

**PRANCE INTERNATIONAL TRADE CO. LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**PRANCE INTERNATIONAL TRADE CO. LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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# PRANCE INTERNATIONAL TRADE CO. LIMITED

## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### COMPANY'S INFORMATION

#### A: Board of directors

The directors of the Company at the date of this report who held office since 1<sup>st</sup> January 2022 are:-

Name	Position	Nationality
Mr. Lixin Wang	Chairman	Chinese
Mr. Zhang Long	Director	Chinese
Mr. Sun Shaohua	Director	Chinese

#### B: Company secretary

Ms. Miriam E. A. Chellangwa  
House 25, Plot 41, Kinondoni  
Dar es Salaam

#### C: Registered office

Plot 578, Swami Street, Block 15  
P.O. Box 38009  
Dar es Salaam

#### D: Independent auditors

Philip & Co.  
Certified Public Accountants,  
NIC Life House, Sokoine Drive/ Ohio Street  
P.O. Box 12884  
Dar es Salaam

#### E: Principal Bankers

CRDB Bank Plc	Azikiwe Branch
Standard Chartered Bank Tanzania Limited	International House Branch
National Microfinance Bank Plc	Kibaha Branch
National Bank of Commerce	Corporate Branch
Diamond Trust Bank Limited	
Equity Bank Tanzania Limited	

# **PRANCE INTERNATIONAL TRADE CO. LIMITED**

## **REPORT OF THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2022**

### **1. INTRODUCTION**

The Directors present their report together with the audited financial statements for the year ended 31 December 2022 which disclose the state of affairs of the Company.

### **2. NATURE OF THE OPERATION**

#### **Incorporation**

Prance International Trade Co. Limited is incorporated in Tanzania under the Tanzanian Companies Act as a private company limited by shares, and is domiciled in Tanzania. The address of the registered office is set out on page 1.

#### **Activities**

The Company's principal activity is of manufacturing, import and export of building materials (nails and wires), baby diapers and detergents.

#### **Competition**

The market has always been open to competition and the Company remains committed to delivering quality products and rendering services at a competitive price.

#### **Political environment**

The political and economic situation in Tanzania where the Company operates is stable.

#### **Compliance with laws and regulations**

The Company is registered by BRELA and subjected to Tax issues with the Tanzania Revenue Authority. The Company is regulated by the Ministry of Industries and Trade.

### **3. RESOURCES**

Apart from those items reflected in the statement of financial position, the Company has good and qualified personnel who are professional, experienced, and hard working with business ethics and high level of customer care.

### **4. ENTITY'S OPERATIONAL MODEL**

The operating model is to always be innovative and creative in providing products and services so as to remain ahead of competition.

## PRANCE INTERNATIONAL TRADE CO. LIMITED

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

#### 5. RISK MANAGEMENT AND INTERNAL CONTROLS

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

- Effectiveness and efficiency of operations;
- Safeguarding of company's assets;
- Compliance with applicable laws and regulations;
- Reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards all stakeholders.

The efficacy of any internal control system is dependent on the strict observance of the prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control that 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 systems throughout the year ended 31 December 2022 and is of the opinion that they met acceptable criteria.

#### 6. CORPORATE GOVERNMENT MATTERS

##### *(a) Corporate governance statement*

The Directors are committed to the principles of good corporate governance and recognize the need to conduct business in the generally accepted best practice. In so doing the Directors therefore confirm that:

- The Board of Directors met regularly throughout the year
- They retain full and effective control over the Company and monitor executive management;
- There are regular reviews of financial and operational results;
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

##### *(b) Members of those charged with governance*

The directors of the Company who held office during the year and to the date of this report are set out on page 1. All the directors are Non-Executive.

## FRANCE INTERNATIONAL TRADE CO. LIMITED

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

*(c) Committees of those charged with governance*

The Board is directly responsible for risk and internal control assessment, and as such a separate audit committee is not considered necessary nor other separate committees because the directors are capable of handling all administrative matters

*(d) Environmental matters*

The Company is committed on environmentally protection programs and operations by reducing its operations impact on the environment by complying with applicable environmental laws, regulations and standards, implementing waste minimization programs, to eliminate or reduce wastes and emissions and conserving energy materials through resource management.

