

**KEDA (TANZANIA) CERAMICS COMPANY LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023**

**Auditors:**

**Shebrila & Co**  
**Certified Public Accountants (in Public Practice)**  
**Suite 11**  
**EPZA Head Quarters**  
**Benjamin William Mkapa SEZ**  
**Mabibo External**  
**P. O. Box 22131**  
**Mob: +255 788 920 192/757 396 025**  
**E-mail: shebrilacpapp@gmail.com**  
**Dar es Salaam, Tanzania**

**July 2023**



KEDA (TANZANIA) CERAMICS COMPANY LIMITED

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## KEDA (TANZANIA) CERAMICS COMPANY LIMITED

### DIRECTORS, OFFICERS AND ADMINISTRATION

#### DIRECTORS

Mr. Yanchang Shen	- Chinese
Mr. Renwei Zhou	- Chinese
Mr. Yuejin Li	- Chinese
Mr. Qing Li	- Chinese
Mr. Junting Tang	- Chinese

#### REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

##### HEAD OFFICE

A5, Ubungo Business Park  
Along Morogoro Road  
P. O. Box 61701  
Dar es Salaam

##### SECRETARY

Law Associates Advocates (LAA)  
P. O. Box 111333  
Dar es Salaam

##### AUDITORS

Shebrila & Co  
Suite 11, William Benjamin Mkapa EPZ  
Mabibo External  
Mandela Road  
P. O. Box 22131  
Dar es Salaam

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

ABSA BANK  
Ubungo Branch  
P. O. Box 5137  
Dar es Salaam

##### BANKERS

Barclays Bank Ltd  
Barclays House  
Ohio Street  
P. O. Box 5137  
Dar es Salaam

CRDB Bank PLC  
Ubungo Branch  
P. O. Box 268  
Dar es Salaam

STANBIC Bank Ltd  
Kinondoni Road  
P. O. Box 72647  
Dar es Salaam

NMB Bank Ltd  
Samora Avenue  
P. O. Box 9031  
Dar es Salaam

EQUITY Bank Ltd  
Kariakoo Branch  
P. O. 110183  
Dar es Salaam



## KEDA (TANZANIA) CERAMICS COMPANY LIMITED

### REPORT OF THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors have the pleasure to submit their report together with the audited financial statements for the year ended 31<sup>st</sup> December 2023, which disclose the state of KEDA (Tanzania) Ceramics Company Limited ('the Company') as at that date.

#### 1. INCORPORATION

The Company was incorporated on 15<sup>th</sup> January 2016 and given a Certificate of Incorporation No. 122987 as Twyford (Tanzania) Ceramics Company Limited. It changed its name to KEDA (Tanzania) Ceramics Company Limited on 24<sup>th</sup> May, 2018.

#### 2. PRINCIPAL ACTIVITIES

The Company's principal activities include manufacturing and trading in ceramic products including flooring tiles, wall tiles, roofing tiles and similar hardware products.

#### 3. COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the Company during the year and up to the date of this report are indicated on page 2.

#### 4. CORPORATE GOVERNANCE

The Board consists of seven (7) Directors. 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 day to day management of the business to the Executive Director, assisted by senior management. Senior management is invited to attend Board meetings and facilitates the effective control of all the 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 corporate governance. The Directors also recognize the importance of Integrity, transparency and accountability.



KEDA (TANZANIA) CERAMICS COMPANY LIMITED

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

5. SOLVENCY

The Company's Statement of Financial Position as at 31<sup>st</sup> December 2023 is set out on page 13 of the these financial statements. The Directors consider the Company to be solvent within the meaning ascribed by the Tanzania Companies Act.

6. TRADING RESULTS

The performance of the Company for the year under review is set out on page 14 of these financial statements.

7. DIVIDENDS

The Directors do not recommend payment of any dividend for the year.

8. CAPITAL STRUCTURE AND SHAREHOLDING

Capital Structure

The Company's capital structure is as shown below:

	2023	2022
	TZS ('000)	TZS ('000)
<b>Authorized Share Capital</b> 10,000 Ordinary Shares of TZS 2,245,000 each (2022: TZS 224,500 each)	<u>22,450,000</u>	<u>2,245,000</u>
<b>Issued and Fully Paid Shares</b> 10,000 Ordinary Shares of TZS 2,245,000 each (2022: TZS 224,500 each)	<u>22,450,000</u>	<u>2,245,000</u>

Nominal value of Company's Ordinary Shares was increased in 2023 from TZS 224,500 to TZS 2,245,000 each. The increase in nominal value was financed by conversion of Account Payables due to existing shareholders.

Shareholding

The Issued and fully paid share capital is held in the following proportions:

	<u>% of Shares Held</u>
Tilemaster Investment Limited (9,900 Shares)	99
Brightstar Investment Limited (100 Shares)	<u>1</u>
	<u>100</u>



REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2023 *(Continued)*

*Directors' interest in the shares of the Company*

The Directors had no interests in the issued and fully paid capital of the Company as at 31<sup>st</sup> December 2023.

**9. MANAGEMENT**

The management of the Company is under the Managing Director and is organized in the following departments:

- Accounts/Finance;
- Clearing;
- Sales and Marketing;
- Administration;
- Warehouse; and
- Human Resource.

