastructure development, environment protection and water supply programs among others. The Company also provides support in the form of charitable donations, sponsorship, staff volunteering and other resources such as the sharing of professional skills and expertise or the use of equipment and premises.

Corporate social responsibility is firmly embedded in our mission, values and behaviours in the whole company and the region at large. The Company is also committed on environmentally protection programs and operations by reducing its operations impact on the environment by complying with applicable environmental laws, regulations and standards, implementing waste minimization programs to eliminate or reduce wastes and emissions and conserving energy materials through resource management.

16. AUDITORS

Forvis Mazars Tanzania were appointed the Board of Directors as the organization's external auditors for the year ended 31 December 2023. The Auditors have expressed willingness to continue in office and are eligible for re-appointment. The audit firm is registered by National Board of Accountants and Auditors (NBAA) and issued with registration number PF 183, the firm is also registered by Tanzania Revenue Authority and issued with Tax Identification Number 127-089-032. The office location of the auditors is 85K Building, 3rd Floor, Kinondoni Road.

By order of the Board

Jiao Peng Lu
Name

Dike (T)
Title

李毅明
Signature

30/07/2024
Date

EVERWELL CABLE AND ENGINEERING
COMPANY LIMITED
P. O. Box 63149
MKURANGA, DUNDANI

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119188)

**STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2023**

The Companies Act, 2002 requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, errors 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 judgement and estimates, in conformity with International Financial Reporting Standards for Small and Medium enterprises (IFRS for SMEs) and the requirements of the Companies Act, 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and its operating results.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Jiro Peng Lu
Name

Director
Title

曾敬明
Signature

30/12/2023
Date

EVERWELL CABLE AND ENGINEERING
COMPANY LIMITED
P. O. Box 63149
MKURANGA, DUNDANI

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119188)

**DECLARATION OF THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 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 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 as under Directors' Responsibility Statement on an earlier page.

I, Raymond Shewichi, being the Head of Finance / Accountant of the Everwell Cable and Engineering Company Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended on 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 the Everwell Cable and Engineering Company Limited as 31 December 2023 and that they have been prepared based on properly maintained financial records.

Signature: 
Position: Outsourced Accountant
NBAA Membership No: ACPA-PP 5636
Date: 30/07/2024

**INDEPENDENT AUDITORS' REPORT
TO SHAREHOLDERS OF EVERWELL CABLE AND ENGINEERING COMPANY LIMITED****Our Opinion**

We have audited the accompanying financial statements of Everwell Cable and Engineering Company Limited, which comprise the Statement of Financial Position as at 31 December 2023, the Statement of Comprehensive Income, Statement of Change in Equity and the Statement of Cash Flows for the year then ended and the Summary of Significant Accounting Policies and other explanatory notes. The financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards for SMEs (IFRS for SMEs) and on the basis of the accounting policies in note 2 of the financial statements on page 13.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Everwell Cable and Engineering Company Limited as at 31 December 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS for SMEs) and the Companies Act, 2002.

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 national Board of Accountant and Auditors (NBAA) Code of Ethics, which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants, together with other ethical requirements that are relevant to our audit of the financial statements in 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.

Other Information

The Directors are responsible for the other information, including the report of Directors. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 on the other information that we obtained prior to the date of this auditor's report, 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.

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 for SMEs, and for such internal controls 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 have 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.
- 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.
- Conclude on the appropriateness of management's 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion. 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.

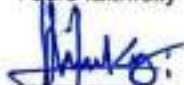
Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Tanzania Companies Act, 2002 and for no other purposes.

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

- i. 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;
- ii. In our opinion, proper books of account have been kept by the Company, so far as it appears from examination of those books;
- iii. The Directors report is consistent with the financial statements;
- iv. Information specified by law regarding directors remuneration and transactions with the Company is disclosed; and
- v. The Company's financial statements are in agreement with the books of account.

