

SR ENTERPRISES LIMITED

Report and Audited Financial Statements for the Year Ended 31st December 2022

Esq. Financial Services
Accountants, Auditors and Tax Consultants
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SR ENTERPRISES LIMITED
P.O.BOX 36105
DAR-ES-SALAAM, TANZANIA

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REPORT OF THE BOARD OF DIRECTORS

1.0 INTRODUCTION

The Directors of **SR ENTERPRISES LIMITED** wish to present their report and Audited Financial Statements for the year ended 31st DECEMBER 2022.

2.0 PRINCIPAL ACTIVITY

The **SR ENTERPRISES LIMITED** main activity is to deal with purchasing and distribution of building materials.

3.0 FINANCIAL PERFORMANCE

The year ended 31st DECEMBER 2022 **SR ENTERPRISES LIMITED** financial performance is set out in page 8.

4.0 DIVIDEND

The Directors do not declare or pay out any dividend with respect to the year ended 31 DECEMBER 2022.

5.0 SOLVENCY

The Company's state of affairs at 31 DECEMBER 2022 is as set out on page 8 of the financial statements. Directors consider the company to be solvent within the meaning ascribed by the Act.

6.0 DIRECTORS

The Directors who held office during the year and to the date of this report are shown on page 3.

7.0 DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

The Directors have no any direct beneficial interest in the issued and paid up shares of the Company.

8.0 EMPLOYEE'S WELFARE MANAGEMENT AND EMPLOYEES RELATIONSHIP

There were a continued good relation between employees and management for the year 2021. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and staff.

9.0 CORPORATE GOVERNANCE

The Board of Directors of the Company is responsible for ensuring that the Company complies with the laws of Tanzania as well as the highest standards of corporate governance and universally accepted business ethics.

10.0 STATUTORY AUDITORS

Esq. **Financial Services** have expressed their willingness to continue in the office, and will be proposed for reappointment at the next board meeting.

By order of Board of Directors



DIRECTOR

SR ENTERPRISES LIMITED
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CORPORATE INFORMATION

Directors	Name	Position	Nationality
	Abdallah Hussein Ahmed	Managing Director	Tanzanian
	Zena A. Hussein	Director	Tanzanian
	Khadija Omari Mohamed	Director	Tanzanian
	Hafsa Abdallah Hussein	Director	Tanzanian
	Mohamed Abdallah Hussein	Director	Tanzanian

Registered Office Kigamboni,
P.O.Box 36105
Dar-es-Salaam,
Tanzania

Accountants/Auditors Esq. Financial Services
Certified Public Accountants
P. O. Box 75115
Dar es-Salaam,
Tanzania

Main banker NMB Bank
Kigamboni Branch
Dar-es-Salaam, Tanzania

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STATEMENT OF DIRECTORS RESPONSIBILITIES

The Companies Act 2002, requires the Directors to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results for that year. It also requires the Directors to ensure that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the business. The Directors are also responsible for safeguarding the assets of the business.

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards for Small and Medium - sized Entities (IFRS for SMEs) and the requirements of 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.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards for Small and Medium - sized Entities (IFRS for SMEs) and in the manner required by 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 of its operating results. The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as

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.

Approved by the board of directors on 24 June 2022 and signed on its behalf by:



Abdallah Hussein Ahmed

Director



Esq. Financial Services

• Accountants • Auditors • Tax Consultants

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF SR ENTERPRISES LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **SR ENTERPRISES LIMITED** as set out below which comprise the statement of financial position as at **31st December 2022** and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, these financial statements give a true and fair view of the financial position of the Company as at 31st December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Tanzanian 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 of the Financial Statements section of our report. We are independent of the company in accordance with International Ethics Standards Board for Accountant's code of Ethics for Professional Accountants (IESBA code) together with the ethical requirement 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 and the IESBA code.

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

Responsibilities of Directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

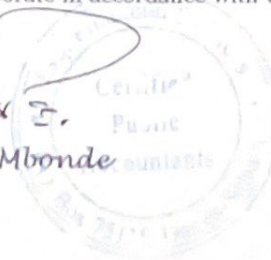
The directors are responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

Signed by: *CPA Mbonde Said Mbonde*
ACPA 1595



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DECLARATION BY HEAD OF FINANCE

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

It is the duty of a Professional Accountant to assist the Board of Directors/Management 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/Governing Body as under Directors Responsibility statement on an earlier page.

I Anthony Rachel Thompson being the Head of Finance of SR ENTERPRISES LIMITED hereby acknowledge my responsibility of ensuring that financial statements for the period ended 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 SR ENTERPRISES LIMITED COMPANY LIMITED as on that date and that they have been prepared based on properly maintained financial records.



