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DAR-ES-SALAAM, TANZANIA

LAKE OIL LIMITED

P.O.BOX 5055

DAR ES SALAAM

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

MAIN OFFICE:

Jamhuri Street, P.O.Box 14452, Ilala District, Dar es Salaam, Tanzania.

LAKE OIL LIMITED

P.O.BOX 5055

DAR-ES-SALAAM

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

LAKE OIL LIMITED**COMPANY INFORMATION**

DIRECTORS	Name	Remarks
	Mr. Zacky Faisal Nahdi Mr. Herilotu Boniface Sitayo	Indonesian Tanzanian
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	LAKE OIL LIMITED P.O. Box 5055 Plot No. 46 Kigamboni Area, Temeke District Dar es Salaam Tanzania	
AUDITOR	MPA BUSINESS ASSOCIATES P.O. Box 14452 Jamhuri Street, Ilala Dar es Salaam, Tanzania	
BANKERS	CRDB Tanzania Limited National Bank Microfinance Bank Dar-Es-Salaam Tanzania	
COMPANY SECRETARY	Heriolotu Boniface Sitayo P.O.Box 14110 Dar-Es-Salaam	

LAKE OIL LIMITED

DIRECTORS REPORT

The directors of LAKE OIL LIMITED (the “Company” or “Company”) present the report and the audited financial statements of LAKE OIL LIMITED for the financial year ended 31ST DECEMBER 2023, which disclose the state of affairs of the Company.

1. INCORPORATION AND REGISTRATION

The Company was incorporated in Tanzania under the Companies Act 2002 of the laws of Tanzania. The Company obtained a certificate of compliance in accordance with the Tanzanian Companies Act, 2002.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is to carry on business of importation and marketing of Refined Petroleum Products.

3. VISION

To be the leading Oil Marketing Company, having a major market share in Tanzania and to expand into international markets.

4. MISSION

To satisfying client’s requirement within the budget and to continuously increase our knowledge and experience that would qualify LAKE OIL LIMITED to participate in international markets.

5. DIRECTORS

The directors of the Company who served the Company during the year and to the date of this report are indicated on page 1.

6. CORPORATE GOVERNANCE

The directors believe that high standards of corporate governance directly influence the confidence of the Company’s stakeholders including clients and investors. In keeping with this commitment, the Company has established appropriate mechanisms and policies.

The Board of Directors (“the Board”) of the Company takes overall responsibility for the Company and the Company as whole, including the 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 the Company complies with sound corporate governance principles.

LAKE OIL LIMITED DIRECTORS

REPORT continues...

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

7. FINANCIAL RESULTS

The financial results for the year are set out in the statement of profit or loss and other comprehensive income.

8. 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 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 the Company's assets;
- Compliance with applicable laws and regulations;
- Reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behavior towards all stakeholders.

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

9. SOLVENCY AND GOING CONCERN

The directors confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The directors have reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. The Company has received a letter of support from the shareholders that they will provide necessary financial support to enable the Company meet its liabilities as and when they fall due. The shareholders have also confirmed that it is committed to the Company and shall not cause the closing of the Company in the foreseeable future.

10. EMPLOYEE BENEFIT PLAN

The Company contributes to National Social Security Fund (NSSF) on mandatory basis. The Company's liability is limited to 10% of employee gross salaries.

LAKE OIL LIMITED

DIRECTORS REPORT continues...

11. EMPLOYEE WELFARE

The relationship between management and the employees remained cordial throughout the year. The Company provides training to its employees as and when required.

12. HEALTH AND SAFETY

The Company takes reasonable and practicable steps to safeguard health, safety and welfare of its employees. A safe working environment is ensured for employees and customers by providing adequate and proper personal protective equipment, training and supervision as necessary.

13. AUDITOR

The auditor, MPA BUSINESS ASSOCIATES, has expressed willingness to continue in office in accordance with requirement of Section 170(2) of the Companies Act, 2002.

BY ORDER OF THE BOARD



Director

26th Nov 2024

LAKE OIL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Tanzanian Companies Act 2002 requires the directors to prepare financial statements for each financial year that present fairly the state of financial 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 in the manner required by the Tanzanian Companies Act, 2002. The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

The directors are of the opinion that the financial statements present fairly the state of the financial affairs of the Company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Company will continue to receive financial support from the company and will realize its assets and discharge its liabilities in the ordinary course of business.