Yours faithfully



CPA – Ipyana Lazaro (FCPA-1230)
Partner – Mazars Tanzania
Dar es Salaam



Date: 30/07/ 2024

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 TZS	2022 TZS
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	11,536,927,715	12,276,167,375
Investments to Everbright	4	1,172,315,393	1,172,315,393
Right of Use Asset	5	783,390,458	980,042,620
		13,492,633,566	14,428,525,388
Closing Stock	6.1	51,293,120,251	42,400,762,382
Goods in Transit	6.2	18,688,601,449	9,675,653,793
Advance Payment	7	-	-
Trade and Other Receivables	8	97,608,670,464	52,617,844,283
Cash and Cash Equivalent	9	27,534,594,639	3,415,021,284
Corporate Tax	15	2,143,413,910	759,711,750
		197,268,400,713	108,868,993,492
TOTAL ASSETS		210,761,034,279	123,297,518,880
EQUITY AND LIABILITIES			
Equity			
Share Capital	10	10,000,000,000	10,000,000,000
Advance Towards Share Capital		5,803,759,620	5,803,759,620
Retained Earnings		31,846,897,714	27,082,958,493
		47,650,657,334	42,886,718,113
Liabilities			
Non-Current Liabilities			
Deferred Tax	22	357,268,089	4,275,213,450
Long Term Loan	11	35,338,819,960	23,611,889,162
Financing Lease	12	537,822,132	757,161,301
		36,233,910,181	28,644,263,913
Current Liabilities			
Trade and Other Payables	13	113,594,496,103	41,860,276,448
Short Term Borrowing	14	13,281,970,660	9,906,260,406
		126,876,466,763	51,766,536,854
TOTAL EQUITY AND LIABILITIES		210,761,034,279	123,297,518,880

The statements on pages 9 to 25 were approved by the Board of Directors on 30th July 2024 and were signed on its behalf by:

Name: Jiao Peng Lu Title: Site / Sr Signature: 曹敬明

EVERWELL CABLE AND ENGINEERING
COMPANY LIMITED
P. O. Box 83149
MKURANGA, DUNDANI

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR 31 DECEMBER 2023

	Notes	2023 TZS	2022 TZS
Revenue	17	162,059,956,040	104,655,338,801
Cost of Sales	19	<u>(141,893,302,291)</u>	<u>(84,960,274,771)</u>
Gross Profit		20,166,653,749	19,675,064,030
Other Income	18	123,123,288	32,038,151
Indirect Expenses	20	(16,296,353,227)	(5,247,527,103)
Impairment loss	21	<u>(2,146,553,155)</u>	<u>(2,368,181,310)</u>
Profit Before Tax		1,846,870,655	12,091,393,767
Income Tax Expense	22	2,725,912,766	(5,819,951,225)
Profit for the Year		<u>4,572,783,421</u>	<u>6,271,442,542</u>

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

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

	Share Capital TZS	Advance Toward Share Capital TZS	Retained Earnings TZS	Total TZS
1 January 2023	10,000,000,000	5,803,759,620	27,082,958,493	42,886,718,113
Prior year adjustments	-	-	191,155,801	191,155,801
Profit for the year	-	-	4,572,783,421	4,572,783,421
31 December 2023	<u>10,000,000,000</u>	<u>5,803,759,620</u>	<u>31,846,897,714</u>	<u>47,650,657,334</u>
1 January 2022	10,000,000,000	5,803,759,620	21,304,580,120	37,108,339,740
Prior year adjustments	-	-	(493,064,169)	(493,064,169)
Profit for the year	-	-	6,271,442,542	6,271,442,542
31 December 2022	<u>10,000,000,000</u>	<u>5,803,759,620</u>	<u>27,082,958,493</u>	<u>42,886,718,113</u>

