

**KENNETH H. WOISO
T/A WOISO ORIGINAL PRODUCTS CO.**

**ANNUAL REPORT AND
SEPARATE FINANCIAL STATEMENTS
31 DECEMBER 2022**

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**KENNETH H.WOISO
WOISO ORIGINAL PRODUCTS CO.**

**ENTITY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

**REGISTERED OFFICE AND PRINCIPLE PLACE OF
THE BUSINESS**

**KENNETH H. WOISO
WOISO ORIGINAL PRODUCTS CO.
P.O.BOX 6689
Dar es salaam, Tanzania**

BANKERS

**National Bank of Commerce
P.O Box 3054
Dar Es Salaam, Tanzania**

**KENNETH H.WOISO
WOISO ORIGINAL PRODUCTS CO.**

**OWNER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

1 INTRODUCTION

The owner and management present their report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of the entity as at that date. The financial statements for the year ended 31 December 2022 were authorized for issue in accordance with a resolution of the owner on _____ 2023.

2 REGISTRATION

The Sole proprietorship is registered in Tanzania under Tanzania's laws, domiciled in Tanzania.

3 ENTITY'S VISION

To provide High Standard Quality Products for Local Markets as well as International level.

CORE VALUE.

To be the Most Preferred and Trusted Original Leather Products Manufacturer in Africa and beyond.

4 ENTITY'S MISSION

To provide High Standard Quality Products for Local Markets as well as International level.

5 PRINCIPAL ACTIVITIES

The principal activities during the year continued to produce and sale leather products and general merchandises

6 OPERATING AND FINANCIAL REVIEW

The Entity's performance is summarised below: -

	2022		2021
	TZS'000		TZS'000
Gross Profit	2,541,516		1,675,313
EBITDA	1,006,226		767,241
EBIT	679,412		480,592
EBT	425,523		315,020
Net Income	259,401		189,900

7 RESULTS AND DIVIDENDS

The entity's performance for the year is set on page 11. During the year, the Entity reported a net Profit of TZS 259,401 thousands (2021:TZS 189,900 thousands).

**KENNETH H.WOISO
WOISO ORIGINAL PRODUCTS CO.**

**OWNER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

8 SOLVENCY

The board of advisers and the owner confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The board of advisers and the owner have reasonable expectation that Woiso Original Products Co. has adequate resources to continue in operational existence for the foreseeable future. The entity's state of affairs at 31 December 2022 is set out on page 12 of these financial statements

9 OWNER

Name	Position	Age	Nationality
Keneth Herman Woiso	Owner	48	Tanzanian

10 MANAGEMENT OF THE ENTITY

The entity is under the supervision of the the owner assisted by the board of advisers, the owner is entrusted to day to day operations.

The organization structure of the entity comprises of the following departments

- Procurement
- Finance
- Sales
- Production
- Warehouse and logistics
- Human Resource.

11 RISK MANAGEMENT AND INTERNAL CONTROL

The owner accepts final responsibility for the risk management and internal control systems of the entity. It is the task of owner and 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 entity's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

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

The board of advisers and owner assessed the internal control systems throughout the financial year ended 31 December 2022 and is of the opinion that they met accepted criteria. The owner is directly responsible for risk and internal control assessment, and as such a separate audit committee is not considered necessary.

OWNER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

12 RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Risks are irrevocably linked to conducting any type of business. Woiso Original Products Co. is trying to manage the risks to acceptable levels, continuously by measuring the risks of transactions against the rewards, as well as perceived risks against the costs of risk mitigation. The main risk areas are detailed below:

▪ **Product quality**

Tanzania Bureau of Standards(TBS) is the sole authority in Tanzania to determine on the products and materials' quality. TBS performs regularly factory inspection, As well, before the products circulate in the market they are registered and inspected at port of entry. Later TBS performs post market surveillance and testing of the product. TBS issues from time to time products alerts, safety alerts and products recalls on the newspapers and website whenever they find problems with any product.