Signed by:

Position: Consultant Accountant

NBAA Membership No: GA 7155.

Date: 24 April 2023

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st DECEMBER 2022

		2022	2021
	NOTE	TZS	TZS
Income			
Net Sales	9	20,551,312,502	12,307,665,054
Less: Cost of Sales	10	(19,760,877,410)	(12,024,898,426)
Gross Income		790,435,092	282,766,628
Expenses			
Personnel Costs	11	87,118,050.00	132,988,380
Marketing and Promotion Costs	12	45,025,000	-
Storage and Distribution	13	496,695,493	110,740,000
Administrative cost	14	76,754,590	68,237,952
Finance Expenses	15	15,174,592	13,665,021
Total Expenses		720,767,725	325,631,353
Surplus/(Deficit) before Depreciation and taxation		69,667,367	(42,864,725)
Depreciation	2	30,978,733	23,413,415
Surplus/(Deficit) before Depreciation and taxation		38,688,634	(66,278,140)
Tax		11,606,590	-
Net Surplus/(Deficit) for the year		27,082,044	(66,278,140)

The accounting policies and notes on pages 12 to 17 form part of these financial statements

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STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2022

ASSETS	NOTES	2022 TZS	2021 TZS
NON CURRENT ASETS			
Property, Plants and Equipment	2	101,613,110	132,591,841
		101,613,110	132,591,841
INVESTMENT			
Current assets			
Cash and Cash Equivalent	3	169,449,911	93,414,771
Closing Stocks	4	2,584,366,084	3,330,834,301
Total current assets		2,753,815,995	3,424,249,072
Total assets		2,855,429,105	3,556,840,913
Equity and liabilities			
Equity attributable to equity holders			
Share capital	8	500,000,000	500,000,000
Related Parties Account		680,000,000	900,000,000
Accumulated surplus		615,975,683	491,518,357
Total equity		1,795,975,683	1,891,518,357
Current liabilities			
Accounts Payable	5	905,691,620	1,442,752,097
Short Term Loan	6	-	190,000,000
Accrual Expenses	7	153,761,801	32,570,459
Total current liabilities	3	1,059,453,421	1,665,322,556
Total equity and liabilities		2,855,429,105	3,556,840,913

The accounting policies and notes on pages 12 to 17 form part of these financial statements

These financial statements were approved by the Board on2023 and were signed on behalf on the same date by:-



.....
DIRECTOR

SR ENTERPRISES LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st DECEMBER 2022

	2022 TZS	2021 TZS
Descriptions		
Share Capital		
Opening Balance as 1.01.2022	500,000,000	500,000,000
Change of the Year		
Closing balance 31st.12.2022	500,000,000	500,000,000
Acc. Surplus/Deficit		
Opening Balance as 1.01.2022	491,518,357	557,796,497
Adjustment for the year	97,375,282	-
Change of the Year	27,082,044	(66,278,140)
Closing balance 31st.12.2022	615,975,683	491,518,357.40
TOTAL	1,115,975,683	991,518,357

The accounting policies and notes on pages 12 to 17 form part of these financial statements

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st DECEMBER 2022

	2022 TZS	2021 TZS
Operating activities		
Net Surplus/Deficit for the year	27,082,044	(66,278,140)
Adjustment for:		
Depreciation	30,978,733	23,413,415
Prior Year Adjustment	97,375,282	-
Operating Surplus before w/capital changes	155,436,059	(42,864,725)
CHANGES IN WORKING CAPITAL		
Decrease/(Increase) in Accruals Expenses	121,191,342	(173,293,920)
(Decrease)/Increase in accounts payable	(537,060,477)	669,931,421
(Decrease)/Increase in Short term loan	(190,000,000)	-
(Decrease)/Increase in stock	746,468,217	(760,943,825)
	140,599,082	(264,306,324)
Net cash from operating activities	296,035,141	(307,171,049)
Cash Flow from Investing Activities		
Purchase of Plant Assets		(123,559,322)
Net Cash Provided (Used) by Investing Activities		(123,559,322)
Cash Flow from Financing Activities		
Increase/decrease in Related Parties Accounts	(220,000,000)	300,000,000
Net cash from investing activities	(220,000,000)	300,000,000
Net Increase in cash and cash equivalents	76,035,141	(130,730,371)
Cash and Cash Equiv. at the Beginning of the year	93,414,771	224,145,142
Cash and Cash Equiv. at the end of the year	169,449,912	93,414,771

The accounting policies and notes on pages 12 to 17 form part of these financial statements

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

1.0 ACCOUNTING BASIS AND PRINCIPAL ACCOUNTING POLICIES

1.1 ACCOUNTING BASIS

The **SR ENTERPRISES LIMITED** presents financial statements that have been prepared under the historical cost convention and in compliance with International Financial Reporting Standards (IFRS's).