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 TZS	2022 TZS
Cash flows from Operating activities		
Profit/(Loss) Before Tax	1,846,870,655	12,091,393,767
Adjustment to reconcile profit before tax to net cash flows		
Non – Cash Items;		
Depreciation of PPE	1,856,487,140	1,774,827,073
Interest expense on lease	90,613,674	-
Prior year adjustment	(306,725,524)	493,064,169
Loss on disposal	-	29,861,942
Impairment loss	2,146,553,155	2,368,181,310
Amortization of ROU Asset	493,945,289	149,879,712
	6,127,744,389	16,907,207,973
Working Capital Adjustments:		
Decrease/ (Increase) in Closing Stock	(8,411,509,488)	(9,648,800,590)
Decrease/ (Increase) in Goods in Transit	(9,012,947,656)	(16,714,692)
Decrease/ (Increase) in Advance Payment	-	131,983,457
(Increase)/Decrease in Trade and Other Receivables	(47,124,935,998)	(23,515,792,485)
Increase/(Decrease) in Trade and Other Payables	71,734,219,655	16,068,325,363
Cash flows From Operating Activities	13,312,570,902	(73,790,975)
Tax Paid	(2,594,451,010)	(3,548,610,454)
Lease payments	(607,245,969)	-
Net Cash flows From Operating Activities	10,110,873,924	(3,622,401,429)
Cash flows From Investing Activities		
Purchase of PPE	(1,093,941,620)	(1,516,493,914)
Acquisition of ROU Asset	-	(290,058,433)
Net Cash flows From Investing Activities	(1,093,941,620)	(1,806,552,347)
Cash flows from Financing Activities		
Long Term Loan	11,726,930,797	4,404,451,878
Short Term Borrowing	3,375,710,254	744,069,359
Financing Lease	-	141,973,897
Net Cash flows From Financing Activities	15,102,641,052	5,290,495,133
Net (Decrease) / Increase in Cash and Cash Equivalent	24,119,573,355	(138,458,643)
Cash and cash Equivalent at 1 January 2023	3,415,021,284	3,553,479,927
Cash and cash Equivalent at 31 December 2023	27,534,594,639	3,415,021,284

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

1. Corporate Information

The financial statements of Everwell Cable and Engineering Company Limited ("the Company") for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors. The Company is a limited company incorporated and domiciled in Tanzania. The Company was incorporated in 2015. Details of the Company information are disclosed on page 1.

The principal activity of the company is described under report by those charged with Governance in earlier pages.

2. Summary of Significant Accounting Policies

a) Basis of preparation

The financial statements have been prepared on a historical cost basis, for certain financial instruments that have been measured at fair value. The financial statements are presented in Tanzanian Shillings (TZS) and all values are rounded to the nearest thousand except where otherwise indicated.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards for Small and Medium Enterprises (IFRSs for SMEs) as issued by the International Accounting Standards Board (IASB) and the Companies Act, 2002.

b) Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

c) Revenue recognition

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

d) Property, plant and equipment

Tangible fixed assets are recognized at cost (purchase price) including any directly attributable costs of bringing the asset to working conditions for its intended use. Financing expenses are not capitalized as part of the cost price but expensed as incurred in the income statement.

Tangible fixed assets are depreciated on straight line Method base over their expected useful life. The depreciation should be based on a prudent estimate of the economic lifetime of the individual assets or group of similar assets. The residual value and the expected useful life of an asset shall be reviewed at least at each year-end and if expectations differ from previous estimates.

If the book value of an asset exceeds the recoverable amount, necessary write-downs must be made in order to ensure that no assets are overvalued. If the conditions that caused the impairment change and the basis for the write-down no longer exist, the write-down must be reversed. Write-downs and reversal of write-downs must always be done via the income statement.

When fixed assets are sold at other than book value, the gain/loss arriving from the transaction must be taken to the income statement.

Depreciation is calculated on the straight-line basis to write down the cost of each asset, to their residual values over their estimated useful life as follows:

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Summary of Significant Accounting Policies (Continued)

Item	Years	Rates in %
Building	5	20
Plant and Machinery	10	10
Motor Vehicle	6	16.67
Computer and Accessories	6	16.67
Furniture, fittings, and other equipment	6	16.67
Utilities and tools	6	16.67

Property, plant, and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is the asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

e) Impairment

At each balance sheet date, the proprietor reviews the carrying amounts of its financial assets, tangible and intangibles assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount of the asset is estimated, and an impairment loss is recognized in the income statement whenever the carrying amount of the asset exceeds its recoverable amount.

f) Foreign currency transactions

The financial statements are presented in TZS, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

All differences are taken to profit or loss. Non-monetary items that measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. 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.

g) Inventory

Inventories are measured at the lower of cost and net realisable value on the FIFO Basis. The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