▪ **Currency risk**

Imports are mostly conducted in foreign currency where the sales are conducted in both foreign currency and Tanzanian Shillings (TZS). Woiso Original Products Co is currently not hedging the currency risks since the costs of hedging exceed the perceived currency risk. Over 2021 this assumption was validated, and the risk was mitigated through careful timing of foreign currency payments. The cost of hedging versus the currency risk is continuously being monitored.

▪ **Credit risk**

The entity's liquidity is satisfactory. The debtor risk is limited since the entity is allowing credit sales to customer s with good market credit ratings only. The entity has also instituted strict credit policy which is adhered to by all customers

13 CAPITAL STRUCTURE AND OWNER

The ownership of the entity and capital structure is described on the note 21 to these financial statements.

14 FUTURE DEVELOPMENT PLANS

The Entity plans to continue to consolidate its position in the market for the foreseeable future. The entity has planned to do extensive manufacturing of products for international market in the near future; the focus will concentrate on SADC countries and Central Africa market, to explore the existing and future opportunities related to these markets. The intention remains of increasing local employment, gender empowerment and an increase on disposable income for locals at domestic level trough different programmes.

15 EMPLOYEES WELFARE

Management and employees relationship

There were continued good relation between employees and management for the year 2022. There were no unresolved complaints received by management from the employees during the year.

The entity 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.

OWNER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

15 EMPLOYEES WELFARE (Continued)

Training facilities

Training programs has been and are continually being developed to ensure employees are adequately trained at all levels and have some form of quarterly and annual training to upgrade skills and enhance development.

Further, the entity has committed to train young people on production of leather products on each time to enhance knowledge on opportunities related to leather in the market.

Further; free programmes to enhance local capabilities to young people and improvement the value chain in the industry had been initiated by management.

Medical assistance

All full time staff grades were availed medical assistance/treatment for the year ended 31 December 2022.

Health and safety

The entity has a strong health and safety policy which ensure that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

Financial assistance to staff

Financial assistance is available to all employees depending on the assessment by management as to the need and the ability of the entity to help. However this is not a fixed entitlement and is solely at the discretion of management.

Employees benefit plan

The entity pays contributions to National Social Security Fund (NSSF), which are publicly administered pension plans, on mandatory basis which qualifies to be defined contribution plans. The average number of employees during the year was 270.(2021: 183).

16 GENDER PARITY

The entity had 162 female and 108 male employees. (2021: 80 female employees and 103 male employees).

17 DISABLED PERSONS

The entity has a policy of continued employment of employees who become disabled while in Entity's service.

18 ENVIRONMENTAL CONTROL PROGRAMME

The entity complied with standard of Industrial safety and environmental regulations established by various authorities to the best of its knowledge. The entity implements environmental, social mitigation, monitoring as well as other environmental and social management measures to ensure compliance with international environmental standards.

19 POLITICAL AND CHARITABLE DONATIONS

During the year the entity did not make any political donations.

KENNETH H.WOISO
WOISO ORIGINAL PRODUCTS CO.

OWNER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

20 RELATED PARTY TRANSACTIONS

There were no significant transactions of related party during the period

21 GOING CONCERN

The Entity's state of affairs as at 31 December 2022 is set out on page 12 of these financial statements. The owner have reviewed the current financial position of the entity. The entity made a profit before tax of TZS 425 million in the current year (2021: TZS 315 million). Retained earnings as at 31 December 2022 amount to TZS 1,176 million (2021 amount to 734 million).

In addition the Entity has a net current Liabilities of TZS 887 million (2021: TZS 768 million, net current liability). On the basis of this review together with the current business plan, the owner is satisfied that the entity is solvent and a going concern in the foreseeable future. The financial statements have been prepared on a going concern basis which assumes that the entity will continued in operational existence for the foreseeable future.

