

IRVINES TANZANIA LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

IRVINES TANZANIA LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

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IRVINES TANZANIA LIMITED

**CORPORATE INFORMATION
FOR THE YEAR ENDED 28 FEBRUARY 2022**

DIRECTORS	NAME	POSITION	NATIONALITY
	Craig Irvine	Chairman	Zimbabwean
	Pietro Stella	Director	Italian
	Fabio Stella	Director	Italian
	Craig Levey	Director	South African
	Patrick Murphy	Director	South African

KEY MANAGEMENT	NAME	POSITION	NATIONALITY
	Darryl Combe	Chief Executive Officer	South African
	Fabio Stella	Commercial Executive and Director	Italian
	Pietro Stella	Production Executive and Director	Italian
	Charity Mwakio	Finance Executive	Tanzanian
	Krishna Kumar	Hatchery Manager	Indian

REGISTERED OFFICE Irvine's Tanzania Limited
Kerege - Bagamoyo
P.O. Box 39997
Coastal region, Tanzania

INDEPENDENT AUDITOR Basil & Alred
Certified Public Accountants
1st Floor, Ace Building
Haile Selassie Road
P.O. Box 78661

PRINCIPAL BANKER Stanbic Bank Tanzania Limited
Industrial Branch
P.O. Box 9992
Dar es Salaam

COMPANY SECRETARY Fabio Stella
Kerege - Bagamoyo
P.O. Box 39997
Coastal region, Tanzania

IRVINES TANZANIA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2022

The directors are pleased to present their report together with the audited financial statements for year ended 28 February 2022, which show the state of affairs of Irvine's Tanzania Limited (the "Company") as at that date.

1. INCORPORATION AND REGISTERED OFFICE

Irvines Tanzania Limited was incorporated in Tanzania on 25 October 2016 under the Companies Act, 2002. The address of its registered office is Kerege - Bagamoyo, P.O. Box 39997, Coastal region, Tanzania.

2. COMPANY VISION

To be the leading and most trusted chicken company in Sub-Saharan Africa.

3. COMPANY MISSION

To change lives in Africa by producing affordable protein and growing businesses.

4. PRINCIPAL ACTIVITIES

The principal activities of the Company is the production and sale of day old chicks.

5. DIRECTORS

The names of Directors of the Company who served during the year and up to the date of this report are stated on page 1.

6. CORPORATE GOVERNANCE

The board consists of five directors, two with an executive position in the Company. The board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets.

The board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The board delegates the day to day management of the business to the Chief Executive Officer, who is assisted by senior management. The management facilitates effective control of the Company's operational activities.

The Company is committed to the principles of effective corporate governance. The directors also recognise the importance of integrity, transparency and accountability to ensure high standard of corporate governance throughout the Company.

7. THE COMPANY SHAREHOLDING

The authorized share capital of the Company is 46,667 shares, each TZS 360,000 making a total authorised shares of TZS 16,800,000,000. . As at 28th February 2022, the Company had issued 46,599 shares translating to TZS 16,775,640,000.

The shareholders and their respective shareholding are:

Name of shareholder	Number of shares	Percent of holding
Buchan Limited	41,939	90%
Pietro Stella	2,330	5%
Fabio Stella	<u>2,330</u>	<u>5%</u>
Total	<u>46,599</u>	<u>100%</u>

**DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)**

8. COMPANY SECRETARY

The Company secretary who served the Company on legal matters during the year is shown on page 1.

9. RESULTS AND DIVIDEND

The Company made a profit after tax during the year of TZS (000s) 3,324,066 (2021: loss of TZS (000s) 778,607). The directors do not recommend a dividend for the year. The results for the year are set out on page 11 of the financial statements.

10. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company'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 28 February 2022 and is of the opinion that they met accepted criteria.

The board is directly responsible for risk and internal control assessment as a separate audit committee is not considered necessary given the size of the Company

11. EMPLOYEE WELFARE

The average number of employees during the year is 166 (2021: 155 employees) .

Management and employee relations

Due to the nature of the business the Company has formally contracted employees based on production requirements. The relationship between employees and management continued to be good. There were no unresolved complaints received by management from the employees.

Employees Benefit Plan

All eligible employees are members of National Social Security Fund (NSSF). The Company contributes 10% of the employees' gross salary to the social security fund.

The fund is a defined contribution scheme with the Company having no legal or constructive obligation to pay further top-up contributions.

IRVINES TANZANIA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

Employee motivation

In order to improve the motivation of employees, various views as to the efficiency and improvement in working conditions are welcomed and discussed within the Company.

Disabled Persons

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event a person providing service to the Company becomes disabled, every effort is made to ensure that their service with the Company continues and appropriate arrangements are made to enable her /his services to the Company continue.

12. ADMINISTRATIVE MATTERS

The Company is capable of handling all administrative matters.

13. SOLVENCY

The Company's state of affairs at 28 February 2022 is set out on page 12 of the financial statements. The Company made a profit for the year ended 28 February 2022 of TZS (000s) 3,324,066 and as of that date its current assets exceeded its current liabilities by TZS (000s) 3,751,028

The board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The board of directors has reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on the basis of accounting policies applicable to a going concern.

14. POLITICAL AND CHARITABLE DONATIONS

During the year the Company donated 1.75 mil to Siha Municipal for 60 years independence celebrations.