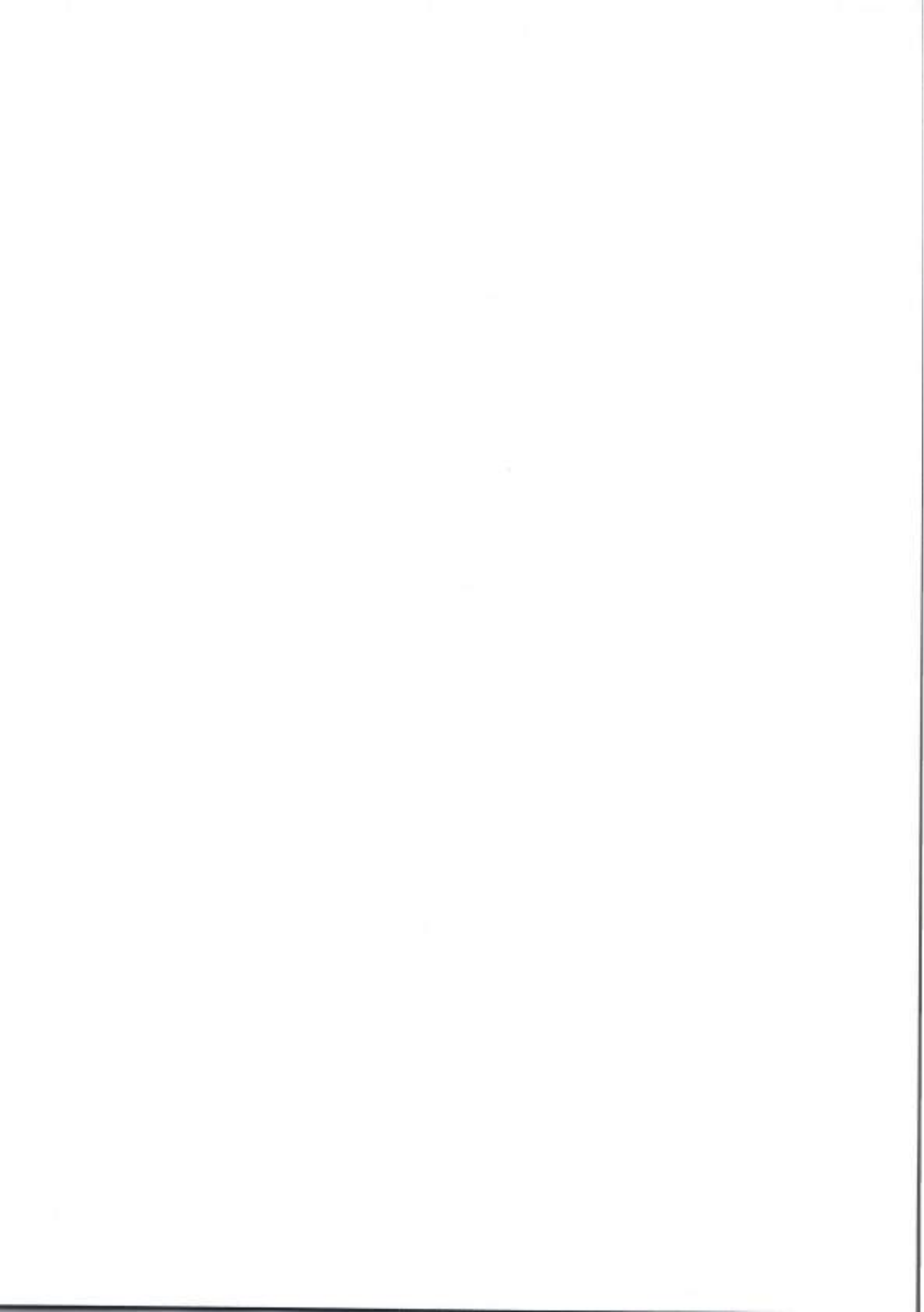
When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the number of inventories recognised as an expense in the period in which the reversal occurs.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

h) Employee Benefit

The Company is registered with the National Social Security Fund (NSSF) to which both employee and employer contribute. The company's obligations under the scheme are limited to specific contribution from time to time. The company's contributions to the Funds are charged to statement of income statement in the year to which they relate.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Summary of Significant Accounting Policies (Continued)

i) Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

j) Taxes

Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the reporting date. The current rate of taxation is 30%.

Deferred tax assets and liabilities

A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognized when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, and affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and Tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation is provided, under the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted rates are used to determine deferred income tax.

A deferred tax asset is recognised to the extent that it is possible that future taxable profits will be available against which unused tax credits can be utilised.

k) Financial Instrument

i) Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows: The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Summary of Significant Accounting Policies (Continued)

Financial assets at fair value through profit or loss

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised costs using the effective interest rate method, less impairment.