*(e) Employees welfare*

**Management and employees relationship**

Management / employee relationship continued to be good during the year. There were no unresolved complaints by the employees at the end of the year. A healthy relationship continues to exist between the management and trade union. The Company is an equal opportunity employer. It gives access to employment opportunities and it ensures 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 to discharge duties.

**Training**

The Company continues with its efforts to improve employees' motivation and productivity through training recognition and improving working environment.

**Health and safety**

As an industry, the Company has taken rigorous steps to improve the working environment in light of health and safety issues which might affect its employees.

**Employees benefit plan**

The Company pays contribution to publicly administered pension plans on a mandatory basis which qualify to be defined contribution plans. The Company's obligation in respect of these contributions are limited to a 10% of employee's gross salary for National Social Security Fund (NSSF) and 0.5% for the Workers Contribution Fund (WCF).

*(f) Gender parity*

The Company by December 2022 had 364 permanent employees, out of which 200 were male and 164 were female (Previous year: 388).

## PRANCE INTERNATIONAL TRADE CO. LIMITED

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

#### 7. STAKEHOLDERS RELATIONSHIP

The success of the Company is dependent upon our strong positive relationship with key stakeholders. Below is how we engage with our key stakeholders:

- i) Customers: – by aiming to maximise customer satisfaction.
- ii) Employees – by putting safety as our first priority and aiming to address employees needs and expectations;
- iii) Suppliers – by clearly communicating our requirements and honouring our obligations in a timely manner
- iv) Government and regulatory authorities – by complying with all Government laws and regulations
- v) Shareholders – by remaining a profitable enterprise with a good reputation in the market.

#### 8. OPERATING AND FINANCIAL REVIEW

##### a) *Over view of financial results*

	2022	2021	Change
	Tsh'M	Tsh'M	
Sales	48,035	33,001	46%
Profit /(loss) before tax	552	(213)	359%
Current assets	24,193	11,842	104%
Current liabilities (excluding directors account)	39,984	26,139	53%
Term loan	1,451	4,671	-69%
Non-current assets	35,443	37,005	-4%

##### b) *Sales*

Turnover increased by 46% from prior financial period. The increase is attributed to commissioning of the detergent powder production plants and opening up of the economy from COVID-19 impact.

##### c) *Profit before tax*

Profit before tax increased from prior financial period. The increase is partially due to increase in sales.

##### d) *Current assets*

Current assets increased by 104% due to holding adequate stock of raw materials to sustain production and readily available finished products to meet demand.

##### e) *Current liabilities*

Current liabilities increased by 53% from last year, due to increase in importation and holding stock of raw materials to sustain production

## PRANCE INTERNATIONAL TRADE CO. LIMITED

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

*f) Term loan*

The Term loan balance has decreased by 69% on account of the loan installments being serviced on schedule and all the short-term loans incurred in 2021/2022 have been settled.

*g) Non-current assets*

Non-current assets decreased by 4% from last financial year. The decrease was attributed to lower investment as compared to depreciation charge.

*h) Cash flow*

During the year, the Company's cash and cash equivalents was reasonably healthier than last year.

*i) Key performance indicators*

The business is controlled by monitoring key performance indicators including turnover, gross and net profit margins, operational cash flows and current assets and liabilities.

*j) Dividends*

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

*k) Solvency*

The Company's state of affairs at 31 December 2022 is set out on page 14 of these financial statements. The Directors have reviewed the current financial position of the Company and on the basis of this review together with the current business plan, the Directors are satisfied that the Company is a solvent going concern within the meaning ascribed by the IFRS for SMEs and the Companies Act, 2002 of the laws of Tanzania. The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for a foreseeable future.

#### 9. DIRECTORS' INTERESTS IN THE COMPANY

Mr Zhang Long and Mr Sun Shaohua hold 360 shares (0.02%) and 240 shares (0.01%), respectively, interests in the issued shares of the Company.

#### 10. AUTHORIZED AND ISSUED SHARE CAPITAL

The authorized share capital of the Company is Tshs. 10,000,000,000 and the issued share capital is Tshs. 10,000,000,000. The face value of each ordinary share is Tshs. 5,000.