15. RELATED PARTY TRANSACTIONS

Related party transactions and balances are disclosed in Note 11 to these financial statements.

16. MANAGEMENT

The management of the Company is under the Chief Executive Officer and is organized in the following departments.

- Breeder farm
- Hatchery
- Finance

17. CAPITAL STRUCTURE AND SHAREHOLDING

The shareholding of the Company is described on page 2 and Note 15 to these financial statements.

18. AUDITORS

The auditors, Basil & Alred, have expressed their willingness to continue as auditors of the Company and are eligible for re-appointment.

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of Irvines Tanzania Limited were approved at a meeting of the Directors held on21 JULY 2022.....



.....
Fabio Stella
Director

IRVINES TANZANIA LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 28 FEBRUARY 2022**

The Companies Act, 2002 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirement of the Companies Act, 2002. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profits for the year ended 28 February 2022.

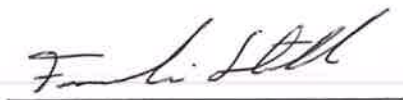
The Directors further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements as well as adequate system of internal financial control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate and effective system of risk management.

The directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

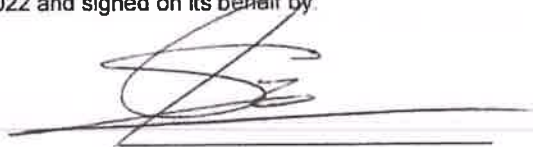
The auditors are responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of financial statements

The annual financial statements of Irvines Tanzania Limited, were approved by the Board of Directors on 21 JULY 2022 2022 and signed on its behalf by:



**Fabio Stella
Director**



**Craig Irvine
Chairman**

IRVINES TANZANIA LIMITED

**DECLARATION OF THE HEAD OF ACCOUNTING
FOR THE YEAR ENDED 28 FEBRUARY 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 by a declaration issued by the head of 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 to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under director's responsibility statement on an earlier page.

I, **Shadrack Musiyangi** being the Chief Accountant of Irvines Tanzania Limited hereby acknowledge my responsibility of ensuring that financial statements for year ended 28th February 2022 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Signed by: SHADRACK MUSIYANGI
Position: CHIEF ACCOUNTANT
NBAA Membership No.: GA4782
Date: 21st JULY 2022

**INDEPENDENT AUDITORS REPORT
TO THE SHAREHOLDERS OF IRVINES TANZANIA LIMITED**

Report on the Financial Statements

Opinion

We have audited the financial statements of Irvines Tanzania Limited ("the Company"), set out on pages 11 to 37, which comprise the statement of financial position as at 28 February 2022, and statement of profit or loss and other comprehensive income, the statement of changes in equity and cash flows for the year then ended, and the 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 state of the company's affairs as at 28 February 2022 and of the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and have been properly prepared in accordance with 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 are independent in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report as required by the Companies Act, 2002, statements of directors' responsibilities and declaration of the head of accounting. The other information does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of the Directors for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirement of 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. Directors are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF IRVINES TANZANIA LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our responsibility is 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.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

- in our opinion, proper accounting records have been kept by Irvines Tanzania Limited;
- the individual accounts are in agreement with the accounting records of the Company; and

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF IRVINES TANZANIA LIMITED (CONTINUED)**

- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.



**Basil & Alred
Certified Public Accountants
Dar es Salaam**

Partner: Godfrey Mramba

Date: 22nd July 2022

IRVINES TANZANIA LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2022**

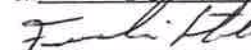
	Notes	2022 TZS 000	2021 TZS 000
Revenue	5	20,158,994	14,549,655
Cost of sales	6	<u>(7,051,978)</u>	<u>(6,853,165)</u>
Gross profit		13,107,016	7,696,490
Operating costs	7	(6,088,918)	(4,646,607)
Sales and administrative expenses	7	(2,966,484)	(2,776,519)
Other income	7	451,921	15,473
Loss on exchange		-	(187,686)
Operating profit		4,503,535	101,151
Finance cost		(542,367)	(879,757)
Profit/(Loss) before tax		3,961,168	(778,606)
Income tax expense	8(b)	(637,102)	-
Profit/(Loss) for the year		3,324,066	(778,606)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		3,324,066	(778,606)

IRVINES TANZANIA LIMITED

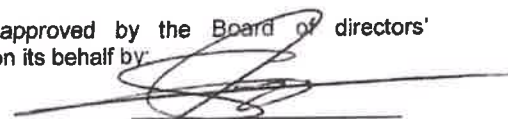
**STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2022**

	Notes	2022 TZS 000	2021 TZS 000
ASSETS			
Non-current assets			
Property, plant and equipment	9	35,479,524	34,607,786
Capital work in progress	9	375,316	301,879
Investment in a subsidiary	10	4,999	4,999
Loan to related party	11(d)	1,978,661	893,948
Receivable from shareholders	11(d)	743,786	743,786
Total non-current assets		38,582,286	36,552,398
Current assets			
Inventories	12	587,369	722,477
Biological assets	13	5,754,456	3,973,129
Trade and other receivables	14	266	3,516,689
Prepaid expenses		116,478	122,911
Cash and cash equivalent		300,475	-
Total current asset		6,759,045	8,335,206
TOTAL ASSETS		45,341,331	44,887,604
EQUITY AND LIABILITIES			
Share capital			
Share capital	15	16,775,755	16,775,755
Advance to share capital		21,722,229	-
Accumulated losses		(572,095)	(3,896,161)
Total equity		37,925,889	12,879,594
Non-current liabilities			
Shareholder loan	11(d)	-	21,722,229
Deferred tax liability	8(b)	637,102	-
Bank loan	16	3,770,323	5,286,766
Total non-current liabilities		4,407,425	27,008,995
Current liabilities			
Cash and cash equivalents		-	214,292
Due to intercompany	11(d)	1,636,687	1,484,203
Trade and other payables	17	1,371,330	3,300,520
Total current liabilities		3,008,017	4,999,015
Total shareholders' equity and liabilities		45,341,331	44,887,604