Gains and losses are recognized in profit or loss statement when the loans and receivables are derecognised as well as impairment through the amortisation process. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. This category generally applies to trade and other receivables. For more information on receivables.

Held-to-maturity investment

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Where the Company has to sell other than an insignificant amount of Held-to-maturity assets, the entire category would be tainted and reclassified as available for sale.

Financial Assets carried at amortized cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Board of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the Statement of Financial Performance. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the Statement of Financial Performance.

ii) financial liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdraft, loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

2. Summary of Significant Accounting Policies (Continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that do not meet the hedge accounting criteria as defined by IAS 39. Gains or losses on liabilities held for trading are recognised in the statement of income and expenditure. The Company has not designated any financial liabilities as at fair value through profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

3 PROPERTY, PLANT & EQUIPMENT

Details	WIP TZS	Land	Building TZS	Machinery & Equipment TZS	Motor Vehicle TZS	Computer & Accessories TZS	Furniture, Fittings & Equipment TZS	Utensils & Tools Related TZS	Total TZS
Cost As at 1 January 2022	1,283,183,554		596,432,732	13,188,271,438	868,333,159	11,813,136	47,139,395	1,323,934,336	17,319,107,750
Additions	1,516,493,914	-	-	-	-	-	-	-	1,516,493,914
Transfer	(989,450,994)	-	-	154,247,711	-	-	12,675,848	822,527,435	-
Disposal As at 31 December 2022				(61,192,504)					(61,192,504)
	<u>1,810,226,474</u>	<u>-</u>	<u>596,432,732</u>	<u>13,281,326,646</u>	<u>868,333,159</u>	<u>11,813,136</u>	<u>59,815,243</u>	<u>2,146,461,771</u>	<u>18,774,409,161</u>
As at 1 January 2023	1,810,226,474	-	596,432,732	13,281,326,646	868,333,159	11,813,136	59,815,243	2,146,461,771	18,774,409,161
Prior year adjustment				(3,214,467)		(84,746)	(2,204,491)		(5,503,705)
Additions	1,091,050,265						2,881,355		1,093,941,620
Transfer	(2,488,382,983)	1,512,638,210	(596,432,732)	559,604,113	352,917,968		24,213,522	39,009,170	-
Disposal									(596,432,732)
As at 31 December 2023	<u>414,425,197</u>	<u>1,512,638,210</u>	<u>-</u>	<u>13,837,716,292</u>	<u>1,221,251,127</u>	<u>11,728,390</u>	<u>84,705,629</u>	<u>2,185,470,941</u>	<u>19,267,935,786</u>

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED

(Registration Number 119186)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

Accumulated Depreciation As at 1 January 2022	-	477,146,185	3,893,854,768	251,894,025	5,314,658	21,975,445	104,560,173	4,754,745,274
Charge for the year	-	119,286,547	1,242,096,738	126,025,728	1,894,177	7,892,200	277,631,664	1,774,827,073
Disposal	-	-	(31,330,562)	-	-	-	-	-
As at 31 December 2022	-	596,432,732	5,104,620,964	377,919,753	7,208,836	29,867,645	382,191,856	6,498,241,786
As at 1 January 2023	-	596,432,732	5,104,620,964	377,919,753	7,208,836	29,867,645	382,191,856	6,498,241,786
Prior Year	-	-	(6,321,370)	(17,946,142)	(394,499)	(2,626,130)	19	(27,268,123)
Adjustment	-	-	1,329,324,509	170,366,186	1,876,542	10,136,442	344,781,461	1,856,487,140
Charge for the year	-	(596,432,732)	-	-	-	-	-	(596,432,732)
Disposal	-	-	6,427,624,103	530,339,796	8,690,879	37,379,957	726,973,336	7,731,008,071
As at 31 December 2023	414,425,197	1,512,638,210	7,410,092,189	690,911,331	3,037,511	47,325,672	1,458,497,604	11,536,927,715
Carrying Amount As at 31 December 2023	1,810,226,474	-	8,176,705,682	490,413,407	4,604,301	29,947,598	1,764,269,914	12,276,167,375