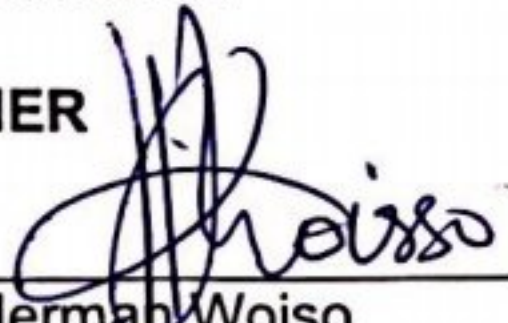
23 FUTURE DEVELOPMENT PLANS AND EXPECTATIONS FOR THE FINANCIAL YEAR 2023

Woiso Original Products Co expects steady sales for the year 2023, we will use the year 2022 as a benchmark year towards strengthening our profitability, management of costs and manage the rapid growth in the entity in terms of personnel and activities. Entity is expecting to extend it's market to international market to capture available opportunities

24 AUDITORS

KAFANABO GEBANI CONSULTANTS Certified Public Accountants, Dar es Salaam were the auditors of the entity for the year ended 31 December 2022, and has indicated their willingness to continue in the office and are eligible for the re-appointment. The owner is yet to decide the 2023 auditor, **KAFANABO GEBANI CONSULTANTS** is eligible for reappointment.

THE OWNER



Kenneth Herman Woiso
OWNER

03.03.2023
Date

**KENNETH H.WOISO
WOISO ORIGINAL PRODUCTS CO**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**


	Notes	2022 TZS '000	2021 TZS '000
Revenue	7	26,908,127	18,129,950
Cost of sales	8	<u>(24,366,611)</u>	<u>(16,454,638)</u>
Gross profit		2,541,516	1,675,313
Other income		8,400	8,400
Selling and marketing costs	10	(1,058,030)	(526,363)
Administrative costs	11	(485,660)	(390,109)
Depreciation and amortisation	14	(326,813)	(286,649)
Operating profit		679,412	480,592
Financial costs	13	(253,890)	(165,572)
Profit/(loss) before tax		425,523	315,020
Income tax expense		(166,121)	(125,120)
Profit/(loss) for the year		<u>259,401</u>	<u>189,900</u>
Total comprehensives for the year		<u><u>259,401</u></u>	<u><u>189,900</u></u>

KENNETH H.WOISO
WOISO ORIGINAL PRODUCTS CO

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 TZS '000	2021 TZS '000
ASSETS			
Non-current assets			
Property, plant and equipment	14	8,872,173	7,514,382
		8,872,173	7,514,382
Current assets			
Inventories	16	8,860,357	7,013,105
Trade receivables	18	1,349,867	1,823,661
Other short-term operating receivables	19	98,530	98,530
Cash and bank balances	20	553,819	615,602
		10,862,572	9,550,898
TOTAL ASSETS		19,734,745	17,065,280
EQUITY AND LIABILITIES			
Equity			
Issued capital	21	50,000	50,000
Revaluation Reserves		4,256,900	4,439,524
Retained earnings		1,176,332	734,306
		5,483,232	5,223,830
Non-Current Liabilities			
Deferred income tax Liability	14	1,713,716	1,451,760
Interest Bearing Loans	22	1,218,929	70,855
		2,932,645	1,522,615
Current liabilities			
Trade and other payables	23	10,879,868	9,476,293
Interest-bearing loans	22	439,000	842,543
		11,318,868	10,318,836
TOTAL EQUITY AND LIABILITIES		19,734,745	17,065,280

These financial statements were authorised for issue in accordance with owners discretion on 03.03.2023 2023 and were signed on its behalf by:

Name: Kenneth H. Woiso Title: Director Signature: 