The financial statements on page 11 to 37 were approved by the Board of directors' on 21 JULY 2022 2022 and signed on its behalf by:



Fabio Stella
Director



Craig Irvine
Chairman

IRVINES TANZANIA LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 28 FEBRUARY 2022**

	Share Capital TZS 000	Accumulated losses TZS 000	Total TZS 000
At 1 March 2020	15,745,089	(3,117,555)	12,627,534
Issued during the year	1,030,666	-	1,030,666
Loss for the year	-	(778,606)	(778,606)
At 28 February 2021	<u>16,775,755</u>	<u>(3,896,161)</u>	<u>12,879,594</u>

	Share Capital TZS 000	Advance to Share Capital TZS 000	Accumulated losses TZS 000	Total TZS 000
At 1 March 2021	16,775,755	-	(3,896,161)	12,879,594
Issued during the year	-	-	-	-
Advance to share capital	-	21,722,229	-	21,722,229
Profit for the year	-	-	3,324,066	3,324,066
At 28 February 2022	<u>16,775,755</u>	<u>21,722,229</u>	<u>(572,095)</u>	<u>37,925,889</u>

IRVINES TANZANIA LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	2022	2021
	TZS 000	TZS 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	3,961,168	(778,606)
Adjustment for:		
Finance cost	542,367	879,757
Depreciation	2,037,773	1,710,366
Fair value gain on biological assets	(3,841,144)	(470,049)
Loss realized on assets written off	869	813
Operating profit before working capital changes	2,701,033	1,342,281
Changes in:		
Inventories	135,108	15,766
Biological assets	2,059,817	222,611
Trade and other receivables	3,516,423	2,492,864
Prepayments	6,433	(23,238)
Trade and other payables	(1,929,190)	(597,270)
Cash flows generated from operating activities after working capital changes	6,489,624	3,453,014
Interest paid	(542,367)	(879,757)
Net cash generated from operating activities	5,947,257	2,573,257
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of items of property, plant and equipment	(3,009,379)	(528,852)
Acquisition of items of capital work in progress	(73,437)	(305,041)
Proceeds on sale of assets	98,998	1,400
Net cash used in investing activities	(2,983,818)	(832,493)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of share	-	257,666
Advance to share capital	21,722,229	(1,827,551)
Borrowings	(23,086,188)	
Loan reallocated to equity	-	773,000
Loan receivable from related party	(1,084,713)	(501,508)
Receivable from shareholders	-	(103,067)
Net cash used in financing activities	(2,448,672)	(1,401,460)
Net increase in cash and cash equivalents	514,767	339,304
Cash and cash equivalents at the beginning of the year	(214,292)	(553,596)
Cash and cash equivalents at the end of the year	300,475	(214,292)

IRVINES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

1. GENERAL INFORMATION

Irvine's Tanzania Limited is a limited liability Company incorporated under the companies Act, 2002 and is domiciled in the United Republic of Tanzania. The address of its registered office is Kerege - Bagamoyo, P.O. Box 39997, Coastal region, Tanzania.

2. BASIS OF PREPARATION

i) Statement of compliance

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

ii) Basis of measurement

The financial statements are prepared on the historical cost basis except for the financial instruments at fair value through profit or loss which are measured at fair value.

The methods used to measure fair value are discussed further in Note 3.

iii) Functional and Presentation Currency

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

Foreign currency transactions are translated into Tanzania Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

iv) Use of estimates and judgement

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected.

v) Measurement of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

(a) Biological assets

Biological assets comprise breeding flocks and hatching eggs.

Biological assets are measured on initial recognition and at each financial reporting date at fair values less costs to sell. Any gains or losses arising on initial recognition of the biological assets and from subsequent changes in fair value less cost to sell are recognised in the profit and loss in the year in which they arise.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs to maturity and costs to sell. The fair value is determined based on the net present values of expected future cash flows, discounted at current market determined pre tax rates.

IRVINES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

(b) Non-derivative financial liabilities

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

(c) Useful lives and residual values of property and equipment

The Company tests annually whether the useful life and residual value estimates were appropriate and in accordance with its accounting policy. Useful lives and residual values of plant, property and equipment have been determined based on anticipated disposal values when the assets are disposed.

(d) Income taxes

Significant judgment is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

The Company recognises the net future tax benefit relating to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency (Tanzania Shillings) at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are generally recognised in profit or loss in the period in which they arise.

IRVINES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from sale of day old chicks, net of Value Added Tax (VAT), returns, trade discounts and volume rebates.

The company recognises revenue when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(c) Biological assets

Biological assets are measured at fair value less costs to sell, with any changes therein recognised in profit or loss. Cost to sell includes all costs that would be necessary to sell the assets including transportation costs.

(d) Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into loans and receivables.