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 TZS	2022 TZS
4 INVESTMENT TO EVERBRIGHT		
Investment in Share Capital	1,172,315,393	1,172,315,393
Funds advanced toward Share Capital	-	-
	<u>1,172,315,393</u>	<u>1,172,315,393</u>
5 RIGHT OF USE ASSET		
Right of Use Asset as at 1 January 2023	1,586,045,324	1,586,045,324
Less: Expired Right of Use Assets	(95,073,239)	
Add: Addition for Right of Use Assets	297,293,127	
As at 31 December 2023 (A)	<u>1,788,265,212</u>	<u>1,586,045,324</u>
Accumulated Amortization Charge as at 1 January 2023	(606,002,704)	
Less: Expired Right of Use Assets	95,073,239	
Add: Amortization Charge for the year	(493,945,289)	
Accumulated Amortization Charge as at 31 December 2023 (B)	<u>(1,004,874,754)</u>	<u>(606,002,704)</u>
Right of Use Asset as at 31 December 2023 (A-B)	<u>783,390,458</u>	<u>980,042,620</u>
6 INVENTORY		
6.1 Closing Stock		
Raw Materials	26,732,840,699	18,483,020,482
Products in Progress	4,030,572,982	2,670,789,141
Finished Products	21,401,988,360	22,540,356,627
Spare Parts and Consumables	-	59,726,303
	<u>52,165,402,041</u>	<u>43,753,892,553</u>
Less: Reserve against stock price fall	(872,281,789)	(1,353,130,171)
	<u>51,293,120,251</u>	<u>42,400,762,382</u>
6.2 Goods In Transit		
Goods in Transit	18,688,601,449	9,675,663,793
	<u>69,981,721,700</u>	<u>52,076,416,175</u>
7 ADVANCE PAYMENT		
Inland Revenue Dept – TRA	-	-
8 TRADE AND OTHER RECEIVABLES		
Trade Debtors	95,443,301,812	43,090,043,869
Interest receivable	12,493,151	-
Prepayments	18,910,000	18,036,000
Value Added Tax (VAT)	1,184,606,592	2,485,875,634
Creditors With Debit Balances	3,555,507,306	7,510,506,275
Other Receivables	1,868,766,973	1,854,188,058
	<u>102,083,585,834</u>	<u>54,958,649,836</u>
Less: Provision for doubtful debts	(4,474,915,370)	(2,340,805,554)
	<u>97,608,670,464</u>	<u>52,617,844,282</u>
9 CASH AND CASH EQUIVALENT		
Petty Cash	130,370,679	68,146,175
Bank Balances	7,862,723,961	3,346,875,109
Open Fixed Deposit	19,541,500,000	-
	<u>27,534,594,639</u>	<u>3,415,021,284</u>

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	TZS	TZS
10 SHARE CAPITAL		
Authorised:		
100 Shares of TZS 100,000,000/= each	10,000,000,000	10,000,000,000
Issued and fully paid up:		
100 Shares of TZS 100,000,000/= each	<u>10,000,000,000</u>	<u>10,000,000,000</u>
11 LONG TERM LOAN		
HT International (Asia Pacific) Limited	10,449,868,812	7,077,016,813
HEBEI Huatong Wires and Cables Group Limited	<u>24,888,951,148</u>	<u>16,534,872,349</u>
	<u>35,338,819,960</u>	<u>23,611,889,162</u>
<p>On 1st April 2023 and 1st September 2023, the loan facility from HT International Limited (Lender) was extended to USD 2,660,0000 (period from 1st April 2023 to 31st March 2024) and USD 1,000,0000 (period from 1st September 2023 to 31st August 2024) respectively, at an agreed interest rate of 3%.</p> <p>On 16th November 2023, 6th July 2023, 12th October 2023 and 10th November 2023 loan facilities from Hebei Huatong Wires and Cables Group Limited (Lender) were extended to USD 1,500,0000 (period from 16th November 2023 to 15th November 2024), USD 3,200,000 (period from 6th July 2023 to 5th July 2024), USD 2,000,0000 (period from 12th October 2023 to 11th March 2024), USD 1,500,0000 (period from 10th November 2023 to 9th November 2024), respectively at agreed interest rate of 3%.</p> <p>Notwithstanding any other terms of these agreements, the facilities (together with all accrual interest thereon) are repaid in full after maturity. The borrower may repay the loan in advance with the consent of the lenders. The lenders have the option to recover the monies by selling any of the properties belonging to the borrower.</p>		
12 FINANCING LEASE		
Lease liability as per 1 January 2023	757,161,301	865,545,452
Add: Additions	297,293,127	-
Add: Interest Charge for the year	90,613,674	-
Unrecognised Financing Charge	-	(108,384,152)
Less: Lease payments	(607,245,969)	-
Lease Liability as at 31 December 2023	<u>537,822,132</u>	<u>757,161,300.53</u>
13 TRADE AND OTHER PAYABLES		
Trade Creditors	113,048,619,786	40,701,675,573
Net Salary Payable	4,307,170	-
Paye Payable	11,391,974	9,718,640
Pension Fund Payable	23,003,831	18,360,869
Skills & Development Levy	4,025,670	3,672,174
Workers Compensation Funds	565,484	459,022
Accounting fee and Audit Payable	37,590,300	34,633,395
City Service Levy Payable	107,173,589	93,551,346
WHT Payable	25,596,300	1,597,495
Other Payables	320,639,049	8,693,057
Debtors With Credit Balances	11,582,949	987,914,877
	<u>113,594,496,103</u>	<u>41,860,276,448</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