**10. RISK MANAGEMENT AND INTERNAL CONTROL**

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

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

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

The Board assessed the internal control system throughout the financial year ended 31<sup>st</sup> December 2023 and is of the opinion that they met the set criteria.

The Board is directly responsible for risk and internal control assessment as a separate Audit Committee is not considered necessary.



KEDA (TANZANIA) CERAMICS COMPANY LIMITED

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2023 *(Continued)*

11. ADMINISTRATIVE MATTERS

The Company is capable of handling all administrative matters.

12. EMPLOYEE WELFARE

Management and employee relationship

Management/employee relationship continued to be good during the year. There were no unresolved complaints by employees as at the end of the year under review.

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, tribe, religion and disability, which does not impair ability to discharge duties.

Training facilities

The Company provides on-the-job training to all its employees in order to improve their technical skills and job performance effectiveness. Employees are also considered for external training courses that upgrade skills and enhance development.

Health and safety

The Company continued to assure safety standards as required by the Factory Ordinance and provided a conducive working relationship with employees.

Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitude of the applicant concerned. In the event that a member of staff becomes disabled, every effort is made to ensure that his/her employment with the Company continues and appropriate re-training is arranged. It is the policy of the Company that training, career development and promotion of disabled persons should, as much as possible, be identical to those of other employees.

**Employee benefits plan**

The Company pays contributions to the National Social Security Fund (NSSF) which is a publicly administered mandatory pension plan and qualified to be a Defined Contribution Plan in accordance with the law.



**KEDA (TANZANIA) CERAMICS COMPANY LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2023 (Continued)**

The average number of employees during the year under review was 872 employees (2022: 826 employees).

**13. GOING CONCERN**

The Company's current liabilities exceeded its current assets by TZS 161,343,989,000 (2022: TZS 38,850,820,000). This together with the Company's liquidity ratios do not portray a positive picture of the Company's ability to continue as a going concern. However, despite this picture, the Company has secure financing arrangements with its bankers. Also the Company's parent company has confirmed its commitment to continue providing financial support to the Company if and when required to do so.

**14. AUDITORS**

SHEBRILA & Co were appointed external auditors of the financial statements for the year ended 31<sup>st</sup> December 2023. They have expressed their willingness to continue in office and are eligible for re-appointment.

  
.....  
DIRECTOR



**KEDA (TANZANIA) CERAMICS COMPANY LIMITED**

**STATEMENT OF RESPONSIBILITY OF THOSE CHARGED WITH GOVERNANCE  
FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023**

The Companies Act (CAP 2012) No. 12 of 2002 requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its results for that year. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company. Directors are also responsible for safeguarding the assets of the Company and hence taking reasonable steps to ensure prevention and detection of fraud, error and other irregularities.

The directors are responsible for preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 and for internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors hereby accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Standards (IFRS) and the requirements of the Companies Act (CAP 212) No. 12 of 2002. The directors are of the opinion that the financial statements give a true and fair view 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 the financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

**Approval of the financial statements**

The Report of Those Charged With Governance and Financial Statements for the year ended 31<sup>st</sup> December 2023 were approved by the Board of Directors on ..... and signed on its behalf by:

.....

**DIRECTOR**



**KEDA (TANZANIA) CERAMICS COMPANY LIMITED**

**DECLARATION BY HEAD OF FINANCE/ACCOUNTING  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023**

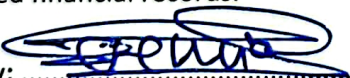
The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act (No. 13) of 1995, requires financial statements to be accompanied by a declaration issued by the Head of Finance/Accounting responsible for the preparation of the financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist Those Charged with Governance to discharge the responsibility of preparing financial statements of the entity showing a true and fair view of the entity's financial position and performance in accordance with applicable International Financial Reporting Standards and statutory financial reporting requirements.

Full legal responsibility for preparation of financial statements rests with Those Charged with Governance as set out in the Statement of Responsibilities of Those Charged with Governance on page 8.

I CPA JEREMIA NYAMHANSA..... being the Head of Finance/Accounting of KEDA (Tanzania) Ceramics Company Limited hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31<sup>st</sup> 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 KEDA (Tanzania) Ceramics Company Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: .....

Position: HOF.....

NBAA Membership No.: ACPA 3525.....

Date: 24/07/2024.....



## **SHEBRILA & Co**

Certified Public Accountants in Public Practice

P.O. Box 22131, Dar es Salaam

E-mail: [shebrilacpapp@gmail.com](mailto:shebrilacpapp@gmail.com)

### **INDEPENDENT AUDITORS' REPORT**

#### **TO THE SHAREHOLDERS OF KEDA (TANZANIA) CERAMICS COMPANY LIMITED**

#### **Report on the financial statements**

##### ***Opinion***

We have audited the financial statements of KEDA (Tanzania) Ceramics Company Limited ("the Company"), set out on pages 13 to 16 which comprise the Statement of Financial Position as at 31 December 2023, the Statements of Profit or Loss and Other Comprehensive Income, Statement of Change in Equity and Statement of Cash Flows for the year ended on that date, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of KEDA (Tanzania) Ceramics Company Limited as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Tanzania 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### ***Other Information***

The Directors are responsible for the other information. The other information comprises the Report of Those Charged with Governance as required by the Companies Act, 2002, Statement of responsibilities of Those Charged with Governance and Declaration of Head of Finance. The other information does not include the financial statements and our auditors' 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.