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less, from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

IRVINES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Non-derivative financial liabilities

The Company initially recognises subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables, bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents in the statement of cash flows.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(iii) Share capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

(e) Property, plant and equipment

i) Recognition and measurement

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

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

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" in profit or loss.

ii) Subsequent cost

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

IRVINES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

	Useful life (years)
Buildings	40
Equipment	10 - 20
Furniture and fittings	10
Motor vehicles	4 - 8
Computer equipment	3
Intangible - software	3

(f) Impairment

i) Non derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more event that occurred after the initial recognition of the asset and that loss event(s) had an impact on the estimated future cash flows of the asset that can be estimated reliably. Objective evidence that the financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due from a customer, indications that a debtor will enter bankruptcy, economic conditions that correlate with default or the disappearance of an active market for a product and/or security.

An impairment loss in respect of a financial asset measured at amortised costs is calculated as the difference between its carrying amount, and the present value of estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Losses are recognised in profit or loss and reflected in an allowance account against receivables. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs, the reversal is recognised in profit or loss.

ii) Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted at their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely dependent of the cash inflows of other assets or group of assets (the "cash-generating unit").

IRVINES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii) Non-financial assets (Continued)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

i) Defined contribution plans

The Company makes statutory Social Security Contributions to the approved pension funds. The Company's obligations in respect of contributions to such funds are 10% of the employees' gross emoluments. Contributions to these pension funds are recognised as an expense in the period the employees render the related services.

ii) Termination benefits

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

iii) Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(h) Provisions

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

(i) Operating lease payments

Lease payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(j) Income tax

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

IRVINES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Income tax (Continued)

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) Investment in subsidiaries

Investment in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

(l) Relevant new standards, amendments and interpretations issued but not yet effective and not early adopted

The following new or revised IFRSs were mandatorily effective and adopted by the Company as at the end of the reporting year but did not have a material effect on the current or previously reported financial performance or financial position.

Name of standard	Changes made to the standard
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<p>The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:</p> <ul style="list-style-type: none"> • A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. • Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. • Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. <p>These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.</p>
Amendments to IFRS 16 Covid-19 Related Rent Concessions	<p>On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification</p>

IRVINES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)**

Name of standard	Changes made to the standard
	<p>accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.</p> <p>The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.</p>
<p>Standards and interpretations in issue but not yet effective</p>	
<p>At the reporting date, the following new and/or revised accounting standards and interpretations were in issue but not yet effective and therefore have not been applied in these financial statements. Irvines Tanzania Limited has not yet assessed the impact of these changes on their financial statements when they become effective:</p>	
<p>Classification of Liabilities as Current or Non-current – Amendments to IAS 1</p>	<p>In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:</p> <ul style="list-style-type: none"> • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.</p> <p>Effective date : Applicable to reporting periods commencing on or after 1 January 2023</p>
<p>Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16</p>	<p>In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.</p> <p>The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the</p>

IRVINES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

Name of standard	Changes made to the standard
	<p>amendment. The amendments are not expected to have a material impact on the Company.</p> <p>Effective date : Applicable to reporting periods commencing on or after 1 January 2022</p>
<p>Reference to the Conceptual Framework – Amendments to IFRS 3</p>	<p>Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date.</p> <p>This amendment has no effect to the Company</p> <p>Effective date : Applicable to reporting periods commencing on or after 1 January 2022</p>
<p>AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter</p>	<p>Subsidiary as a first-time adopter</p> <ul style="list-style-type: none"> • The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of IFRS 1. • An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. <p>Effective date : Applicable to reporting periods commencing on or after 1 January 2022</p>
<p>AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities</p>	<p>As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.</p> <p>The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment</p> <p>Effective date: Applicable to reporting periods commencing on or after 1 January 2022</p>
<p>Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2</p>	<p>In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing</p>

IRVINES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

Name of standard	Changes made to the standard
	<p>the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.</p> <p>The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.</p> <p>The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.</p> <p>Effective date: Applicable to reporting periods commencing on or after 1 January 2023</p>
<p>Definition of Accounting Estimates - Amendments to IAS 8</p>	<p>In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.</p> <p>Effective date: Applicable to reporting periods commencing on or after 1 January 2023</p>
<p>Deferred tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12</p>	<p>In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.</p> <p>The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expenses) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.</p> <p>Effective date: Applicable to reporting periods commencing on or after 1 January 2023</p>
<p>AIP IAS 41 Agriculture – Taxation in fair value measurements</p>	<p>Taxation in fair value measurements</p> <ul style="list-style-type: none"> • The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. <p>Effective date:</p>

IRVINES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)**

Name of standard	Changes made to the standard
	Applicable to reporting periods commencing on or after 1 January 2022

4. GOING CONCERN

During the year ended 28 February 2022, the Company made a profit of TZS (000s) 3,324,066. As at 28 February 2022 current assets exceeded the current liabilities by TZS (000s) 3,751,028. Accordingly, the financial statements have been prepared on the basis of accounting policies applicable to a going concern.