The financial statements were approved and authorized for issue by the Board of Directors on 26th Nov 2024 and were signed on its behalf by:



Director

LAKE OIL LIMITED
DECLARATION BY THE HEAD OF
FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power conferred to it 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 responsible for the preparation of the 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's financial position and performance in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under the Statement of Directors' Responsibilities on the previous page.

I being the Head of Finance of LAKE OIL LIMITED (Tanzania Company) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31ST DECEMBER 2023 have been prepared in accordance with International Financial Reporting Standards and the of the Tanzanian Companies Act, 2002. requirements

I thus confirm that the financial statements give a true and fair view position of LAKE OIL LIMITED as on that date and that they have been prepared based on properly maintained financial records.

Signature: 

Position: Chief Accountant

NBAA Membership No: GA 4263

Date: 26TH NOV 2024



MPA Business Associates

Certified Public Accountants

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DAR-ES-SALAAM, TANZANIA

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LAKE OIL LIMITED **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the financial statements of LAKE OIL LIMITED ("the Company") set out on pages 11 to 28, which comprise the statement of financial position as at 31ST DECEMBER 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the financial statements present fairly, in all material respects, the financial position of the LAKE OIL LIMITED as at 31ST DECEMBER 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2002 of Tanzania.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Proprietor in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other Information included in the Director's 2023 Annual Report

The other information comprises the Director Information, Director' Report, Statement of Director' Responsibilities and the Declaration by the Head of Finance. The other information does not include the financial statements and our auditor's report thereon. The Director are responsible for the other information.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LAKE OIL LIMITED TRANSPORT (Continued)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance 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 Director for the Financial Statements

The Director are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania, and for such internal control as the Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Director are responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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 scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LAKE OIL LIMITED (Continued)

- 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 Company.
- Conclude on the appropriateness of the Company's 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 auditor's 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 auditor's 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 the 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.

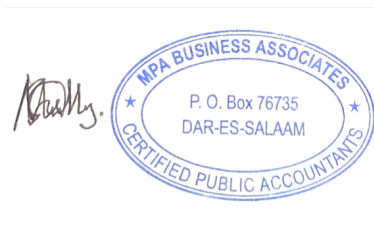
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LAKE OIL LIMITED (Continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

As required by the Companies Act, 2002 of Tanzania, we report to you, based on our audit, that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- ii. In our opinion, proper books of account have been kept by the Directors, so far as appears from our examination of those books;
- iii. The Directors' Report is consistent with the financial statements;
- iv. Information specified by law regarding Directors' remuneration and transactions with the Directors are disclosed; and
- v. The Director's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



CPA *Musa coronery*

CERTIFIED PUBLIC ACCOUNTANTS PP
DAR ES SALAAM
26th NOV 2024

LAKE OIL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2023

	Notes	2023 TZS	2022 TZS
Revenue		997,207,415,069	817,066,073,844
Cost of sales		942,759,890,206	767,941,283,460
Gross profit	(A)	54,447,524,863	49,124,790,384
Administration and establishment expenses	7	27,495,439,145	25,167,298,798
Selling and distribution expenses	8	1,140,197,625	735,989,841
Financial expenses	9	21,128,079,213	20,486,297,200
	(B)	49,763,715,983	46,389,585,839
Profit before tax	(A-B)	4,683,808,880	2,735,204,545
Tax		-	-
Profit after tax		4,683,808,880	2,735,204,545

The financial statements were approved and authorized for issue by the Board of Directors
On 26th Nov 2024 and were signed on its behalf by:



Director

LAKE OIL LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2023

	Notes	2023 TZS	2022 TZS
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipments	12	81,149,129,522	73,459,453,646
Capital work in progress		682,937,290	1,523,876,897
		81,832,066,812	74,983,330,543
CURRENT ASSETS			
Inventories		24,889,337,913	12,588,497,858
Trade and other receivables	10	56,363,010,644	38,866,949,060
Cash & cash equivalents	11	32,622,877,971	10,078,440,296
		113,875,226,528	61,533,887,214
TOTAL ASSETS		195,707,293,340	136,517,217,756
EQUITY & LIABILITIES			
CAPITAL AND RESERVES			
Share capital		1,000,000,000	1,000,000,000
Retained earnings		(73,091,972,248)	(77,775,781,127)
Shareholder's loan		1,491,017,887	1,491,017,887
		(70,600,954,361)	(75,284,763,240)
NON CURRENT LIABILITIES			
Borrowings	14	102,930,765,198	119,436,816,760
		102,930,765,198	119,436,816,760
CURRENT LIABILITIES			
Trade & other payables	13	49,416,243,913	33,018,319,861
Bank facility	15	113,961,238,590	59,346,844,376
		163,377,482,503	92,365,164,237
TOTAL EQUITY & LIABILITIES		195,707,293,340	136,517,217,756