**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF KEDA (TANZANIA) CERAMICS COMPANY LIMITED (Continued)**

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

***Responsibilities of Those Charged with Governance for the Financial Statements***

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002, and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our audit 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 Auditors' 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.



**KEDA (TANZANIA) CERAMICS COMPANY LIMITED**

**INDEPENDENT AUDITORS' REPORT**

**TO THE SHAREHOLDERS OF KEDA (TANZANIA) CERAMICS COMPANY LIMITED (Continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

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

**Report on Other Legal and Regulatory Requirements**

As required by the Companies Act, 2002 we report that:

- In our opinion, proper accounting records have been kept by of KEDA (Tanzania) Ceramics Company Limited;
- The individual accounts are in agreement with the accounting records of the company; and
- We obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

.....  
CPA Bonaventure M. Hakili – ACPA 442  
Practitioner



For and on Behalf of  
Shebrila & Co -  
Certified Public Accountants in Public Practice

DAR ES SALAAM, TANZANIA

Date: 27th July 2024



KEDA (TANZANIA) CERAMICS COMPANY LIMITED



STATEMENT OF FINANCIAL POSITION  
AS AT 31<sup>ST</sup> DECEMBER 2023

	Notes	2023 TZS ('000)	2022 TZS ('000)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	5	54,712,964	58,733,796
Capital Work-in-Progress	6	146,978,494	-
<b>Total Non-Current Assets</b>		<b>201,691,458</b>	<b>58,733,796</b>
<b>Current Assets</b>			
Inventory	7	41,678,336	26,728,913
Trade and Other Receivables	8	19,030,912	19,537,420
Refundable Tax: Corporate Tax	16	-	282,683
Value Added Tax Refundable		11,861,096	1,425,141
Cash and Cash Equivalents	9	4,041,005	6,390,462
<b>Total Current Assets</b>		<b>76,611,349</b>	<b>54,364,619</b>
<b>TOTAL ASSETS</b>		<b>278,302,807</b>	<b>113,098,415</b>
<b>EQUITY</b>			
<b>Attributable to Equity Holders</b>			
Share Capital	10	22,450,000	2,245,000
Retained Earnings		17,919,469	12,098,642
<b>Total Owners' Equity</b>		<b>40,369,469</b>	<b>14,343,642</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Long-Term Loan	11	-	5,539,334
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>5,539,334</b>
<b>Current Liabilities</b>			
Trade and Other Payables (net)	12	237,955,338	93,215,439
<b>Total Current Liabilities</b>		<b>237,955,338</b>	<b>93,215,439</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>278,302,807</b>	<b>113,098,415</b>

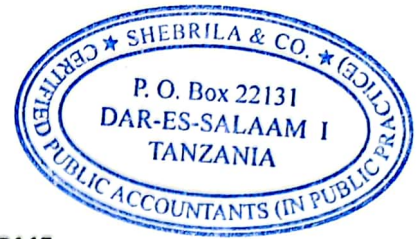
The Notes and related statements on pages 17 to 40 form part of these financial statements.

Report of the Auditors is on Pages 10 to 12.

DIRECTOR .....



KEDA (TANZANIA) CERAMICS COMPANY LIMITED



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

	Notes	2023	2022
		TZS ('000)	TZS ('000)
REVENUE		180,917,796	165,435,461
COST OF SALES	13	(145,190,118)	(133,975,349)
Gross Profit		35,727,678	31,460,112
Exchange Gain/(Loss)		(739,638)	(142,141)
Operating Expenses	14	(25,860,802)	(18,193,458)
		(26,600,440)	(18,335,599)
Operating Profit/(Loss) Before Financing Costs		9,127,238	13,124,513
Financial Expenses (net of income)	15	(112,293)	(524,598)
Profit Before Taxation		9,014,945	12,599,915
Taxation Expense	16	(3,194,119)	(840,817)
Profit for the Year After Taxation		5,820,826	11,759,098
Other Comprehensive Income		-	-
Total Comprehensive Profit for the Year		5,820,826	11,759,098

The Notes and related statements on pages 17 to 40 form part of these financial statements.

Report of the Auditors is on Pages 10 to 12.



KEDA (TANZANIA) CERAMICS COMPANY LIMITED



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023**

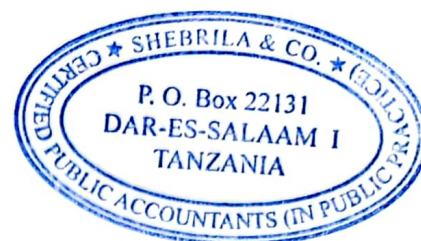
	NOTE	Share Capital TZS ('000)	Retained Earnings TZS ('000)	Total TZS ('000)
Balance as at 31 <sup>st</sup> January 2023		2,245,000	12,098,643	14,343,643
Profit for the year		-	5,820,826	5,820,826
Increase in nominal value of shares		20,205,000	-	20,205,000
Balance as at 31 <sup>st</sup> December 2023		22,450,000	17,919,469	40,369,469
Balance as at 1 <sup>st</sup> January 2022		2,245,000	339,545	2,584,545
- Profit for the year		-	11,759,098	11,759,098
Balance as at 31 <sup>st</sup> December 2022		2,245,000	12,098,643	14,343,643

The Notes and related statements on pages 17 to 40 form part of these financial statements.