5. REVENUE

	2022	2021
	TZS 000	TZS 000
Day old chicks	19,002,115	13,048,265
Hatching eggs	-	601,438
Product recoveries	1,094,943	856,293
Other	61,936	43,659
	<u>20,158,994</u>	<u>14,549,655</u>

6. COST OF SALES

	2022	2021
	TZS 000	TZS 000
Day old chicks	5,865,657	5,266,614
Hatching eggs	-	318,199
Production recoveries	1,186,321	1,100,044
Other	-	168,308
	<u>7,051,978</u>	<u>6,853,165</u>

IRVINES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

7. COSTS AND OTHER INCOME FOR THE PERIOD ENDED 28 FEBRUARY 2022

	Operating costs TZS 000	Sales and administrative expenses TZS 000	Other income TZS 000	Finance Costs TZS 000
Audit fees	-	64,008	-	-
Bad debt	-	(1,195)	-	-
Bank charges	-	30,013	-	-
Interest paid on bank loans	-	-	-	542,367
Interest income	-	-	227,633	-
Blood sample testing	8,516	-	-	-
Cleaning and teas	286,314	552	-	-
Consulting fees	78,748	308,365	-	-
Depreciation	1,243,041	794,731	-	-
Electricity	626,968	-	-	-
Generator fuel	408,070	-	-	-
Information technology expenses	15,459	97,951	-	-
Insurance	90,468	141,945	-	-
License and permits	316,229	67,821	-	-
Profit on exchange	-	-	55,168	-
Loss on exchange	-	-	169,120	-
Loss on disposal of assets	869	-	-	-
Marketing/Advertising	-	70,182	-	-
Motor vehicle – fuel & oil	141,844	4,257	-	-
Printing and stationery	13,153	5,750	-	-
Protective clothing	102,752	-	-	-
Rates and Taxes	-	60,472	-	-
Rental	-	32,242	-	-
Repairs and maintenance	456,496	77,410	-	-
Salaries and wages	1,776,155	1,105,755	-	-
Security fees	105,119	-	-	-
Staff welfare	164,807	-	-	-
Telephone	2,830	-	-	-
Travel and accommodation	35,470	65,803	-	-
Training and training levy	3,230	35,324	-	-
Transport	106,883	150	-	-
Water	31,079	-	-	-
Garbage collection	46,620	-	-	-
Vehicle hire	22,972	22	-	-
Vehicle tracking	3,046	-	-	-
Subscription	-	4,115	-	-
Donations	1,750	-	-	-
Other	30	811	-	-
	6,088,918	2,966,484	451,921	542,367

IRVINES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

7. COSTS AND OTHER INCOME FOR PERIOD ENDED 29 FEBRUARY 2021

	Operating costs TZS 000	Sales and administrative expenses TZS 000	Other income TZS 000	Finance Costs TZS 000
Audit fees	-	11,939	-	-
Bad debt	-	1,133	-	-
Bank charges	-	27,874	-	-
Blood sample testing	1,240	-	-	-
Cleaning and teas	68,772	1,722	-	-
Consulting fees	32,756	252,452	-	-
Depreciation	1,043,323	667,043	-	-
Electricity	469,345	-	-	-
Generator fuel	296,342	-	-	-
Information technology expenses	11,028	71,772	-	-
Insurance	-	147,449	-	-
Interest paid on bank loans	-	-	-	879,757
Legal	-	-	-	-
License and permits	199,466	32,641	-	-
Profit on exchange	-	-	15,473	-
Loss on exchange	-	196,100	-	-
Loss on disposal of assets	813	-	-	-
Marketing/Advertising	-	74,918	-	-
Motor vehicle – fuel and oil	58,622	19,521	-	-
Printing and stationery	16,415	4,208	-	-
Protective clothing	59,281	-	-	-
Rates and taxes	-	45,839	-	-
Rental	-	28,685	-	-
Repairs and maintenance	254,816	162,914	-	-
Salaries and wages	1,587,576	999,016	-	-
Security fees	81,192	-	-	-
Staff welfare	104,853	-	-	-
Telephone	210	129	-	-
Travel and accommodation	10,810	9,704	-	-
Training and training levy	1,280	4,456	-	-
Transport	216,426	1,513	-	-
Water	49,576	-	-	-
Garbage collection	42,600	-	-	-
Vehicle hire	600	-	-	-
Vehicle tracking	5,779	-	-	-
Subscription	-	11,773	-	-
Donations	33,426	-	-	-
Other	60	3,718	-	-
	4,646,607	2,776,519	15,473	879,757

IRVINES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)**

8. TAXATION

(a) Income tax charge

There is no current corporate tax charge as the Company has a computed tax loss carried forward at the end of this financial period. The accumulated tax loss carried forward during the year is TZS 17,736,006,611 (2021: 19,087,722,056) and this is available for set off against future taxable profit.

(b) Deferred tax liability/(asset)

Deferred tax is calculated using the enacted income tax rate of 30%. The movement on the deferred income tax account is as follows:

	2022 TZS 000	2021 TZS 000
Temporary difference on accelerated capital allowance	20,357,989	17,863,224
Trading losses	(17,736,007)	(19,087,722)
Temporary differences on provisions	<u>(498,309)</u>	<u>(619,991)</u>
Total	<u>2,123,673</u>	<u>(1,844,489)</u>
Deferred tax at 30%	<u>637,102</u>	<u>(553,346)</u>
Deferred tax asset not recognised	<u>-</u>	<u>(553,346)</u>
Deferred tax liability balance at 28 February 2022	<u>637,102</u>	<u>-</u>