## PRANCE INTERNATIONAL TRADE CO. LIMITED

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

#### 11. SHAREHOLDING

Shareholding in the Company's issued share capital is as follows:

Name	P'age	No of shares	Value in Tshs'000
Mr Zhang Long	0.02%	360	1,800
Mr Sun Shaohua	0.01%	240	1,200
Bordar Group Limited	99.97%	1,999,400	9,997,000
	<u>100%</u>	<u>2,000,000</u>	<u>10,000,000</u>

#### 12. DIRECTORS' EMOLUMENTS

There are no any emoluments in form of salaries, directors' fees nor were board expenses paid to the directors during the year.

#### 13. RELATED PARTY TRANSACTIONS

Parties are related if one party can control the other party or exercise a significant influence over the other party in making financial or operational decisions. In the normal course of business, the Company may have entered into business relationship with related parties ie. Key management staff, Directors, their associates and companies associated with Directors. Such relationships are guided with policies approved by the Board to ensure the same is done at arm's length. All related party transactions and balances are disclosed in Note 14 to these financial statements.

#### 14. POLITICAL AND CHARITABLE DONATIONS

The Company had not made any political donations during the year.

#### 15. AUDITORS

Philip & Co  
NIC Life House, 2<sup>nd</sup> Floor, Office B'10  
P O Box 12884  
Dar es Salaam  
Firms NBAA Registration Nr PF 071

The auditors, Philip & Co. have expressed their willingness to continue in office and are eligible for re-appointment. The re-appointment is confirmed by the directors.

**PRANCE INTERNATIONAL TRADE CO. LIMITED**

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

**16. RESPONSIBILITY OF AUDITORS**

The auditors' responsibility is to consider whether there is a material inconsistency between the other information and the financial statements, and whether there is a material inconsistency between the other information and the auditors' knowledge obtained in the audit.

**17. DISABLED PERSONS**

The Company gives equal opportunities to disabled persons for vacancies they are able to do. However, the practice has not been formally documented into a policy.

**18. PREJUDICIAL ISSUES**

The Board is not aware of any prejudicial matters that may impact on achieving objectives of the Company.

**19. STATEMENT OF COMPLIANCE**

The Report of Those Charged with Governance has been prepared in compliance with disclosures relevant to the Company of the new Tanzania Financial Reporting Standard No. 1 (TFRS No 1) as issued by the National Board of Accountants and Auditors (NBAA) and became effective from 1 January 2021.

**20. APPROVAL**

The Report of Those Charged with Governance has been approved by those charged with governance on .... 张龙 ..... and signed on its behalf.

张龙 30/08/22

**Zhang Long**  
**Director**

**PRANCE INTERNATIONAL TRADE CO. LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Company's directors are responsible for the preparation of financial statements that give a true and fair view of Prance International Trade Co. Limited comprising the statement of financial position as at 31 December 2022, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

The Company's directors are also responsible for such internal controls 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, and for maintaining adequate accounting records and an effective system of risk management.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have made an assessment of the Company's ability to continue as a going concern, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The auditors are responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

**Approval of the financial statements**

The financial statements of Prance International Trade Co. Limited as identified in the first paragraph were approved by the Board of Directors on ..... Zhang Long ..... and were signed on its behalf by:

Zhang Long 30/08/2023

**Zhang Long**  
**Director**

**FRANCE INTERNATIONAL TRADE CO. LIMITED**

**DECLARATION OF THE ACCOUNTANT ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

It is the duty of a Professional Accountant to assist the Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Directors as under Directors Responsibility statement on an earlier page.

I, Sigfried Kayembe, having reviewed the financial statements of Prance International Trade Co. Limited hereby acknowledge my responsibility of ensuring that financial statements for the year 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 Prance International Trade Co. Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: [Signature]  
Position: Accountant

NBAA Membership No.: ACPA 1739

Date: 30/08/2023

**REPORT OF THE AUDITORS  
TO THE MEMBERS OF PRANCE INTERNATIONAL TRADE CO. LIMITED**

**Report on the Financial Statements**

***Opinion***

We have audited the financial statements of Prance International Trade Co. Limited ("the Company"), set out on pages 14 to 30 which comprise the statement of financial position as at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, 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 Prance International Trade Co. Limited as at 31 December 2022, 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 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 our report.

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

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

The directors are responsible for the other information. The other information comprises the Company's general information, List of abbreviations, Report by those charged with governance, Statement of directors' responsibilities and Declaration of head of finance but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit financial statements, our responsibility is to read the other information identified above 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.