The financial statements were approved and authorized for issue by the Board of Directors
On **26th Nov 2024** and were signed on its behalf by:



Director

LAKE OIL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2023

2023	SHARE CAPITAL	LOAN FROM DIRECTORS	RETAINED EARNINGS	TOTAL
Balance as at 01.01.2023	1,000,000,000	1,491,017,887	(77,775,781,127)	(75,284,763,240)
Profits/Loss for the year 2023	-	-	4,683,808,880	4,683,808,880
Loans from Directors	-	-	-	-
Balance as at 31.12.2023	1,000,000,000	1,491,017,887	(73,091,972,248)	(70,600,954,361)

The financial statements were approved and authorized for issue by the Board of Directors on 26th Nov 2024 and were signed on its behalf by:



Director

LAKE OIL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2023

	2023	2022
	TZS	TZS
Operating Activities		
Profit/(Loss) Before Tax	4,683,808,880	2,735,204,545
Adjustments for:		
Prior period adjustments		-
Depreciation and Amortization	5,664,429,869	5,682,965,044
Operating Profit/ (Loss) before changes in Working Capital	10,348,238,749	8,418,169,589
Changes in Working Capital:		
- Inventories	(12,300,840,055)	7,978,955,857
- Trade & Other Receivables	(17,496,061,584)	46,639,570,867
- Trade & Other Payables	16,397,924,052	(7,805,227,836)
Cash Generated from/(used in) Operations	(3,050,738,838)	55,231,468,478
Tax Paid		-
Net Cash Generated from Operations	(3,050,738,838)	55,231,468,478
Investing Activities		
Purchase of Property, Plant & Equipment	(13,354,105,745)	(3,474,743,496)
(Increase) / Decrease in Capital Work in Process	840,939,607	2,369,966,461
Net Cash Used in Investing Activities	(12,513,166,138)	(1,104,777,035)
Financing Activities		
Increase/ (Decrease) in Borrowings	(16,506,051,562)	(37,329,886,753)
Increase/ (Decrease) in Bank Working capital facility	54,614,394,215	(9,770,200,866)
Net Cash Generated from/(used in) Financing Activities	38,108,342,653	(47,100,087,619)
(Decrease)/Increase in Cash & Cash Equivalents	22,544,437,677	7,026,603,824
Movement in Cash & Cash Equivalents		
At start of the year	10,078,440,295	3,051,836,471
(Decrease) / Increase	22,544,437,677	7,026,603,824
At End of the Year	32,622,877,972	10,078,440,295

The financial statements were approved and authorized for issue by the Board of Directors on 26th Nov 2024 and were signed on its behalf by:

Director

LAKE OIL LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

LAKE OIL LIMITED (the “Company”), is a company incorporated in Tanzania. The Company is carrying on business in Tanzania after complying with the requirements of the Companies Act, 2002 of Tanzania.

The address of the registered office and principal place of business of the Company are disclosed on Page 1. The principal activities of the Company are described in the report of the Directors.

2. BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except where otherwise stated. The financial statements are presented in Tanzania Shillings (TZS).

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2002 of Tanzania.

2.2 Going concern

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Company will continue its activities for the foreseeable future and the shareholders will extend their support as and when required and will realize its assets and discharge its liabilities in the ordinary course of business.

2. CHANGES IN ACCOUNTING POLICIES

(a) New and amended standards effective for the current reporting period

The accounting policies adopted are consistent with those used in the previous year. The new and amended standards and interpretations that became effective for the Company during the year did not have any impact on the accounting policies, financial position or performance of the Company.

(b) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company’s financial statements are described below. This description is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company is still assessing the possible impact.

- IFRS 17 Insurance Contracts (Effective 1 January 2023)

The Company expects that adoption of the other new and amended standards and interpretations that have been issued but not yet effective will in most cases not to have any significant impact on the Company's financial position or performance in the period when they become effective.