14 SHORT TERM BORROWINGS

As at 31 December 2023 and 2022 the short term debt of the company consisted of the following:

Bank loan	13,281,970,660	9,680,842,909
Interest Payable	-	225,417,497
	<u>13,281,970,660</u>	<u>9,906,260,406</u>

On 20th December 2023 and 7th December 2023 Everwell Cables and Engineering Company entered into a swap arrangement with ABSA bank to provide USD 3,300,000 equivalent to TZS 8,431,500,000 (period from 20th December 2023 to 20th February 2024) and USD 2,000,000 equivalent to TZS 5,110,000,000 (period from 7th December 2023 to 7th February 2024). This arrangement bears no interest upon expiration.

	2023	2022
	TZS	TZS
15 CORPORATE TAX PAYABLE / (RECOVERABLE)		
Opening Balance	(759,711,750)	(577,061,928)
Current Tax	1,192,032,595	3,365,960,632
Withholding Tax Recoverable	(1,075,734,756)	(819,595,788)
Provision Tax Receivable	(1,500,000,000)	(2,729,014,666)
Tax paid during the year	-	-
	<u>(2,143,413,910)</u>	<u>(759,711,750)</u>

16 RELATED PARTY TRANSACTIONS AND BALANCES

Identification of related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

The Company transacts with the sister companies and subsidiaries and executives. All transactions with related parties are made at arm's length in the normal course of business and on normal commercial terms and conditions.

Related Party Transactions

a) Key Management Compensation

Short Term Benefits	72,400,000	147,100,000
Post-Employment Benefits	-	14,710,000
	<u>72,400,000</u>	<u>161,810,000</u>

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

b) Borrowing from Related Parties

HT International (Asia Pacific) Limited	10,449,868,812	16,534,872,349
HEBEI Huatong Wires and Cables Group	24,888,951,148	7,077,016,813
	<u>35,338,819,960</u>	<u>23,611,889,162</u>

The loans received from related parties are both unsecured and bear interest rate of 3% and the specified repayment terms

d) Investments in Everbright Steel Materials Limited

Investment in Share Capital	1,172,315,392	1,172,315,392
	<u>1,172,315,392</u>	<u>1,172,315,392</u>