IRVINES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Hatchery equipment	Breeder farm equipment	Furniture & fixtures	Motor Vehicles	Computer equipment	Software	Low Value Assets	Total	WIP
COST											
At 1 March 2021	8,302,243	17,373,065	4,898,776	7,183,515	42,748	1,522,212	51,971	67,621	44,517	39,486,668	301,879
Additions	-	23,275	1,201,713	430,619	9,125	-	43,335	18,387	70,015	1,796,469	73,436
Adjustments	-	927,670	-	243,673	5,588	24,251	2,609	-	9,119	1,212,910	-
Disposals	-	-	-	(157,143)	-	(2,150)	-	-	-	(159,293)	-
At 28 February 2022	8,302,243	18,324,010	6,100,489	7,700,664	57,461	1,544,313	97,915	86,008	123,651	42,336,754	375,315
At 1 March 2020	8,302,243	16,892,532	4,892,648	7,180,615	40,699	501,393	52,041	67,621	-	37,929,792	1,029,056
Additions	-	480,533	6,128	2,900	2,049	-	4,124	-	33,118	528,852	305,041
Transfers from WIP	-	-	-	-	-	1,020,819	-	-	11,399	1,032,218	(1,032,218)
Disposals	-	-	-	-	-	-	(4,194)	-	-	(4,194)	-
At 28 February 2021	8,302,243	17,373,065	4,898,776	7,183,515	42,748	1,522,212	51,971	67,621	44,517	39,486,668	301,879
DEPRECIATION											
At 1 March 2021	-	1,383,483	899,342	2,044,031	11,556	405,574	36,085	54,295	44,517	4,878,883	-
Charge for the year	-	434,569	257,023	741,528	5,022	256,641	26,657	13,760	70,015	1,805,215	-
Adjustments	-	102,164	-	96,393	2,177	20,310	2,395	-	9,119	232,558	-
Disposals	-	-	-	(58,638)	-	(788)	-	-	-	(59,426)	-
At 28 February 2022	-	1,920,216	1,156,365	2,823,314	18,755	681,737	65,137	68,055	123,651	6,857,230	-
At 1 March 2020	-	959,237	651,125	1,325,752	7,401	174,927	20,300	31,755	-	3,170,497	-
Charge for the year	-	424,246	248,217	718,279	4,155	230,647	17,766	22,540	44,517	1,710,367	-
Disposals	-	-	-	-	-	-	(1981)	-	-	(1,981)	-
At 28 February 2021	-	1,383,483	899,342	2,044,031	11,556	405,574	36,085	54,295	44,517	4,878,883	-
Net book value											
At 28 February 2022	8,302,243	16,403,794	4,944,124	4,877,350	38,706	862,576	32,778	17,953	-	35,479,524	375,315
At 28 February 2021	8,302,243	15,989,582	3,999,434	5,139,484	31,192	1,116,638	15,886	13,326	-	34,607,785	301,879

IRVINES TANZANIA LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)****9.1 PROPERTY PLANT AND EQUIPMENT**

The adjustments on the property, plant and equipment schedule under cost and accumulated depreciation relate to the VAT portion of capital expenditure recorded as VAT receivable in prior years. The Company has decided to capitalise the VAT portion mentioned as there is no possibility of recovering the amount.

10. INVESTMENT IN SUBSIDIARY

The Company holds 4,999 ordinary shares in Irvines One Stop Shop Limited. The shares were acquired at the face value upon incorporation of the subsidiary, which was TZS 4,999,000. The principal activity of Irvines One Stop Shop Limited is to engage in the marketing and sale of poultry and related products including the marketing and sale of day old chicks; the procurement, marketing and sale of poultry feed; as well as the procurement, importing and sale of ancillary products.

11. RELATED PARTY TRANSACTIONS**(a) Trading transactions**

Trading transactions carried during the year included the following:

	2022 TZS 000	2021 TZS 000
Sales of Day Old Chicks to Irvine's Tanzania One Stop Shop Limited	19,002,115	13,048,264
Purchase of parent stock from Cobb Africa	(542,832)	(737,016)
Specialized purchases from Irvine's Africa Poultry (Pty) Ltd	(199,992)	(247,901)
Salaries and other short term benefits to key management personnel	<u>(1,521,281)</u>	<u>(1,236,058)</u>
	<u>16,738,010</u>	<u>10,827,289</u>

Key management compensation

Key management includes Directors, and members of senior management

(b) Due from/ (to) related parties

The amount shown as due to related Company on the statement of financial position represent the outstanding balances arising from trading transactions with Irvines Tanzania One Stop Shop for sale of day old chicks and Cobb Africa for purchase of Parent Stock. The balances are summarised below;

	2022 TZS 000	2021 TZS 000
Balance due to:		
Irvine's Tanzania One Stop Shop Limited (Note 16)	120,772	-
Cobb Africa (Note 16)	-	1,793,236
	<u>120,772</u>	<u>1,793,236</u>
Balance due from:		
Irvine's Tanzania One Stop Shop Limited (Note 13)	-	1,747,562
	<u>-</u>	<u>1,747,562</u>

IRVINES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)**

11. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Financing transactions

Financing transactions relate to borrowings from and loan to related party. The movements in the foregoing accounts is summarised below.