**REPORT OF THE AUDITORS (CONTINUED)  
TO THE MEMBERS OF PRANCE INTERNATIONAL TRADE CO. LIMITED**

***Basis for Opinion (continued)***

If, based on the work we have performed on the other information, 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 Directors 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 control as 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, 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 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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.
- 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.

**REPORT OF THE AUDITORS (CONTINUED)  
TO THE MEMBERS OF PRANCE INTERNATIONAL TRADE CO. LIMITED**

***Auditors' Responsibilities for the Audit of the financial Statements (continued)***

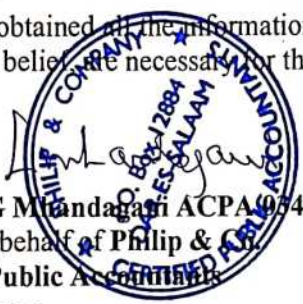
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If 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, CAP 212 Act No. 12 of 2002, we report that:

- In our opinion, proper accounting records have been kept by Prance International Trade Co. 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.

  
**Lukonge G Mwandaganji ACPA 0543**  
For and on behalf of Philip & Co.  
Certified Public Accountants  
Dar es Salaam

Date: 20/08/2022

**PRANCE INTERNATIONAL TRADE CO. LIMITED**

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

	Notes	2022 TShs '000	2021 TShs '000
<b>ASSETS</b>			
Property, plant and equipment	3	35,443,048	37,004,998
<b>Current assets</b>			
Stocks	4	14,288,158	6,200,533
Debtors	5	8,538,892	5,195,134
Cash and cash equivalents	6	1,366,174	446,365
Total current assets		<u>24,193,224</u>	<u>11,842,032</u>
<b>Total assets</b>		<u>59,636,272</u>	<u>48,847,030</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7	10,000,000	10,000,000
Accumulated losses		(2,848,820)	(3,011,545)
<b>Total equity</b>		<u>7,151,180</u>	<u>6,988,455</u>
<b>Non-current liabilities</b>			
Term loan	8(a)	1,451,615	4,670,888
<b>Current liabilities</b>			
Term loan – current maturities	8 (a)	3,290,000	3,240,924
Short term loan	8 (b)	-	2,288,134
Creditors	9	36,694,498	20,609,649
Related party – directors' current account	14	11,048,979	11,048,979
Total current liabilities		<u>51,033,477</u>	<u>37,187,687</u>
<b>Total equity and liabilities</b>		<u>59,636,272</u>	<u>48,847,030</u>

The financial statements on pages 14 to 30 were approved by the Board of Directors on.....张龙..... and were signed on its behalf by:

张龙 30/08/23  
Zhang Long  
Director

Report of the auditors – pages 11 to 13.

**PRANCE INTERNATIONAL TRADE CO. LIMITED**

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

	Notes	2022 TShs '000	2021 TShs '000
<b>Revenue</b>		<b>48,034,993</b>	<b>33,001,201</b>
Cost of sales	11	<u>(42,280,826)</u>	<u>(28,219,815)</u>
<b>Gross profit / (loss)</b>		<b>5,754,167</b>	<b>4,781,386</b>
Operating costs	12	(3,750,687)	(3,952,892)
Finance charges	13	<u>(1,447,261)</u>	<u>(992,625)</u>
<b>Profit /(loss) from operations</b>		<b>556,219</b>	<b>(164,131)</b>
Other income / (expenses)		<u>(4,200)</u>	<u>(48,946)</u>
<b>Profit /(loss) before tax</b>		<b>552,019</b>	<b>(213,077)</b>
Taxation	10	<u>(389,294)</u>	<u>(43,086)</u>
<b>Profit /(loss) for the year</b>		<b>162,725</b>	<b>(256,163)</b>
<b>Earnings / (loss) per share</b>		<b>0.08</b>	<b>(0.13)</b>

The notes on pages 18 to 30 form part of these financial statements.