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KEDA (TANZANIA) CERAMICS COMPANY LIMITED



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023**

	2023	2022
	TZS ('000)	TZS ('000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year after taxation	5,820,826	11,759,098
Adjustment for:		
- Depreciation charge	16,140,139	13,031,525
<b>Adjusted Profit</b>	<b>21,960,965</b>	<b>24,790,623</b>
Changes in Working Capital Items:		
Change in Inventory	(14,949,423)	(1,014,721)
Change in Trade and Other Receivables	506,508	(367,062)
Change in Refundable Taxes	(10,153,271)	(1,475,247)
Change in Trade and Other Payables	144,717,899	9,227,921
<b>Cash Generated from Operating Activities</b>	<b>142,082,678</b>	<b>31,161,514</b>
<b>CASH FLOWS FROM/(TO) INVESTING ACTIVITIES</b>		
Acquisition of items of property, plant and equipment	(12,119,307)	(27,171,889)
Expenditure on Capital Work-in-Progress	(146,978,494)	-
<b>Net Cash to Investing Activities</b>	<b>(159,097,801)</b>	<b>(27,171,889)</b>
<b>CASH FLOWS FROM/(TO) FINANCING ACTIVITIES</b>		
Repayment of term borrowing	(5,539,334)	(9,141,438)
Received from Capital	20,205,000	-
<b>Net Cash to Financing Activities</b>	<b>14,665,666</b>	<b>(9,141,438)</b>
<b>Net Increase/(Decrease) in Cash &amp; Equivalents</b>	<b>(2,349,457)</b>	<b>(5,151,813)</b>
Cash and Cash Equivalents at beginning of the Year	6,390,462	11,542,275
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>4,041,005</b>	<b>6,390,462</b>
<b>Cash and Cash Equivalents Comprise:</b>		
Cash on Hand	143,300	181,858
Bank Balances	3,897,705	6,208,604
<b>TOTAL</b>	<b>4,041,005</b>	<b>6,390,462</b>

The Notes and related statements on pages 17 to 40 form part of these financial statements.

Report of the Auditors is on Pages 10 to 12.



**KEDA (TANZANIA) CERAMICS COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023**

**NOTE 1: REPORTING ENTITY**

KEDA (Tanzania) Ceramics Company Limited ('the Company) is a company domiciled in the United Republic of Tanzania. The financial statements of the Company are for the financial year ended 31<sup>st</sup> December 2023.

**NOTE 2: BASIS OF PREPARATION**

**(a) Statement of Compliance**

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

**(b) Basis of Measurement**

The financial statements have been prepared on the Historical Cost Basis except for the following:

- Financial instruments are stated at fair value through the profit or loss statement.

The methods used to measure fair value are presented in Note 4.

**(c) Functional and Presentation Currency**

The financial statements are presented in Tanzania Shillings (TZS), which is the Company's functional currency. All financial information in Tanzania Shillings has been rounded to the nearest thousand (TZS '000).

**(d) Use of Estimates and Judgments**

The preparation of financial statements in conformity with IFRS for SMEs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023 *(Continued)*

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**(a) Revenue Recognition**

Revenue is recognized when goods are supplied to and accepted by the customer. Revenue represents the proceeds from the sale of building materials, hardware, and household items, and from other sources, net of Value Added Tax (VAT).

**(b) Foreign Currency Transactions**

Transactions in foreign currencies are translated to the functional currency at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate prevailing at the reporting date. Foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized in foreign currency translated at the exchange rate prevailing at the end of the period. Foreign currency differences arising on retranslation are recognized in profit or loss in the period in which they arise.

**(c) Financial Instruments**

**(i) *Non-derivative financial assets***

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments.

The Company derecognizes a financial assets when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial assets in a



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023 *(Continued)*

transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets and liabilities: receivables and loans.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

**(ii) Non-derivative financial liabilities**

The Company has the following non-derivative liabilities: Trade and Other Payables.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023 *(Continued)*

*(iii) Share capital*

The Company's share capital is made up of Ordinary Shares which are classified as Equity.

**(d) Property, Plant and Equipment (PPE)**

*(i) Recognition and measurement*

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to the working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets are capitalized as incurred.

Buildings, and plant and machinery, are carried at re-valued amounts, being its fair value at the date of re-valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made periodically (3-5 years) to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any surplus arising on the re-valuation is recognized directly in the Revaluation Reserve within Equity except to the extent that the surplus reverses a previous re-valuation deficit on the same asset in the Statement of Comprehensive Income, in which case the credit is recognized in the Statement of Comprehensive Income. Any deficit on re-valuation is recognized in the Income Statement except to the extent that it reverses a previous revaluation surplus on the same asset, in which case it is taken directly to the Revaluation Reserve.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023 *(Continued)*

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in the profit or loss.