Borrowings balances

	2022	2021
	TZS 000	TZS 000
Borrowings from Buchan Limited		
Non-Current	-	21,722,229
Current	<u>1,636,687</u>	<u>1,484,203</u>
Balance as at 28 February 2022	<u>1,636,687</u>	<u>23,206,432</u>

Loan to related party

	2022	2021
	TZS 000	TZS 000
Irvine's Tanzania One Stop Shop Limited	1,746,215	893,948
Additions	4,812	-
Accrued Interest	227,634	-
Less: Interest received	-	-
Balance as at 28 February	<u>1,978,661</u>	<u>893,948</u>

The loan to a related entity is unsecured, bears an annual interest at 13%, and is payable on demand.

Receivable from shareholders

	2022	2021
	TZS 000	TZS 000
Pietro Stella	371,893	371,893
Fabio Stella	<u>371,893</u>	<u>371,893</u>
Balance as at 28 February	<u>743,786</u>	<u>743,786</u>

12. INVENTORIES

	2022	2021
	TZS 000	TZS 000
Feed stock	350,496	298,178
Medicine, vaccines and chemicals	108,721	192,812
Other consumables	<u>128,152</u>	<u>231,487</u>
	<u>587,369</u>	<u>722,477</u>

IRVINES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

13. BIOLOGICAL ASSETS

	2021 TZS 000	2020 TZS 000
The carrying amounts at 1 March :		
Parent stock		
Opening net book value	3,172,997	1,984,189
Rearing inputs (including additional flocks)	2,914,364	3,699,339
Flock write off during the year	(1,145,161)	(999,694)
Production mortality	(229,967)	(60,957)
Flocks depleted	(3,867,302)	(1,679,404)
Closing net book value	844,931	2,943,473
Bird valuation adjustment	3,908,879	229,524
Total parent stock valuation	4,753,810	3,172,997
Hatching eggs		
Opening value	559,607	1,582,985
Change in fair value less cost to sell	508,774	(1,023,378)
Closing value	1,068,381	559,607
Hatching eggs valuation adjustment	(67,735)	240,525
Total hatching egg valuation	1,000,646	800,132
Total biological asset valuation	5,754,456	3,973,129
Included in profit and loss is a fair value adjustment of :		
Parent stock	3,908,879	229,524
Hatching eggs	(67,735)	240,525
Total fair value gain	3,841,144	470,049

In determining the fair values of biological assets, the directors made certain assumptions about the production and market prices in the next one year. The key assumptions in the determination of the fair value are as follows:

- Selling prices of day hatched eggs will not change significantly within the next one year;
- Demand for hatched eggs will follow the patterns experienced in the past; and
- Diseases will not significantly affect the flock.
- Mortality rate of 10%

The average production period for the biological assets are:

Breeding flock - 65 weeks

Hatching eggs - 3 weeks

IRVINES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)**

14. TRADE AND OTHER RECEIVABLES

	2022	2021
	TZS 000	TZS 000
Trade receivables – related party (note 11 (b))	-	1,747,562
Trade receivables – others	266	587
VAT receivables	-	1,768,540
	<u>266</u>	<u>3,516,689</u>

15. SHARE CAPITAL

	2022	2021
Authorised		
46,667 (2020:46,596) ordinary shares of TZS 360,000 each	<u>16,800,000</u>	<u>16,800,000</u>
Issued		
46,599 (2020:43,736) ordinary shares of TZS 360,000 each	<u>16,775,755</u>	<u>16,775,755</u>

16. BANK LOAN

In 2019 the Company received a secured loan from Stanbic Bank Tanzania Limited to finance capital expenditure relating to construction of breeder farm and hatchery. The loan is denominated in USD with a tenure of 60 months and interest rate of the loan is 10% p.a. The movement of loan is as below:

	2022	2021
	TZS 000	TZS 000
At start of the year	5,286,766	6,606,303
Proceeds received	-	158,112
Loan repayments	(1,511,320)	(1,297,260)
Gain on exchange	(5,123)	(180,389)
	<u>3,770,323</u>	<u>5,286,766</u>

The loan is secured over unlimited corporate guarantee issued by Buchan Limited in favour of Stanbic, a first ranking debenture over all current and future assets of the Company to secure USD 3.75 million, subordination agreement of Buchan's loan for the value of USD 11.5 million with undertaking not to reduce below USD 7.9 million for the period of the facility in favour of Stanbic and a first ranking legal mortgage in favour of Stanbic over all land, buildings, developments, fixtures and improvements on Plots Number 233, 234, 235 and 48 block A all located at Kerege urban area in Bagamoyo registered to cover USD 4 million.

17. TRADE AND OTHER PAYABLES

	2022	2021
	TZS 000	TZS 000
Trade payables – related party (note 11 (b))	120,772	1,793,236
Trade payables – others	395,180	456,661
Salaries payable	274	178,743
Accruals	12,978	798,741
Withholding tax payable	4,034	71,871
Bonus provision	606,083	-
Other payables	227,197	1,271
	<u>1,366,518</u>	<u>3,300,523</u>

IRVINES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

18. FINANCIAL MANAGEMENT

a) Accounting classification and measurement of fair values

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. The Company does not have financial instruments under level 1.

Level 2: Inputs other than quoted prices included within level 1 that are observable either directly or indirectly or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. This category includes trade and other receivables, bank balances, due from related parties, trade payables, and due to related party whose carrying values approximate their fair values due to their short term nature.

Level 3: Inputs that are unobservable. This category includes instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on their valuation. The Company does not have financial instruments under this level.