**PRANCE INTERNATIONAL TRADE CO. LIMITED**

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

	<b>Share capital TShs '000</b>	<b>Retained earnings/(loss) TShs '000</b>	<b>Total TShs '000</b>
At 1 January 2021	5,003,000	(2,755,382)	2,247,618
Allotment of shares	4,997,000	-	4,997,000
Profit / (loss) for the year	<u>-</u>	<u>(256,163)</u>	<u>(256,163)</u>
At 31 December 2021	<u>10,000,000</u>	<u>(3,011,545)</u>	<u>6,988,455</u>
At 1 January 2022	10,000,000	(3,011,545)	6,988,455
Allotment of shares			
Profit / (loss) for the year	<u>-</u>	<u>162,725</u>	<u>162,725</u>
At 31 December 2022	<u>10,000,000</u>	<u>(2,848,820)</u>	<u>7,151,180</u>

The notes on pages 18 to 30 form part of these financial statements.

**PRANCE INTERNATIONAL TRADE CO. LIMITED**

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

	2022 TShs '000	2021 TShs '000
<b>Cash flow from operating activities</b>		
Profit / (loss) for the year	552,019	(213,077)
Adjustment for non-cash items: depreciation	4,745,184	3,776,282
: loss on asset disposal	-	48,946
<b>Operating loss before changes in working capital items</b>	<u>5,297,203</u>	<u>3,612,151</u>
<b>Working capital changes</b>		
Increase in stocks	(8,087,625)	(2,357,298)
Increase in debtors	(3,428,634)	(2,307,543)
Decrease in directors' account	-	(2,838,892)
Increase in creditors	15,874,674	13,221,460
	<u>9,655,618</u>	<u>9,329,879</u>
<b>Tax paid</b>	<u>(94,244)</u>	<u>(112,386)</u>
<b>Net cash flows from / (used) operating activities</b>	<u>9,561,374</u>	<u>9,217,493</u>
<b>Cash flows used investing activities</b>		
Purchase of fixed assets	(3,183,234)	(11,148,059)
Proceeds from sale of assets	-	54,338
	<u>3,183,234</u>	<u>(11,094,482)</u>
<b>Cash flows from financing activities</b>		
Allotment of shares	-	4,997,000
Long and short term loans repayments	(5,458,331)	(3,175,331)
	<u>(5,458,331)</u>	<u>1,821,669</u>
<b>Net cash flows movement for the year</b>	919,809	(55,320)
Cash and cash equivalent as at 1 January	<u>446,365</u>	<u>501,685</u>
<b>Cash and cash equivalents as at 31 December</b>	<u>1,366,174</u>	<u>446,365</u>

The notes on pages 18 to 30 form part of these financial statements.

# PRANCE INTERNATIONAL TRADE CO. LIMITED

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

### 1. REPORTING ENTITY

Prance International Trade Co. Limited (the 'Company') is a Company domiciled in Tanzania. The financial statements of the Company are for the year ended 31st December 2022.

The principal activities of the Company are described under report of those charged with governance on page 2.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial statements of Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

The financial statements of the Company have been prepared in accordance with IFRS. These financial statements have been prepared under the historical cost basis except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzania Shillings (TZS), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

#### (b) Changes in accounting policies and disclosures

##### **New standards, amendments, and interpretations effective and adopted during the year**

The following new standards and amendments were effective from 1 January 2022, but they did not have material effects in the Company's financial statements:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Annual Improvements to IFRS Standards 2018 -2020.
- Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16).
- Reference to the Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-Current Amendments to IAS 1)

**PRANCE INTERNATIONAL TRADE CO. LIMITED**

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

**2'. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Changes in accounting policies (continued)**

**New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2022**

A number of new standards and amendments to standards are in issue for periods beginning 1 January 2023 and earlier application is permitted. The Company has not early adopted the new and amended standards in preparing these financial statements. The following new and amended standards are not expected to have a significant impact on the Company's financial statements:

New standards or amendments	Effective for annual period beginning or after
IFRS 17 Insurance Contracts	1 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	To be determined
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes	1 January 2023

All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the entity).

**2.1 Revenue recognition**

Revenue is recognized only when it is probable that economic benefits associated with the transaction will flow to the company and the amount of revenue can be measured reliably. Revenue is measured at a fair value of the consideration received or receivable for the goods and services provided in the normal course of business, net of trade discounts, VAT and other related taxes.

**2.2 Property, plant and equipment**

Property, plant and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation, less any cumulative assets impairment.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset, (calculated as the difference between the net disposal proceeds and

**PRANCE INTERNATIONAL TRADE CO. LIMITED**

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

**2'. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property, plant and equipment (continued)**

the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is de-recognized.