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

17	REVENUE		
	Prime Operating Income	154,399,970,319	101,643,884,032
	Other Business Revenue	7,659,943,446	3,011,454,769
	Non-Operating revenue	42,275	-
		162,059,956,040	104,655,338,801
18	OTHER INCOME		
	Interest from fixed Deposits	123,123,288	-
	Incomings(Gain on Sale of PPE)	-	32,038,151
		123,123,288	32,038,151
19	COST OF SALES		
	Opening Stock	43,753,892,553	33,765,469,886
	Purchases Raw Materials	141,301,711,574	84,107,126,302
	Purchases Finished Goods	2,207,821,109	5,629,665,453
	Labor Costs	642,784,289	485,463,506
	Manufacturing Overheads:		
	Article of Consumption	2,116,541,950	1,318,718,474
	Depreciation Charge - Machinery	1,757,828,039	1,660,649,442
	Electricity	946,936,819	634,321,933
	Office Supplies MO	8,344,928	159,225,433
	Labour Protection Fee MO	19,514,234	37,334,719
	Office Fee MO	48,780	24,340,271
	Amortization of ROA Asset	493,921,562	276,073,160
	Repair Charge	60,620,268	70,002,776
	Salary and Wages – MO	656,809,990	473,021,912
	Transportation	31,856,345	8,948,775
	Travel expenses	58,071,891	83,805,281
	Less: Closing Inventory	(52,165,402,041)	(43,753,892,553)
		141,893,302,290	84,980,274,771
20	INDIRECT EXPENSES		
a)	Administrative Expenses		
	Accounting and Audit fee	37,612,300	34,633,395
	Bridge Fee	10,500	3,100,373
	Car Fare Admin	135,840,606	83,404,958
	Communication	14,959,076	13,916,808
	Consult Fee	19,809,500	149,376,135
	Depreciation Charge - Admin	98,659,100	114,177,631
	Office Supplies Admin	460,000	194,361,865
	Entertainment Expenses Admin	32,085,988	1,687,600
	Hotel Expense Admin	15,697,193	8,408,620
	Imports Service Charge	590,236,449	342,235,401
	Insurance	21,873,046	14,528,467
	Licenses	279,019,782	157,817,703
	Office Fee Admin	273,031,052	106,685,130
	Office Rental Fee	114,948,000	151,876,300
	Other Repairs	3,143,714	13,440,637
	Parking Fee	842,600	1,672,639
	Property Insurance	108,151,634	103,695,000
	Property Management Expenses	7,531,780	7,164,153

EVERWELL CABLE AND ENGINEERING COMPANY LIMITED
(Registration Number 119188)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

Repair and Maintenance	1,388,847	49,687,147
Fuel cost	47,395,738	-
Salary and Wages - Admin	188,663,345	169,251,322
Employee benefits/welfare	49,442,534	-
Inventory surplus inventory shortage	(11,589,795)	-
Short Term Investment - Other Admin	-	36,075,631
Test Fee	28,339,608	3,769,634
Transport Costs	1,864,408	-
Travels and Accommodation	5,132,250	7,564,897
Educational and training	600,000	-
Professional service fee	2,000,000	-
Publicity expenses	5,677,000	-
Utilities Admin	20,338,984	21,003,829
Other Expenses	5,337,717	-
	2,098,502,951	1,789,535,275
b) Business Tariffs and Annex		
Stamp Tax	10,803,709	3,109,193
Assessed tax PAYE, SDL etc	-	105,415,121
Local Tax	-	4,398,700
Urban Construction Tax	487,753,043	314,531,287
	498,556,752	427,454,301
c) Finance Charge		
Financing Service Charge	-	21,500,000
Interest Expense on Deposit	-	-
Interest Expense on Loan	1,190,960,651	1,313,474,279
Exchange gain or loss	12,013,693,448	1,210,437,750
Bank Charges	211,409,313	177,616,141
Unrecognised Financing Charge	90,613,674	137,470,141
	13,506,677,086	2,860,498,311
d) Non-Operating Expenditure		
Non-Operating - Others	17,263,777	33,132,628
	17,263,777	33,132,628
e) Selling Expenses		
Car Fare SE	950,579.13	3,253,014
Entertainment Expenses SE	45,712,133.18	3,695,500
Low-value consumption goods	750,000.00	-
Maintenance cost	7,674,000.00	-
Hotel Expense	3,325,487.18	-
Fuel cost	1,039,558.00	-
Other Insurance	38,989,054.65	-
Handling charges	211,864.41	-
Office Fee SE	1,909,237.74	1,418,261
Publicity Expense	8,824,013.09	8,576,276
Rent Expenses - SE	15,926,000.00	54,088,300
Salary and Wages - SE	42,242,233.47	50,801,227
Tender Fee	190,000.00	1,200,000
Transportation	-	(1,416,000)
Advertising fees	1,085,000.00	8,898,305
Cross the bridge fee	-	17,500
Certification fees	9,500.00	2,758,755
Storage and rentals	5,451,000.00	-
Customs clearance and miscellaneous fees	-	2,815,070
Utilities SE	1,050,000.00	-