**KENNETH H.WOISO
WOISO ORIGINAL PRODUCTS CO**

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

	<u>Issued share capital (Note 24) TZS '000</u>	<u>Gain on Revaluation TZS '000</u>	<u>Retained earnings TZS '000</u>	<u>Total TZS '000</u>
At 01 January 2022	50,000	4,439,524	734,306	5,223,830
Profit/(Loss) for the year	-	-	259,401	259,401
Transfer to Retained Earnings	-	(182,624)	182,624	-
Depreciation Transfer of Buildings	-	-	-	-
At 31 December 2022	50,000	4,256,900	1,176,332	5,483,232
At 01 January 2021	50,000	4,530,836	453,094	5,033,930
Profit/(Loss) for the year	-	-	189,900	189,900
Depreciation Transfer of Buildings	-	(91,312)	91,312	-
At 31 December 2021	50,000	4,439,524	734,306	5,223,830

**KENNETH H.WOISO
WOISO ORIGINAL PRODUCTS CO**

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

		<u>2022</u>	<u>2021</u>
	Notes	TZS '000	TZS'000
Operating activities			
Profit /loss before tax		425,523	315,020
<i>Adjustment to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation	14	326,813	286,649
Interest expenses	13	253,890	165,572
<i>Cash flows before changes in working capital items</i>		<u>1,006,226</u>	<u>767,241</u>
<i>Working capital adjustments:</i>			
Increase/(decrease) in inventories		(1,847,252)	(1,001,872)
(Increase)/decrease in trade receivables		473,794	(204,784)
Increase in other short-term operating receivables		-	(98,530)
Increase in trade and other payables prior year's adjustment		1,665,531	1,858,776
Tax payable		(66,119)	(25,119)
		<u>225,954</u>	<u>528,471</u>
<i>Cash flows after changes in working capital items</i>		1,232,180	1,295,712
<i>Drawings</i>			
Interest paid		(253,890)	(165,572)
Net cash inflows from operating activities		<u>978,290</u>	<u>1,130,141</u>
Investing activities			
Payment for capital works-in-progress		(199,684)	(408,590)
Purchase of property, plant and equipment		(1,484,920)	(300,367)
Net cash flows used in investing activities		<u>(1,684,604)</u>	<u>(708,958)</u>
Financing activities			
Tax paid		(100,000)	(100,000)
Borrowings		744,532	142,799
Net cash flows used in financing activities		<u>644,532</u>	<u>42,799</u>
Net decrease in cash and cash equivalents		<u>(61,782)</u>	<u>463,982</u>
Cash and cash equivalents at 01 January		615,602	151,621
Cash and cash equivalent at 31 December	20	<u>553,819</u>	<u>615,602</u>

6 FINANCIAL INSTRUMENTS: FAIR VALUES AND RISK MANAGEMENT (Continued)

(c) Financial risk management

The Entity has exposure to the following risks from its use of financial instruments:

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

This note presents information about the Entity's exposure to each of the above risks, the Entity's objectives, policies and processes for measuring and managing risk, and the Entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Entity's directors have overall responsibility of the establishment and oversight of the Entity's risk management framework

The Entity's risk management policies are established to identify and analyse the risks faced by the Entity, to set appropriate risk limits and controls, and to monitor risk adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Entity, 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 risk faced by the Entity. The directors are assisted in these functions by the finance department and corporate internal audit that undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the board of directors.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc. will affect the Entity'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 optimising the return. Market risk can further be divided into currency risk and interest rate risk. Interest rate risk on borrowings from commercial banks, which is the only financial instrument affected by adverse movement in interest rates, is not expected to change in the near future and hence the risk is currently not significant.

Currency risk

The Entity is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Entity, the Tanzanian Shillings (TZS). The Entity sells all its products in TZS and purchases most of inventories from overseas based suppliers in United States Dollars.

This exposes the entity into a significant risk as foreign currency assets than liabilities hence as at 31 December 2022, the Entity has exposure to currency risk.