Depreciation is calculated on a straight-line basis, at annual rates estimated to write off the assets over their expected useful lives at the following annual rates:-

Land	none
Buildings	5%
Motor vehicles	25%
Plant and machinery	12.5%
Computers	37.5%
Furniture & fittings	12.5%

Depreciation is charged from the date an asset is put into use and cease from the date an asset is de-recognized from the books of account.

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

**2.3 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at face value. Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

**2.4 Translation of currencies**

*(i) Functional and presentation currency*

The financial statements are presented in Tanzanian Shillings, which is the Company's functional, and presentation currency.

# PRANCE INTERNATIONAL TRADE CO. LIMITED

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

### 2'. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Translation of foreign currencies (continued)

##### (ii) *Transaction balances*

Transactions during the year, which are denominated in foreign currencies, are translated into Tanzanian Shillings at the rates of exchange ruling on the transaction date. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currency, are translated into Tanzanian Shillings at the exchange rate ruling on the Balance Sheet date. The resulting differences from conversion and translation are dealt with in the income statement in the year in which they arise.

#### 2.5 Stocks

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads based on normal operating capacity, but exclude borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### 2.6 Impairment of financial assets

At the balance sheet date an assessment is made of whether there is any evidence of impairment of financial assets. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss recognized in the income statement for the difference between the recoverable amount and the carrying amount.

#### 2.7 Trade debtors

Trade receivables are recognized initially at a transaction price and subsequently measured at amortised cost using effective interest method, less provision for impairment. A provision for the trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

#### 2.8 Trade payables

Trade payables are recognized initially at a transaction price and subsequently measured at amortised cost using effective interest method.

**2.9 Employee benefits**

The Company is registered with the National Social Security Fund (NSSF) to which both the employees and the employer contribute. The Company's contributions to the Fund are charged to the statement of comprehensive income in the year to which they relate.

**2.10 Taxes**

**Current income tax**

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

**Deferred income tax**

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

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

**Value added tax**

Revenues, expenses and assets are recognised at amounts net of value added tax (VAT) except; where the VAT is incurred on a purchase of an asset or service is not recoverable from the taxation authority in which case the value added tax is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable; and receivables and payables are stated with the amount of VAT included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

**2.11 Comparative figures**

Where necessary comparative figures have been adjusted/reclassified to conform with changes in presentation in the current year

## PRANCE INTERNATIONAL TRADE CO. LIMITED

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

#### 2.12 Financial instruments

##### i) Financial assets

###### Initial recognition

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

The Company determines the classification of its financial assets at initial recognition. The financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, ie, the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits and trade and other receivables, loans and other receivables.

###### Subsequent measurements

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

###### Financial assets at fair value through profit or loss

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

###### Loans and receivables

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

Gains and losses are recognised in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading a receivable. This category generally applies to trade and receivables.

## PRANCE INTERNATIONAL TRADE CO. LIMITED

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

#### **Held-to-maturity investments**

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

#### **Financial assets carried at amortised cost**

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

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

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

#### **ii) Financial liabilities**

##### **Initial recognition**

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

## PRANCE INTERNATIONAL TRADE CO. LIMITED

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

The Company's financial liabilities include trade and other payables.

#### **Subsequent measurements**

The subsequent measurement of financial assets depends on their classification as follows:

#### **Financial liabilities at fair value through profit or loss**

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

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

#### **Offsetting of financial instruments**

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

#### **Fair value of financial instruments**

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

#### **Amortised cost of financial instruments**

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

PRANCE INTERNATIONAL TRADE CO. LIMITED

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

3. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery & equipment	Motor vehicles	Furniture & fittings	Capital in Progress	Total
Cost	Tshs'000	Tshs'000	Tshs'000	Tshs'000	Tshs'000		Tshs'000
At 1 January 2022	1,780,737	10,145,078	31,613,967	336,401	347,433	-	44,223,615
Additions	-	-	1,804,185	392,038	-	987,011	3,183,234
Disposals / transfers	-	-	-	-	-	-	-
At 31 December 2022	<u>1,780,737</u>	<u>10,145,078</u>	<u>33,418,152</u>	<u>728,439</u>	<u>347,433</u>	<u>987,011</u>	<u>47,406,849</u>
<b>Depreciation</b>							
At 1 January 2022	-	1,050,780	5,912,852	164,508	90,477	-	7,218,617
Charge for the year	-	507,254	4,085,899	108,603	43,429	-	4,745,184
Disposals	-	-	-	-	-	-	-
At 31 December 2022	-	<u>1,558,034</u>	<u>9,998,751</u>	<u>273,111</u>	<u>133,906</u>	-	<u>11,963,801</u>
At 31 December 2022	<u>1,780,737</u>	<u>8,587,044</u>	<u>23,419,401</u>	<u>455,328</u>	<u>213,526</u>	<u>987,011</u>	<u>35,443,048</u>
At 31 December 2021	<u>1,780,737</u>	<u>9,094,298</u>	<u>25,701,114</u>	<u>171,893</u>	<u>256,955</u>	-	<u>37,004,998</u>