1.2 PRINCIPAL ACCOUNTING POLICIES

1.2.1 Non-Current Assets

Non-Current assets are shown at cost less subsequent depreciation and impairment.

1.2.2 Depreciation of Property, Plant and land, and Equipment

Depreciation of property, Plant and land, and equipment is calculated on a straight-line method to reduce the cost/value of each asset to its residual value over its expected useful economic life. The principal annual rates, which applied are as under: -

Category of Property, Plant and land, and Equipment	Annual Rate
Land and Building	5.00%
Office Equipment	12.50%
Office Furniture, machines and tools	12.50%
Computer and related accessories	33.30%
Vehicle	37.50%

1.2.3: Cash and Cash Equivalent

Cash and cash equivalent in the financial statements comprises cash at bank and cash in hand.

1.2.4: Accrual/Fees In Advances, Prepaid Expenses and Expenses Payable

Income and expenditure related to prior period, prepaid expenses and expenses payable not exceeding equivalent to Tzs 100,000 treated as income and expenditure of the year in which received or payments are made.

1.2.5: Cash Flow Statement

Cash flow statements are made using the indirect method, where surplus of the year is adjusted for the effects of transactions on non-cash nature and deferrals or accruals of part or future cash receipts or payments. The cash flows from operating activities, financing and investing activities of the organization are segregated.

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1.2.6: Currency

The financial statements are prepared in Tanzanian Shillings.

2.0 PLANT, PROPERTY AND EQUIPMENT DEPRECIATION SCHEDULE

Particulars	Motor Vehicle (Trucks)	Office Tools and Equipment	Office Furniture and Fitting	EFD Machines	Total
	TZS	TZS	TZS	TZS	TZS
Cost					
At 01.01.2022	514,088,722	2,098,203	437,500	3,865,000	520,489,425
Additions					0
At 31.12.2022	514,088,722	2,098,203	437,500	3,865,000	520,489,425
Accum. Depr					
At 01.12.2022	381,585,782	2,009,301	437,500	3,865,000	387,897,583
Charge for the year	30,889,831	88,902	0	-	30,978,733
At 31.12.2022	412,475,613	2,098,203	437,500	3,865,000	418,876,316
Net book value					
At 31.12.2022	101,613,110	0	0	-	101,613,110
At 31.12.2021	132,502,940	88,902	0	0	132,591,842

		2022 TZS	2021 TZS
3	CASH AND CASH EQUIVALENTS		
	Cash in hand	126,477,480	22,087,488
	Cash at Bank	42,972,431	71,327,283
		169,449,911	93,414,771
4	INVENTORY		
	Various Items	2,584,366,084	3,330,834,301
		2,584,366,084	3,330,834,301
5	ACCOUNTS PAYABLE		
	Trade creditors	905,691,620	1,319,192,775
	Other Creditors		123,559,322
		905,691,620	1,442,752,097
6	SHORT TERM DEBTS		
	Loan from Mohamed A. Hussein	-	190,000,000
		-	190,000,000
7	STATUTORY & ACCRUAL EXPENSES		
	Audit fee	1,200,000	1,200,000
	NSSF	45,820,000	40,107,500
	WCF	2,414,275	2,071,525

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	BRELA	22,500	22,500
	City Service Levy		14,560,408
	Tax ACCOUNT	104,305,026	(25,391,475)
		153,761,801	32,570,459
8	EQUITY		
	Share Capital 5000@10,000/= Fully Paid	500,000,000	500,000,000
		500,000,000	500,000,000
9	TURNOVER		
	Sales	20,551,312,502	12,307,665,054
		20,551,312,502	12,307,665,054
10	COST OF SALES		
	Opening stock	3,330,834,301	2,569,890,476
	Add: Purchases	19,777,848,129	13,200,038,565
	Cost of Goods Available for Sale	23,108,682,430	15,769,929,041
	Less :Discounts Received	763,438,936	414,196,314
	Net Cost of Goods Available for Sale	22,345,243,494	15,355,732,727
	Less: Closing Stock	2,584,366,084	3,330,834,301
	Cost of Goods Sales	19,760,877,410	12,024,898,426
11	PERSONNEL COST		
	Salaries and Wages	57,125,000	102,150,000
	Casual Labor	20,820,000	15,312,000
	Employers NSSF Contribution	5,712,500	10,215,000
	Skills Development Levy	3,117,800	4,698,480
	Workers Compensation Fund	342,750	612,900
		87,118,050	132,988,380
12	MARKETING AND PROMOTION EXPENSES		
	Re-bagging and packaging materials	45,025,000	
		45,025,000	-
13	STORAGE AND DISTRIBUTION		
	Fuel and Diesel Expenses	372,521,620	98,000,000
	Motor vehicle Repair and maint	124,173,873	12,740,000
		496,695,493	110,740,000
14	ADMINISTRATION EXPENSES		
	Accounting expenses	1,800,000	1,800,000
	Audit fee	1,200,000	1,200,000