LAKE OIL LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Plant and equipment

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated so as to write off the cost of equipment on a straight-line basis, over the estimated useful lives to the estimated residual value. Useful lives, residual values and depreciation methods are reviewed on an annual basis with the effect of any changes in estimate accounted for on a prospective basis. Residual values are measured as the estimated amount currently receivable for an asset if the asset were already of the age and condition expected at the end of its useful life.

Each significant component included in an item of property and equipment is separately recorded and depreciated. The estimated useful lives of assets at time of acquisition are estimated as follows:

Land	0%
Plant and machinery	12.5%
LPG cylinder	12.5%
Office equipment	12.5%
Computers and accessories	12.5%
Motor vehicles	25%

Maintenance and repairs, which neither materially add to the value of the assets nor appreciably prolong their useful lives, are recognised as an expense in the period incurred. Minor equipment items are also recognised as an expense during the period incurred.

Profits or losses on the retirement or disposal of plant and equipment, determined as the difference between the actual proceeds and the carrying amount of the assets, are recognised in profit or loss in the period in which they occur. The date of disposal is determined as the date on which the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the proceeds on the sale can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Translation of foreign currencies

The Company's financial statements are presented in Tanzania Shillings (TZS), which is also the functional currency of the Company. Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognized in the profit or loss in the period in which they arise except for exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowing.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

LAKE OIL LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income tax

Current income tax

Current income tax assets and liabilities for the current period 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 or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

LAKE OIL LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services 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 as part of the expense item, as applicable.
- Receivables and payables are stated with the amount of value added tax included

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

Financial assets

Initial recognition and measurement

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 as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular purchases and sales of financial assets are recognized on the trade date, which is the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification. All the Company's financial statements are classified as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable.

Subsequently, loans and receivables are carried at amortized cost using the effective interest rate method.

De-recognition

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired or where the Company has transferred substantially all risks and rewards of ownership.

LAKE OIL LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually 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 group 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 recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original 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 recognised in profit or loss.

When a receivable is uncollectible, it is written off against the related provision for receivables impairment. Such receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for receivables impairment in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

Financial liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, financial liabilities measured at amortized cost, 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.

Financial liabilities are recognized initially at fair value and in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables and amounts due to related parties.

LAKE OIL LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial liabilities

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost

After initial recognition, interest bearing borrowings and trade and other payables are subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in profit or loss when the financial liabilities are derecognized as well as through the amortization process.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognizing of the original liability and the recognition of a new liability, and the difference in the respective carrying value is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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 realize the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and cash and short-term deposits with an original maturity of three months.

Employment benefits

Post-employment benefit obligations

All Company's employees are members of the National Social Security Fund ("NSSF") which is a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company and employees both contribute 10% of the employee's salaries to the pension funds. The contributions are recognised as employee benefit expense when they are due.

Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

LAKE OIL LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (Continued)

In the application of the Company's accounting policies, the management of the Company is required to make judgments, estimates and assumptions in the determination of the carrying amounts of asset and liabilities which are not readily apparent from other sources. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas of judgement in applying the Company's accounting policies are dealt with below:

Operating lease commitments – Company as lessee

The Company has entered into lease agreements for office space and residential premises. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the leased assets and the present value of the minimum lease payments not amounting to substantially all of the fair value of the leased assets, that it does not take on all the significant risks and rewards of ownership of the leased assets and accounts for the arrangements as operating leases.

Impairment losses

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Useful life of property and equipment

Estimates are made by directors in determining the useful lives and residual values to equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Taxes

The Company is subjected to a number of taxes and levies by various government and quasi-government regulations bodies. As a rule of thumb, the Company recognises liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgement is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of managements in one way or other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

Percentage of completion

Due to uncertainties in the process of estimating the progress toward completion of uncompleted contracts and the costs to completion, it is possible that the actual contract losses will be different and the differences may be material.

LAKE OIL LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including credit risk and the effects of foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

The overall risk management is carried out by the Company under the Finance Department using policies approved by the Board of Directors. The Company has policies in place to ensure that services are provided to customers with an appropriate credit history.

The significant risks to which the Company is exposed are credit risk, liquidity risk, and market risk which is mainly due to foreign exchange risk and interest rate risk.

a) Credit risk

Credit risk is managed on Company-wide basis. Credit risk arises from deposits with banks, as well as trade and other receivables. The Company does have specific credit limit controls for each and every customer and there are clearly defined debt collection procedures.