**PRANCE INTERNATIONAL TRADE CO. LIMITED**

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

**4. STOCKS**

	<b>2022</b>	<b>2021</b>
	<b>TShs '000</b>	<b>TShs '000</b>
Raw materials	8,785,131	5,033,490
Finished goods / products	5,373,414	1,119,954
Goods in transit (prepaid duties)	129,613	47,090
	<u>14,288,158</u>	<u>6,200,533</u>

**5. DEBTORS**

Trade debtors	5,662,730	1,924,130
Trade creditors (with Dr balances)	375,310	1,445,549
Corporation tax – recoverable (note 10)	-	84,875
Vat receivable	1,988,181	1,739,590
Prepaid expenses - vat	512,672	990
	<u>8,538,893</u>	<u>5,195,134</u>

**6. CASH AND CASH EQUIVALENTS**

Cash	19,706	17,451
Bank balances	995,468	77,914
Fixed deposit (\$150,000)	351,000	351,000
	<u>1,366,174</u>	<u>446,365</u>

**7. SHARE CAPITAL**

Authorized share capital: 2,000,000 Ordinary shares of TShs 5,000 each	<u>10,000,000</u>	<u>10,000,000</u>
Issued and fully paid: 2,000,000 Ordinary shares of TShs 5,000 each	<u>10,000,000</u>	<u>5,003,000</u>

**PRANCE INTERNATIONAL TRADE CO. LIMITED**

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

**8. TERM LOANS**

**(a) Term loan**

	<b>2022</b>	<b>2021</b>
	<b>TShs '000</b>	<b>TShs '000</b>
Standard Chartered Bank Tanzania Ltd – 1 <sup>st</sup> Tranche	3,454,011	5,804,245
Standard Chartered Bank Tanzania Ltd – 2 <sup>nd</sup> Tranche	1,189,687	1,953,236
Standard Chartered Bank Tanzania Ltd – 3 <sup>rd</sup> Tranche	97,917	154,330
	<u>4,741,615</u>	<u>7,911,812</u>
Term loan current maturities – payable within one year	<u>(3,290,000)</u>	<u>(3,240,924)</u>
	<u><b>1,451,615</b></u>	<u><b>4,670,888</b></u>

Standard Chartered Bank Tanzania Limited granted a loan facility of US\$ 5,600,000 in April 2020. The loan was drawn down in 3 tranches consisting of: 1<sup>st</sup> tranche of US\$ 4,150,000; 2<sup>nd</sup> tranche of US\$ 1,350,000; and 3<sup>rd</sup> tranche of US\$ 100,000 in May – June 2020. The loan bears an annual 5% over LIBOR interest and the principal drawdown sums are repayable in 48 equal monthly instalments of US\$116,667 consisting of 1<sup>st</sup> tranche US\$ 86,458.33, 2<sup>nd</sup> tranche US\$ 28,125; and 3<sup>rd</sup> tranche US\$ 2,083.33 with effect from June 2020 through to February 2024. The loan facility is secured by a debenture over all assets of the Company and by a joint legal mortgage over the Company's Industrial property located on plots 1, 2, and 3, Block 'A' Zagowali, Kibaha Township.

**(b) Short term financing facility**

	<b>2022</b>	<b>2021</b>
	<b>TShs '000</b>	<b>TShs '000</b>
Standard Chartered Bank Tanzania Limited	<u>-</u>	<u>2,288,134</u>

The Standard Chartered Bank Tanzania Limited availed an import letter of credit (and import invoice financing) facility, combined not to exceed US\$ 3,000,000 to the Company in April 2020. The credit facilities bear 6.5% per annum interest over libor. The credit facilities are secured by a debenture over company's assets and by a joint legal mortgage over the Company's Industrial property located on plots 1, 2, and 3, Block 'A' Zagowali, Kibaha Township.