Exposure to currency risk for foreign denominated amounts in the following classes of financial instruments; disclosure around market risk also relates to sensitivity analysis of the type of market risk – currency risk, showing how the income profit or loss and equity would have been affected by reasonably possible changes in the relevant risk variable at the year-end date

**KENNETH H.WOISO
WOISO ORIGINAL PRODUCTS CO**

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

6 FINANCIAL INSTRUMENTS: FAIR VALUES AND RISK MANAGEMENT (Continued)

(c) Financial risk management (Continued)

Interest rate risk

The Entity's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Entity to cash flow interest rate. Borrowings issued at fixed rates expose the Entity to fair value interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Entity's customers.

The Entity has established a credit policy under which each new customer is analysed individually for credit worthiness before the Entity's standard payment and delivery terms and conditions are offered. The Entity provides credit period of 30 days maximum to its customers. Based on past experience, owners are confident that the entire balance of trade debtors at 31 December 2022 is collectible.

Other receivables are not having standard credit characteristics; they differ depending on whether they are normal prepayments and deposits, "governed by specific prepayment and deposits terms" or the creditworthiness of entity from which they are receivable.

Category of trade and other receivables analysing the carrying amounts – similar to their fair values at the reporting date and showing maximum exposure to credit risk, if different from carrying amount.

As at 31 December 2022 the ageing analysis of trade receivables (before impairment provision) is as follows:

	2022	2021	2021	2021
	TZS'000	TZS'000	TZS'000	TZS'000
	Loans and receivable	Exposure to credit risk	Loans and receivable	Exposure to credit risk
Trade receivables	1,349,867	1,349,867	1,823,661	1,823,661
Other receivables	98,529.81	98,529.81	98,529.81	98,529.81
	1,448,397	1,448,397	1,922,191	1,922,191

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

**6 FINANCIAL INSTRUMENTS: FAIR VALUES AND RISK MANAGEMENT
(CONTINUED)**

(d) Financial risk management (Continued)

Credit risk (Continued)

	Carrying amount TZS'000	Contractu al cash flows TZS'000	Within 1 year TZS'000	1 year and above TZS'000
At 31 December 2022				
Non-derivative financial liabilities				
Trade and other payables (excluding accruals)	10,504,610	10,504,610	10,504,610	-
Borrowings	1,657,930	1,657,930	913,398	913,398
	12,162,539	12,162,539	11,418,008	913,398
At 31 December 2021				
Non-derivative financial liabilities				
Trade and other payables	9,315,365	9,315,365	9,315,365	-
Borrowings	913,398	913,398	913,398.00	-
	10,228,763	10,228,763	10,228,763	-

	2022 TZS'000	2021 TZS'000
Trade and other payables	10,879,868	9,476,293
Interest bearing loans	869,423	842,543
Less: Cash and bank balances	(553,819)	(151,716)
Net debt	11,195,472	10,167,120
Total equity	5,483,232	5,223,830
Total capital	16,678,704	15,390,950
Gearing ratio	204%	195%

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

6 FINANCIAL INSTRUMENTS: FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Entity will not be able to meet its financial obligations as they fall due.

The Entity's approach to managing liquidity is to ensure, as far 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 Entity's reputation. All liquidity policies and procedures are subject to review and approval by the Entity's owner by the help of board of advisors.

Maturity profile of non-derivative financial liabilities based on the contractual cash flows, "undiscounted" is as follows *Liquidity risk(Continued)*

At 31 December 2022	On demand	Less than 3 months	3 to 12 months	2 to 5 years	Over 5 years	Total
	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000
Financial liabilities						
Interest-bearing loans	93,268	186,536	674,083	345,959	-	1,299,846
Trade and other payables	2,175,974	2,175,974	6,527,921	-	-	10,879,868
Tax payable	91,435	-	-	-	-	91,435
	2,360,677	2,362,510	7,202,003	345,959	-	12,271,149
At 31 December 2021						
Financial liabilities						
Interest-bearing loans	463,886	71,305	307,352	70,855	-	913,398
Trade and other payables	1,895,259	1,895,259	5,685,776	-	-	9,476,293
Tax payable	99,421	-	-	-	-	-
	2,359,145	1,966,564	5,993,128	70,855	-	10,389,691

**6 FINANCIAL INSTRUMENTS: FAIR VALUES AND RISK MANAGEMENT
(CONTINUED)**

Capital risk management

The Entity's objectives when managing capital are to safeguard the Entity's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. At 31 December 2022, the gearing ratio was 68% (2021: 64%).