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy as described above:

	Loans and receivables TZS 000	Other financial liabilities TZS 000	Total TZS 000
2022			
Financial assets			
Trade and other receivables	266	-	266
Loan to related party	1,978,661	-	1,978,661
Receivable from shareholders	743,786	-	743,786
Cash and cash equivalents	300,475	-	300,475
	<u>3,023,188</u>	<u>-</u>	<u>3,023,188</u>
Financial liabilities			
Long term loans and overdraft	-	3,770,323	3,770,323
Short term loan	-	1,636,687	1,636,687
Trade and other payables	-	1,366,518	1,366,518
	<u>-</u>	<u>6,773,528</u>	<u>6,773,528</u>
2021			
Financial assets			
Trade and other receivables	3,516,689	-	3,516,689
Loan to related party	893,948	-	893,948
Receivable from shareholders	743,786	-	743,786
Cash and cash equivalents	187,326	-	187,326
	<u>5,341,749</u>	<u>-</u>	<u>5,341,749</u>
Financial liabilities			
Long term loans and overdraft	-	27,223,288	27,223,288
Short term loan	-	1,484,203	1,484,203
Other payables	-	3,300,523	3,300,523
	<u>-</u>	<u>32,008,014</u>	<u>32,008,014</u>

IRVINES TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)**

18. FINANCIAL MANAGEMENT (CONTINUED)

b) Financial risk management

The Company 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 Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables and due from related party.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of a particular financial asset.

Included in other receivables are sundry debtors, prepayments, deposits, Value Added Tax (VAT) and withholding tax receivable. These are not having standard credit characteristics; they differ depending on either specific terms governing the receivable or the creditworthiness of entity/person from which they are to be received.

Amounts due from related parties are from the Company's ultimate parent Company, and other group Companies. It's unlikely that the group Companies will default to meet its contractual obligation; directors believe that there is no exposure to credit risk attached to it.

Category of the receivables as defined by IAS 39, 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.

	2022	
	TZS 000	
	Loans & receivables	Exposure to credit risk
Trade and other receivables	266	598
	266	598

IRVINES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

18. FINANCIAL MANAGEMENT (CONTINUED)

b) Financial risk management (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as 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 Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

All liquidity policies and procedures are subject to review and approval by the Company's Board of directors.

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

	Carrying amount TZS 000	Contractual cash flows TZS 000	Within 1 Year TZS 000	More than 1 year TZS 000
2022				
Long term borrowing and overdraft	3,770,323	3,770,323	-	3,770,323
Short term borrowing	1,636,687	1,636,687	1,636,687	-
Trade and other payables	1,366,518	1,366,518	1,366,518	-
	<u>6,773,528</u>	<u>6,773,528</u>	<u>3,003,205</u>	<u>3,770,323</u>
2021				
Long term borrowing and overdraft	27,223,288	27,223,288	-	27,223,288
Short term borrowing	1,484,203	1,484,203	1,484,203	-
Trade and other payables	3,300,523	3,300,523	3,300,523	-
	<u>32,008,014</u>	<u>32,008,014</u>	<u>4,784,726</u>	<u>27,223,288</u>

There is low liquidity risk on the amounts due to related parties, as settlement can be rearranged and terms of obligations can be renegotiated by virtue of the parties' relationship, and at under arm's length. Low liquidity risk is also attached to the trade and other payables-outside the group as the Company ensures that they are followed up and settled immediately when they fall due.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk can further be divided into currency risk and interest rate risk.

IRVINES TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022 (CONTINUED)

18. FINANCIAL MANAGEMENT (CONTINUED)

b) Financial risk management (Continued)

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the company, the Tanzania shillings (TZS). The currencies in which these transactions are primarily denominated are US Dollars (USD). All of the Company's customers are invoiced in TZS which is the Company's functional currency. No currency risk is therefore attached to trade receivable. Other receivables and cash and cash equivalents are also primarily denominated in TZS.

Borrowings from related parties are primarily denominated in USD. There is currency exposure with respect to these borrowings. The Company strategy towards managing its foreign currency exposure is through transacting mainly using its functional currency. 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 yearend date.

A sensitivity analysis in relation to net exposure for a 5% strengthening of the USD against TZS.

The rate of exchange as at 28 February 2022 is USD 1 = TZS 2,333 strengthening of USD against TZS by 5% means the effect on exchange rate will be USD 1 = TZS 2,450.

Balances denominated in USD	2022	2021
	TZS 000	TZS 000
Cash and cash equivalents	(18,925)	(28,088)
Borrowing from the related parties	<u>(3,770,323)</u>	<u>(21,722,229)</u>
Net exposure	<u>(3,789,248)</u>	<u>(21,750,317)</u>
Increase/(decrease) in equity	<u>(189,462)</u>	<u>(1,087,516)</u>
Increase/(decrease) in profit or loss	<u>(189,462)</u>	<u>(1,087,516)</u>

19. SUBSEQUENT EVENTS

The Directors confirm that there were no events subsequent to the period up to the date of this report that required either a disclosure or an adjustment in the financial statements.

20. CAPITAL COMMITMENT

The directors confirm that the Company does not have any capital commitment that was contracted for but not provided for as at 28 February 2022.

21. CONTINGENT LIABILITIES

The Directors are not aware of any other contingent liabilities against the Company as at date of this report.

22. ULTIMATE HOLDING COMPANY

The Company's ultimate holding company is Buchan Limited, a company registered and incorporated in Mauritius as private limited company.