*(ii) Subsequent cost*

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of day to day servicing property, plant and equipment is recognized in profit or loss as incurred.

*(iii) Depreciation*

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful life of each part of an item of property, plant and equipment. The depreciation rates applied are as follows:

• Land	0%
• Buildings	5%
• Heavy Motor Vehicles	25%
• Light Motor Vehicles	25%
• Office Equipment	12.5%
• Machinery and Equipment	12.5%
• Fixtures and Fittings	12.5%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023 *(Continued)*

(e) Impairment of Assets

(i) *Financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Company considers evidence of impairment for receivables for both at specific assets or collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred by not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023 *(Continued)*

discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on an impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**(ii) Non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For goodwill and intangible assets (if any) that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit' (CGU)). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which the goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The Company's corporate assets do not generate separate inflows. If there is an indication that a corporate asset may be impaired, then the



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023 *(Continued)*

recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

**(f) Inventory**

Inventory is valued at lower of cost and net realizable value. Cost is determined on a first-in, first out (FIFO) basis. Net realizable value is the price at which the inventory can be realized in the normal course of business after allowing for the costs of realization and, where appropriate, the cost of conversion from its existing state to a realizable condition. Provision for damage is made on specific items.

**(g) Employee Benefits**

**(i) Defined contribution plan**

The Company makes statutory contributions to the National Social Security Fund (NSSF). The Company's obligations in respect of contributions to the Fund is 10% of the employee's basic emoluments

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023 *(Continued)*

(salary/wages). Contribution to the pension fund is recognized as an expense in the period the employees render the related services.

**(ii) Termination benefits**

Termination benefits are recognized as an expense in the year when it becomes payable. Termination benefits are determined in accordance with Tanzania labour laws.

**(iii) Short-term benefits**

Short-term employee benefit obligations are measured on undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under the short-term bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(h) Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(i) Finance Income and Expenses**

Finance income comprises interest income on funds invested and/or on bank accounts. Interest income is recognized as it accrues in profit or loss, using effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs, other than borrowing costs related to qualifying assets [See Note 3(d)(i)], are recognized in profit or loss using the effective interest method.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023 *(Continued)*

**(j) Income Tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using balance sheet liability method, providing for temporary differences between that carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

However, the Company's tax status is subject to agreement with the Tanzania Revenue Authority (TRA).

**(k) Dividends**

Dividends are recognized as a liability in the period in which they are declared.

**(l) Comparative Figures**

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



KEDA (TANZANIA) CERAMICS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023 *(Continued)*

NOTE 4: DETERMINATION OF FAIR VALUES

*(a) Trade and other receivables*

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

*(b) Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the reporting date.

*(c) Property, plant and equipment*

An external, independent Valuation company, having appropriate recognized professional qualifications and recent experience in location and building being valued, values the Company's buildings and plant and machinery every 3-5 years. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably and willingly.

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

Net Assets (i.e. Cost net of accumulated depreciation) as at 31<sup>st</sup> December 2023 were worth TZS ('000) 54,712,964 [2022: TZS ('000) 58,733,796]. See Appendix 1.

NOTE 6: CAPITAL WORK IN PROGRESS

	2023	2022
	TZS ('000)	TZS ('000)
Opening balance	-	-
Additions during the year	146,978,494	-
Closing balance	146,978,494	-

Capital Work in Progress is in respect of a new glass factory being constructed at Mkuranga, in Pwani Region.



KEDA (TANZANIA) CERAMICS COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2023 *(Continued)*

NOTE 7: INVENTORY

	2023	2022
	TZS ('000)	TZS ('000)
Finished goods	20,194,162	17,946,732
Raw materials	21,484,174	8,782,181
<b>Total</b>	<b>41,678,336</b>	<b>26,728,913</b>

NOTE 8: TRADE AND OTHER RECEIVABLES

	2023	2022
	TZS ('000)	TZS ('000)
Trade receivables (net)	19,030,912	19,537,420
<b>Total</b>	<b>19,030,912</b>	<b>19,537,420</b>

NOTE 9: CASH AND CASH EQUIVALENTS

	2023	2022
	TZS ('000)	TZS ('000)
Cash at Bank	3,897,705	6,208,604
Cash on Hand	143,300	181,858
<b>Total</b>	<b>4,041,005</b>	<b>6,390,462</b>



KEDA (TANZANIA) CERAMICS COMPANY LIMITED

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

NOTE 10: SHARE CAPITAL

	2023 TZS ('000)	2022 TZS ('000)
<i>Authorised share capital</i>		
10,000 Ordinary Shares of TZS 2,245,000 each	22,450,000	2,245,000
<i>Issued and fully paid capital</i>		
Tilemaster Investment Limited: 9,900 Shares @ TZS 2,245,000	22,225,500	2,222,550
Brightstar Investment Limited: 100 Shares @ TZS 2,245,000	224,500	22,450
<b>Total</b>	<b>22,450,000</b>	<b>2,245,000</b>

In December 2023 the nominal value of the Ordinary Shares of the Company was increased from TZS 224,500 to TZS 2,245,000 per share. The increase was financed by conversion of outstanding payables to existing shareholders by revaluing their shareholding in the Company.