		<u>2022</u>	<u>2021</u>
	Notes	TZS 000	TZS 000
Financial assets:			
Interest bearing loans	23	1,299,846	463,886
Trade and other payables	22	10,879,868	9,476,293
Cash and cash equivalents	20	(553,819)	(615,602)
		<u>11,625,895</u>	<u>9,324,577</u>
Net debt			
Equity		5,483,232	5,223,830
Capital and net debt		<u>17,109,127</u>	<u>14,548,407</u>
Gearing ratio		<u>68%</u>	<u>64%</u>

7 REVENUE

Sales of Goods	26,908,127	18,129,950
	<u>26,908,127</u>	<u>18,129,950</u>

8 COST OF SALES

Purchases	25,752,351	17,106,696
Add: Opening Stock	7,013,105	6,011,233
Cost of Goods Available for sales	32,765,456	23,117,929
Less: Closing stocks	8,860,357	7,013,105
	<u>23,905,100</u>	<u>16,104,824</u>
Add: Staff Costs	461,511	349,814
Total Cost of sales	<u>24,366,611</u>	<u>16,454,638</u>

9 OTHER INCOME

Renta income	8,400	8,400
	<u>8,400</u>	<u>8,400</u>

KENNETH H.WOISO
WOISO ORIGINAL PRODUCTS CO

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

Notes	<u>2022</u> TZS '000	<u>2021</u> TZS '000
10 STAFF COSTS		
<i>Staff costs under:</i>		
Cost of Sales	461,511	349,814
Selling and marketing costs	199,988	151,586
Administrative expenses	107,686	81,623
	<u>769,186</u>	<u>583,023</u>
 <i>Staff costs is made up of:</i>		
Salaries and wages	671,719	507,873
Other statutory payments	-	-
Payroll tax	30,449	24,362
Pension Contribution (Employer)	67,018	50,787
Other benefits	-	-
	<u>769,186</u>	<u>583,023</u>
 11 SELLING AND MARKETING COSTS		
Staff costs	199,988	151,586
Marketing, advertising and sales costs	858,042	374,777
	<u>1,058,030</u>	<u>526,363</u>
 12 OPERATING EXPENSES		
Staff costs	107,686	81,623
Provision of Receivables	-	-
Other administrative expenses	377,974	308,486
	<u>485,660</u>	<u>390,109</u>
 Included in Other administrative expenses are:		
Audit fees	2,805	2,805
Consultancy and Legal fees		
Rent, rates and hiring costs	98,400	98,400
	<u>98,400</u>	<u>98,400</u>
 13 FINANCE COSTS		
Interest charges	131,291	106,746
Bank Charges	122,599	58,826
Realized Loss on forex exchange differences		
	<u>253,890</u>	<u>165,572</u>