**9. CREDITORS**

	<b>2022</b>	<b>2021</b>
	<b>TShs '000</b>	<b>TShs '000</b>
Trade creditors	33,185,569	20,527,459
Trade debtors (with credit balances)	3,293,682	79,517
Corporation tax (note 10)	210,175	-
Taxes payable (PAYE)	5,072	2,674
	<u><b>36,694,498</b></u>	<u><b>20,609,649</b></u>

PRANCE INTERNATIONAL TRADE CO. LIMITED

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

10. TAXATION

	2022 TShs '000	2021 TShs '000
At 1 January	(84,875)	(15,575)
Corporate tax: (Alternative Minimum Tax for 2021)	149,119	43,086
Current year tax: (Alternative Minimum Tax)	<u>240,175</u>	<u>-</u>
	304,419	27,511
Tax paid	<u>(94,244)</u>	<u>(112,386)</u>
At 31 December (notes 9:5)	<u>210,175</u>	<u>(84,875)</u>

11. COST OF SALES

Opening stock	5,003,490	3,843,236
Purchases and related costs	<u>41,147,381</u>	<u>24,081,450</u>
	46,180,871	27,924,686
Closing stock - materials	<u>(8,785,130)</u>	<u>(5,003,490)</u>
Raw materials consumed	37,395,741	22,891,196
Production (factory) -energy and water	2,599,971	1,599,583
Factory staff salaries and labour costs	2,535,199	1,707,490
Depreciation – plant & machinery	4,085,899	3,141,449
Cost of goods produced	<u>46,616,810</u>	<u>29,339,769</u>
Opening stock	1,167,043	-
Closing stock	<u>(5,503,027)</u>	<u>(1,119,954)</u>
Cost of sales / goods produced & sold	<u>42,280,825</u>	<u>28,219,815</u>

Cost of sales include the cost of stock of raw materials consumed and related costs, as well as factory overhead incurred in bringing such stocks to their final state and location.

12. OPERATING COSTS

Administrative and office supplies	31,443	23,831
Advertising	-	9,085
Consulting and audit fee	30,833	57,165
Authorities (OSHA & TBS) inspection	41,337	41,028
Canteen expenses	490,966	432,341
City service levy	152,962	86,437
Depreciation – on buildings, vehicles, furniture	659,286	634,783
<b>Sub-total balance carried forward to page 30</b>	<u>1,406,825</u>	<u>1,284,670</u>

FRANCE INTERNATIONAL TRADE CO. LIMITED

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

11 OPERATING COSTS (continued)

	2022	2021
	TShs '000	TShs '000
Sub-total balance brought forward from page 29	1,406,825	1,284,670
Factory daily maintenance	306,641	369,878
Fines and penalties	58,351	99,988
Industry (factory) general running expenses	388,251	343,621
Insurance - factory	133,145	166,476
Land rent	24,846	13,681
License, permits, certificates / regulations fee	77,561	8,919
Machine repairs	10,117	132,294
Medical expenses / first aid kits	15,967	13,571
Motor vehicle running expenses	216,318	181,593
Skills and development levy	51,056	35,265
Security guard expenses	73,920	61,692
Staff welfare	42,709	21,822
Telephone and internet	33,851	56,362
Transport expenses	707,044	877,161
Travelling and accommodation	67,185	69,786
Visa and permits	108,325	180,143
Waste disposal	21,518	29,172
Workers Contribution Fund	7,056	6,798
	<u>3,750,687</u>	<u>3,952,892</u>

13. FINANCE CHARGES

Bank charges	76,264	14,218
Finance cost – interest on loans	553,893	939,468
Foreign currency exchange (gain) / loss	817,105	38,940
	<u>1,447,261</u>	<u>992,625</u>

14. RELATED PARTY DISCLOSURES

Directors' current account: due (from)/to	<u>11,048,979</u>	<u>11,048,979</u>
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15. CAPITAL COMMITMENTS

In the opinion of the directors there were no capital commitments at 31 December 2022.

16. CONTINGENT LIABILITIES

In the opinion of the directors there were no contingent liabilities as at 31 December 2022.