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	Rent Shops	24,000,000	24,000,000
	Travelling and Hotel Expenses	7,165,000	5,850,333
	Water and Electricity	11,740,000	8,010,154
	Garbage Collection Fee	960,000	960,000
	Office Machines Repair and maint.	1,500,030	1,200,000
	SUMATRA Fees	2,827,333	2,827,333
	Motor vehicle Insurance	3,868,333	3,868,333
	Stamp duty	240,000	240,000
	Printing and Stationary	3,029,000	2,330,000
	Security Charges	4,200,000	4,200,000
	Business License	1,809,000	1,809,000
	Others Expenses - eg. BRELA	22,500	22,500
	Telephone, Internet, & Comm. Exp	5,448,000	5,448,000
	City Levy	6,165,394	3,692,300
	Fire Expenses	280,000	280,000
	Natural Resources	500,000	500,000
		76,754,590	68,237,953
15	FINANCIAL EXPENSES		
	Bank charges	6,281,992	4,772,421
	Commission on Bank Guarantee	5,577,600	5,577,600
	Insurance Premium	3,315,000	3,315,000
		15,174,592	13,665,021
	TAX & DUTIES ACCOUNT		
	Corporate Tax	98,912,129	98,305,539
	VAT	(32,818,772)	(134,139,584)
	SDL	2,465,680	1,632,880
	PAYE	3,128,100	3,128,100
	Withholding Tax Rental	3,699,291	1,299,291
	Stamp duty	720,000	480,000
	City Levy		3,692,300
	Withholding Tax Services	360,000	210,000
	Adjusted Tax	97,375,282	
	Paid 2022	(69,536,684)	
		104,305,026	(25,391,474)
17	CORPORATE TAX COMPUTATION		
	Opening balance	98,305,539	108,805,539
	Add: Tax for the period	11,606,590	-
	Less: Provisional paid	11,000,000	-10,500,000
	BALANCE	98,912,129	98,305,539
18	VAT ACCOUNT		
	Opening balance	(134,139,584)	31,838,805
	Add: VAT Output 2021	3,699,236,250	2,215,379,710

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	Less: VAT Input 2021	3,560,012,663	(2,376,006,942)
	Less: VAT paid During the Year	37,902,775	(5,351,158)
	BALANCE	(32,818,772)	(134,139,584)
19	SDL		
	Opening balance	1,632,880	1,077,400
	Add: SDL for Year 2022	3,117,800	4,698,480
	Less: SDL PAID DTY	2,285,000	-4,143,000
	Balance	2,465,680	1,632,880
20	PAYE		
	Opening balance	3,128,100	3,128,100
	Add: PAYE for Year 2022	1,285,800	
	Less: PAYE PAID DTY	1,285,800	
	Balance	3,128,100	3,128,100
21	WITHHOLDING TAX RENTAL		
	Opening balance	1,299,291	8,539,301
	Add: W/T for the Year 2022	2,400,000	2,400,000
	Less: W/T PAID 2022		(17,176,030)
	Prior Year		4,863,243
	Prior Year Interest		2,672,777
	Balance	3,699,291	1,299,291
22	STAMP DUTY		
	Opening balance	480,000	240,000
	Add: W/T for the Year 2022	240,000	240,000
	Less: W/T PAID of Previous Years		
	Prior Year 2018&2019		
	Balance	720,000	480,000
23	WITHHOLDING TAX SERVICES		
	Opening balance	210,000	60,000
	Add: W/T for the Year	150,000	150,000
	Less: W/T PAID 2019		
	Prior Year 2018&2019		
	Balance	360,000	210,000
24	RELATED PARTIES ACCOUNT		
	Opening balance	900,000,000	600,000,000
	Additional During the year	(220,000,000)	300,000,000
	Balance	680,000,000	900,000,000