NOTE 11: LONG TERM BORROWING

	2023 TZS ('000)	2022 TZS ('000)
Long Term Loan	-	5,539,334

A loan of USD 20m was extended by Standard Chartered Bank (Tanzania) for financing purchase of plant, machinery and other equipment. The loan was secured by a mortgage on land and buildings on Plot Nos. 1, 2, 3 and 4, Block C, Pingo, Chalinze. It was fully paid off in 2023.



KEDA (TANZANIA) CERAMICS COMPANY LIMITED

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

NOTE 12: TRADE AND OTHER PAYABLES

	2023	2022
	TZS ('000)	TZS ('000)
Trade payables	234,430,616	92,849,703
Other payables and accrued expenses	3,524,722	365,736
<b>Total</b>	<b>237,955,338</b>	<b>93,215,439</b>

NOTE 13: COST OF SALES

	2023	2022
	TZS ('000)	TZS ('000)
Opening Stock Balances:		
Raw materials	8,782,181	8,178,300
Finished Goods	17,946,732	17,535,892
Add: Production costs	145,738,952	123,220,993
Depreciation	14,400,589	11,769,077
<b>Total Available During the Year</b>	<b>186,868,454</b>	<b>160,704,262</b>
Less: Closing Stock Balances:		
Raw materials	(21,484,174)	(8,782,181)
Finished goods	(20,194,162)	(17,946,732)
<b>COST OF GOODS SOLD</b>	<b>145,190,118</b>	<b>133,975,349</b>

NOTE 14: OPERATING EXPENSES

	2023	2022
	TZS ('000)	TZS ('000)
Selling expenses	6,807,830	5,348,498
Administration expenses	19,052,972	12,844,960
<b>Total Operating Expenses</b>	<b>25,860,802</b>	<b>18,193,458</b>

For details see Appendix 2



KEDA (TANZANIA) CERAMICS COMPANY LIMITED

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

NOTE 15: FINANCIAL EXPENSES (NET OF INTEREST INCOME)

	2023	2022
	TZS ('000)	TZS ('000)
Interest Expenses	194,191	639,784
Bank Charges	171,622	68,938
	<b>365,813</b>	<b>708,722</b>
Less: Interest Income	253,520	184,124
Financial Expenses (Net)	<b>112,293</b>	<b>524,598</b>

NOTE 16: TAX LIABILITY/CLAIM COMPUTATION

	TZS ('000)	TZS ('000)
Profit before tax		9,014,945
<b>ADD BACK:</b>		
Items Permanently Disallowed:		
Telephone charges – 20%	35,048	
Entertainment – 50%	13,580	
Depreciation & amortization – 100%	16,140,139	
Unrealized foreign exchange loss	(355,233)	
<b>Total</b>		<b>15,833,534</b>
<b>Adjusted Profit Before Allowances</b>		<b>24,848,479</b>
<b>DEDUCT:</b>		
Depreciation Allowances		
Class I to III	13,917,473	
Class IV - VIII	283,944	
<b>Total</b>		<b>14,201,417</b>
<b>Taxable Income</b>		<b>10,647,062</b>
Income Tax Expense – 30%		3,194,119
Less: Refundable Tax		(282,684)
<b>Tax Payable</b>		<b>2,911,435</b>
<b>Deduct Taxes Paid in Advance:</b>		
Provisional Taxes		(800,000)
Tax deducted at source: Withholding tax		(77,726)
<b>Total Taxes Paid in Advance</b>		<b>(877,726)</b>
<b>Net Taxes Payable</b>		<b>2,033,709</b>

Final Company's tax affairs are subject to agreement with Tanzania Revenue Authority (TRA).



**KEDA (TANZANIA) CERAMICS COMPANY LIMITED**

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

**NOTE 17: RELATED PARTY TRANSACTIONS AND BALANCES**

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 or operational decisions.

The Company transacts with its holding company and other companies related to it by virtue of common shareholding. All transactions with related parties are made at arm's length in the normal course of business and on normal commercial terms and conditions.

**NOTE 18: EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

At the date of signing these financial statements the Directors are not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Company and its results of operations.

**NOTE 19: FINANCIAL RISK MANAGEMENT**

The Company is exposed to the following risks in relation to these financial statements:

- Credit risk;
- Liquidity risk; and
- Market risk.

We hereby present information about the Company's exposure to each of the above risks, its effect on Company objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout these financial statements.

The Company's Directors have overall responsibility for establishment and supervision of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk adherence limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services



KEDA (TANZANIA) CERAMICS COMPANY LIMITED

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

offered. The Company through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The directors are responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Company. The Directors have delegated day to day performance of these functions to Company management.

***Credit Risk***

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations which arise principally from the Company's receivables from customers.

Other receivables (deposits, prepayments and other debtors) are not having standard credit characteristics. They differ depending on whether they are normal prepayments and deposits, governed by specific prepayment and deposit terms or the creditworthiness of the entity from which they are receivable. The directors do not anticipate any credit risk exposure on other receivables.