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

14 TAXATION

	2022	2021
Notes	TZS '000	TZS'000
a) Income tax expense		
Current income tax charge (Credit)	166,006	125,120
Deferred tax expenses	261,956	58,113
Prior year understatement of deferred tax Asset		
	<u>427,962</u>	<u>183,233</u>
b) A reconciliation between the tax expense and the product of accounting profit multiplied by the tax rate for the year is as follows:		
Accounting profit before income tax	425,523	315,020
Tax applicable rate of 30% (2021: 30%)	127,657	94,506
Effect of expenses not deductible for tax purposes	261,956	58,113
Prior year understatement of deferred tax Asset	38,349	30,614
Income tax expense (Credit) for the year	<u>427,962</u>	<u>183,233</u>
c) Deferred income tax asset		
At 1 January	1,451,760	1,393,647
(Credited)/Charged for the period	261,956	58,113
At 31 December	<u>1,713,716</u>	<u>1,451,760</u>
The deferred income tax asset arises from:		
Accelerated depreciation for tax purposes	873,187	193,710
	873,187	193,710
Deferred tax asset thereon at 30%	<u>261,956</u>	<u>58,113</u>
d) Current income tax recoverable/(payable)		
At 1 January	(113,443)	(73,218)
Current income tax for the year	(166,006)	(125,120)
VAT Payable	(25,191)	(15,105)
Tax paid during the Period	100,000	100,000
Tax paid during the Period (WHT)	28,311	
Tax paid during the Period (Previous period)	15,105	-
Tax Receivable/(Payable)	<u>(161,223)</u>	<u>(113,443)</u>

KENNETH H.WOISO
WOISO ORIGINAL PRODUCTS CO

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

15 PROPERTY, PLANT AND EQUIPMENT

	Land and Building TZS'000	Plant and Machinery TZS'000	Furniture & Fittings TZS'000	Computer TZS'000	Motor Vehicles TZS'000	WIP TZS'000	Total TZS'000
Cost							
At 01 January 2021	6,108,671	745,435	6,942	7,091	413,418	783,345	6,986,753
Additions	50,349	47,314	71,769	-	130,935	408,590	1,078,149
At 31 December 2021	6,159,019	792,750	78,711	7,091	544,353	1,191,936	8,773,860
At 01 January 2022	6,159,019	792,750	78,711	7,091	544,353	1,191,936	8,773,860
Additions	1,404,689	80,231	-	-	-	199,684	1,684,604
Transfers	626,676	-	-	-	-	(626,676)	-
At 31 December 2022	8,190,384	872,981	78,711	7,091	544,353	764,944	10,458,463
Accumulated depreciation							
At 01 January 2021	262,155	357,293	6,279	7,091	340,010	-	972,828
Charge during the year	109,672	99,094	9,839	-	68,044	-	286,649
At 31 December 2021	371,828	456,387	16,118	7,091	408,055	-	1,259,478
At 01 January 2022	371,828	456,387	16,118	7,091	408,055	-	1,259,478
Charge during the year	139,808	109,123	9,839	-	68,044	-	326,813
At 31 December 2022	511,635	565,509	25,956	7,091	476,099	-	1,586,291
Net carrying amount							
At 31 December 2022	7,678,749	307,472	52,755		68,254	764,944	8,872,173
At 31 December 2021	5,787,192	336,363	62,594		136,299	1,191,936	7,514,382

KENNETH H.WOISO
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

16 INVENTORIES	Notes	2022 TZS '000	2021 TZS '000
Stocks-Variou goods		8,860,357	7,013,105
		<u>8,860,357</u>	<u>7,013,105</u>
17 INCOME TAX RECOVERABLE/(PAYABLE)			
Current income tax for prior year		(113,443)	(73,218)
Current income tax for the year		(166,006)	(125,120)
VAT Payable		(25,191)	(15,105)
Tax paid during the Period		100,000	100,000
Tax paid during the Period (Previous period)		15,105	-
Tax paid during the Period_WHT		28,311	-
Tax Receivable/(Payable)		<u>(161,224)</u>	<u>(113,443)</u>
18 TRADE AND OTHER RECEIVABLES			
Trade Receivables		<u>1,349,867</u>	<u>1,823,661</u>
<u>Provision for impairment of receivables</u>			
At 01 January		-	-
Additional provision		-	-
Write off during the year		-	-
At 31 December		<u>-</u>	<u>-</u>
		<u>1,349,867</u>	<u>1,823,661</u>
As at year-end the ageing analysis of receivables was as follows:			
==>Neither past due nor impaired		944,907	1,276,563
==>Past due but not impaired			
31 - 60 days		337,467	455,915
61 - 180 days		67,493	91,183
		<u>1,349,867</u>	<u>1,823,661</u>
19 OTHER SHORT-TERM OPERATING RECEIVABLES			
Prepaid expenses			
Other short term receivables			
Staff loans and advances		<u>98,530</u>	<u>98,530</u>
		<u>98,530</u>	<u>98,530</u>
Less:			
Provision for impairment		<u>-</u>	<u>-</u>
		<u>98,529.81</u>	<u>98,529.81</u>