Categories of trade and other receivables are defined by International Accounting Standard (IAS)-39. Analysis of the carrying amounts, approximating their fair values at the reporting date and showing maximum exposure, if different from the carrying amounts, is shown in the table below:

	2023		2022	
	Loans and receivables	Exposure to credit risk	Loans and receivables	Exposure to credit risk
	TZS ('000)	TZS ('000)	TZS ('000)	TZS ('000)
Trade receivables	6,452,127	6,452,127	19,537,420	19,537,420
Related party	12,578,785	12,578,785	-	-
	<b>19,030,912</b>	<b>19,030,912</b>	<b>19,537,420</b>	<b>19,537,420</b>



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

*Liquidity Risks*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This includes the potential impact of extreme circumstances that cannot reasonably be predicted. All liquidity policies and procedures are subject to review and approval by the Board of Directors.

Maturity profile of non-derivative financial liabilities based on the contractual cash flows "undiscounted", including interest and excluding impact of netting as shown below:

At 31st December 2023	Carrying amount	Contractual cash flows	Within 1 year	1 year and above
	TZS ('000)	TZS ('000)	TZS ('000)	TZS ('000)
<b>Non-derivative financial liabilities</b>				
Long term loans	-	-	-	-
Trade payables	83,959,761	83,959,761	83,959,761	-
Related party payables	150,470,855	150,470,855	150,470,855	-
Other payables	3,524,722	3,524,722	3,524,722	-
<b>Derivative financial liabilities</b>	-	-	-	-
<b>Total</b>	<b>237,955,338</b>	<b>237,955,338</b>	<b>237,955,338</b>	<b>-</b>



KEDA (TANZANIA) CERAMICS COMPANY LIMITED

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

At 31 <sup>st</sup> December 2022					
<b>Non-derivative financial liabilities</b>					
Long term loans	5,539,334	5,539,334	5,539,334	-	
Trade payables	92,849,703	92,849,703	92,849,703	-	
Other payables	365,736	365,736	365,736	-	
<b>Derivative financial liabilities</b>	-	-	-	-	
<b>Total</b>	<b>98,754,773</b>	<b>98,754,773</b>	<b>98,754,773</b>	-	

**Market Risks**

Market risks is the risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the risk return on risk.

**Currency Risks**

The Company is exposed to currency risk on transactions that are denominated in a currency other than the functional currency of the Company. The foreign currencies in which the Company transacts regularly are: US Dollars (USD) and YUAN.

The Company strategy towards managing its foreign currency exposure is through transacting mainly using its functional currency, the Tanzania Shilling (TZS).

Exposure to currency risk for foreign denominated amounts is in classes of financial instruments in the table below. Disclosure around market risk also relates to sensitivity analysis of the type of market risk (i.e. currency risk) showing how income, profit or loss and equity would have been affected by reasonably possible changes in the relevant risk variable at the year-end date.



KEDA (TANZANIA) CERAMICS COMPANY LIMITED

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

31 <sup>st</sup> DECEMBER	2023			2022	
Balances denominated in	USD Equivalent	CNY Equivalent	TOTAL	USD Equivalent	EURO Equivalent
	TZS ('000)	TZS ('000)	TZS ('000)	TZS ('000)	TZS ('000)
Cash and cash equivalents	1,515,029	1,773,464	3,288,493	1,346,148	-
Trade and other receivables	17,665,315	-	17,665,315	3,907,484	-
Long term loans	-	-	-	( 5,539,334)	-
Trade and other payables	(233,861,334)	-	(233,861,334)	(19,860,365)	-
<b>Net Exposure</b>	<b>(214,680,990)</b>	<b>1,773,464</b>	<b>(212,907,526)</b>	<b>(20,146,067)</b>	<b>-</b>
A sensitivity analysis in relation to net exposure of 10% strengthening of TZS against USD and YUAN would result into:					
Increase/(Decrease) in Equity	(21,468,099)	177,346	(21,290,753)	(2,014,607)	-
Increase/(Decrease) in Profit or Loss	(21,468,099)	177,346	(21,290,753)	(2,1014,67)	-

**Exchange rate for USD and YUAN to TZS**

The rate of exchange at 31<sup>st</sup> December 2023 was 1 USD = TZS 2518.5 (2022: 1 USD = TZS 2374) and 1 YUAN = TZS 354.69. Strengthening of USD against TZS by 10% will cause the exchange rate to change to 1 USD = TZS 2,770.35 (2022: 1USD = TZS 2,611.4) and 1 YUAN = TZS 390.16.

**Capital Management**

The Company finances its operations through a mixture of internally generated cash-flows as well as external financing, mainly by trade credit. Its capital management strategy is to ensure that it will continue as a going concern while also maximizing return to shareholders.



**KEDA (TANZANIA) CERAMICS COMPANY LIMITED**

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

**NOTE 20: CONTINGENT LIABILITIES**

The directors are not aware of any significant contingent liability against the Company as at 31<sup>st</sup> December 2023.

**NOTE 21: COMPARATIVE FIGURES**

Where applicable previous year financial figures have been adjusted to conform to changes in facts and presentation in the current year.



NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31<sup>ST</sup> DECEMBER 2023 (CONTINUED)

Appendix 1

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor Vehicles	Office Equipment	Furniture and Fixtures	Machinery and Equipment	Total
	TZS ('000)	TZS ('000)	TZS ('000)	TZS ('000)	TZS ('000)	TZS ('000)	TZS ('000)
Depreciation Rate	0%	5%	25%	12.5%	12.5%	12.5%	
<b>COST</b>							
<b>2022</b>							
At 1 <sup>st</sup> January 2022	2,664,004	5,260,884	6,347,113	241,809	46,708	83,603,478	98,163,996
Additions	681,748	-	194,136	-	-	26,296,005	27,171,889
At 31 <sup>st</sup> December 2022	3,345,752	5,260,884	6,541,249	241,809	46,708	109,899,483	125,335,885
<b>2023</b>							
At 1 <sup>st</sup> January 2023	3,345,752	5,260,884	6,541,249	241,809	46,708	109,899,483	125,335,885
Additions	-	418,001	4,067,173	8,780	4,288	7,621,065	12,119,307
At 31 <sup>st</sup> December 2023	3,345,752	5,678,885	10,608,422	250,589	50,996	117,520,548	137,455,192
<b>ACC. DEPRECIATION</b>							
<b>2022</b>							
At 1 <sup>st</sup> January 2022	-	659,149	5,389,717	142,890	33,259	47,345,550	53,570,564
Charge for the year	-	263,044	963,339	30,226	5,838	11,769,077	13,031,524
At 31 <sup>st</sup> December 2022	-	922,193	6,353,056	173,116	39,097	59,114,627	66,602,088
<b>2023</b>							
At 1 <sup>st</sup> January 2023	-	922,193	6,353,056	173,116	39,097	59,114,627	66,602,088
Charge for the year	-	275,872	2,048,655	31,324	3,843	13,780,446	16,140,139
At 31 <sup>st</sup> December 2023	-	1,198,065	8,401,711	204,440	42,940	72,895,073	82,742,228
<b>NET BOOK VALUE</b>							
At 31 <sup>st</sup> December 2022	3,345,752	4,338,691	188,193	68,693	7,611	50,784,856	58,733,796
At 31 <sup>st</sup> December 2023	3,345,752	4,480,820	2,206,711	46,149	8,056	44,625,475	54,712,964



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

Appendix 2

NOTE 13: SELLING AND ADMINISTRATIVE EXPENSES

SELLING EXPENSES		
	2023	2022
Description	TZS	TZS
SALARIES AND SOCIAL SECURITY	432,445,704.26	325,849,532.00
WELFARE-FOR SALES SRAFF/TEAM BUILDING	356,888,818.15	118,041,000.00
TRAVEL COSTS	544,034,734.91	382,697,930.00
MARKETING EXPENSES	343,260,555.65	245,882,891.34
ADVERTISING EXPENSES	445,801,353.89	286,888,780.80
TRANSPORTATION COSTS	4,617,467,030.32	3,989,137,547.70
TELEPHONE CHARGES	67,931,910.56	-
<b>TOTAL</b>	<b>6,807,830,107.74</b>	<b>5,348,497,681.84</b>
<b>ADMINISTRATIVE EXPENSES</b>		
BUSINESS TAX AND CHARGES	611,646,367.25	2,333,089,524.04
OTHER TAX EXPENSES	539,488,900.61	-
SALARIES AND SOCIAL SECURITY	1,923,733,006.49	1,444,290,143.54
OFFICE SUNDRIES	2,130,740,535.20	1,714,905.81
WELFARE FOR OTHER STAFF	642,708,914.49	951,626,900.28
TEAM BUILDING	1,130,542,539.90	-
MEDICAL FEES	112,919,909.84	16,849,828.73
TRAINING	312,988,573.30	7,540,000.00
TRAVEL FEE	1,076,082,630.60	754,511,678.97
TELEPHONE CHARGES	107,310,014.89	82,586,190.77
NETWORK CHARGES	82,843,042.27	62,576,230.00
POSTAGE	35,867,927.03	6,693,822.67
ENVIRONMENTAL PROTECTION FEE	975,392,257.90	-
RECRUITMENT FEE	742,708,914.49	-
OUTAGE DIESEL CHARGE	608,004,306.21	-
CAR USING FEES	1,023,633,664.70	636,216,358.46
ENTERTAINMENT EXPENSES	27,159,830.20	11,446,480.34
CONSULTANCY FEES	630,684,392.92	117,189,375.46
HEALTH SECURITY/WORK PERMITS	811,166,540.31	85,849,614.72
COMPANY LICENSE FEES	241,888,059.35	219,695,645.00
ELECTRICITY	406,592,649.16	315,819,067.21
SECURITY EXPENSES	412,045,848.05	320,692,957.36
REPAIRS AND MAINTANANCE	639,542,297.96	462,846,832.86
INSURANCE EXPENSE	93,542,414.80	72,772,413.00
RENT EXPENSE	568,604,718.79	436,176,000.00
LABOUR PROTECTION FEES	86,763,661.01	68,164,907.32
AGENCY FEES	1,580,406,454.34	1,160,240,099.64



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

Appendix 2

DEPRECIATION	1,497,963,584.70	1,262,447,699.88
CASUAL AND LOADING	-	320,923,090.52
TOTAL	19,052,971,956.85	12,844,959,766.58
GRAND TOTAL	25,860,802,064.59	18,193,457,448.42