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

Notes	<u>2022</u> TZS '000	<u>2021</u> TZS '000
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As year-end, the ageing analysis of other short term receivables was as follows:

==>Neither past due nor impaired	78,824	78,824
==>Past due but not impaired		
31 - 60 days	14,779	14,779
61 -360 days	4,926	4,926
	<u>98,530</u>	<u>98,530</u>

20 BANK AND CASH BALANCES

Cash and Bank Balances	<u>553,819</u>	<u>615,602</u>
	<u>553,819</u>	<u>615,602</u>

The carrying amounts disclosed above reasonably approximate the fair values at the reporting date. The cash and cash equivalents position for the purpose of the statement of cash flow purposes is as follows:

21 CAPITAL CONTRIBUTION

CAPITAL CONTRIBUTION

Total contribution by the owner	<u>50.000</u>	<u>50.000</u>
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OWNERSHIP

Shareholder:	<u>Number of Shares</u>	<u>Number of Shares</u>
Owner 1	1	1
	<u>1</u>	<u>1</u>

The entity is sole proprietorship and hence no authorized share capital; the Capital indicated above is the contribution of the sole proprietor (owner)

22 TRADE AND OTHER PAYABLES

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled between 15 to 45 days after the invoice date.
- Other payables are non-interest bearing and have an average term of 30 days.

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

23 BORROWINGS

	Notes	<u>2022</u> TZS '000	<u>2021</u> TZS '000
15% Bank Overdraft		358,083	463,886
Current principal portion - Due within one year		<u>(358,083)</u>	<u>(463,886)</u>
Long-term principal portion - Due after one year		<u>-</u>	<u>-</u>
14% Term Loan With NBC Bank		1,299,846	449,512
Current principal portion - Due within one year		80,917	378,657
Long-term principal portion - Due after one year		1,218,929	70,855
Current principal portion		439,000	842,543
Interest payable			
Total current portion		<u>439,000</u>	<u>842,543</u>
Non Current principal portion		1,218,929	70,855
Interest payable			-
Total Non current portion		<u>1,218,929</u>	<u>70,855</u>

a) Term loans

The Entity has a term loan with NBC bank, of TZS 2,200 Million to finance its capital expenditure for its shops. Further the entity has an overdraft of TZS 700 million with the bank

The loans at NBC Bank has the following securities;

- a) First Legal Charge to the Registered over Plot no 20/42, and 20/43 located block E, Kunduchi, Salasala

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

Notes	2021	2020
	TZS '000	TZS '000

25 COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

At 31 December 2021, the Entity has TZS 3,000 Million as capital commitments (2020: TZS 3,900 Million) for capital expenditure to be completed not less than 36 months. The Entity has operating lease commitments for its shoppes as disclosed in Note 26.

Legal claim contingencies

There is no legal claim in favour of or against the Entity as at period end.

Contingent liability and asset

As at 31 December 2021 Woso Original Products Co had no contingent liabilities or assets apart from which disclosed in note 24 (d).

26 LEASE COMMITMENTS

The Entity has no operating lease commitments for its office. At the year end, the Entity had annual lease commitments as follows:

	2022	2021
	TZS '000	TZS '000
Payable within a year	68,400	98,400
	68,400	98,400

27 SUBSEQUENT EVENTS

At the time of signing the financial statements, the owner is not aware of any events after the year end not otherwise dealt with in these financial statements.