The amount that best represents the Company's maximum exposure to credit risk is made up as follows:

	TZS	TZS
	2023	2022
Bank balances	32,622,877,971	10,078,440,296
Trade and other receivables	56,363,010,644	38,971,996,259
TOTAL	88,985,888,615	49,050,436,555

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations from financial liabilities. The Finance Department is tasked with the responsibility of ensuring that all foreseeable funding commitments can be met when due, and that the Company will not encounter difficulty in meeting obligations from its financial liabilities as they occur. The Board of Directors directs the Company's Finance Department to coordinate and ensure discipline and sufficient liquidity under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. All the Company's liabilities are due on demand.

LAKE OIL LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (Continued)

c) Market risk

i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from currency exposures, primarily in respect of the United State Dollar (USD). The Company has financial assets and liabilities denominated in USD.

Foreign currency sensitivity analysis

During the year ended 31ST DECEMBER 2023, the TZS remained relatively stable against USD. The directors have assessed that basing on the changes in the TZS:USD rate during the year, foreign currency sensitivity was not significant.

ii) Interest rate risk

The Company is not exposed to interest rate risk as it has no significant interest bearing financial instruments.

d) Capital management

Capital management is done by the management of the company

6. FINANCIAL INSTRUMENTS BY CATEGORY

All the Company's financial assets are in the category of loans and receivables while the financial liabilities are in the category of financial liabilities at amortized.

LAKE OIL LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2023	2022
	TZS	TZS
7 Administration and establishment expenses		
<u>Employment expenses</u>		
Salaries, wages & other costs	5,018,392,377	4,991,500,993
NSSF	501,839,238	499,150,099
Skills & development levy	199,273,834	197,958,163
Staff welfare expense	1,532,082,389	1,372,745,729
Medical expense	28,349,859	15,237,674
Staff uniform	108,237,488	76,234,677
Staff leave	12,934,738	9,734,732
Work permit charges	183,478,292	100,069,790
Total A	7,584,588,215	7,262,631,858
<u>Administrative expenses</u>		
Licence and subscription fees	273,463,744	256,327,484
Rent & rates	1,523,623,726	1,019,904,629
Printing & stationery	318,273,838	549,064,234
Telephone and internet charges	102,984,874	125,972,618
Fuel expenses- m/vehicle running expenses	1,392,038,494	1,093,273,832
Donations	276,348,349	254,373,931
Electricity expense	932,653,484	849,630,407
Insurance	1,653,484,689	1,416,982,026
Petrol Station expense	1,736,547,484	1,238,607,083
Audit & accountancy fees	70,000,000	57,940,625
Office general expenses	656,283,261	562,345,546
Travelling and transport expense	952,637,239	873,826,272
Fines and penalties	353,785,973	384,647,222
Fire and rescue account	-	12,848,783
Security charges	982,364,727	876,457,362
Postage charges	6,728,364	5,762,353
Repairs and maintenance others	1,625,332,263	1,425,234,332
Repairs & maintenance - motor vehicles	75,162,353	72,637,362
Repairs & maintenance - office & office Equipment	35,276,464	43,728,326
Repairs & maintenance - plant and machinery	563,478,172	465,236,353
Legal & professional fees	189,627,830	213,363,733
Depreciation	5,664,429,869	5,682,965,044
Generator expense	526,325,733	423,537,384
Total B	19,910,850,930	17,904,666,941
Administration and establishment expenses (A + B)	27,495,439,145	25,167,298,798

LAKE OIL LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2023	2022
	TZS	TZS
8 Selling and distribution expenses		
Sales commission	772,649,278	573,463,473
Advertising	367,548,347	162,526,368
Total	1,140,197,625	735,989,841
9 Finance expenses		
Bank interest loan account	15,584,955,029	16,279,777,190
Foreign exchange currency losses	2,102,394,744	195,217,138
Bank charges	3,440,729,440	4,011,302,872
Total	21,128,079,213	20,486,297,200
	2023	2022
	TZS	TZS
10 Trade and other receivables		
Trade receivables	36,241,378,879	19,886,737,876
Dues from associates	19,462,678,212	18,364,479,483
TanESCO & other deposits	1,704,000	1,704,000
Prepaid rent and rates, insurance	4,524,273	3,103,823
Staff loan & advances	652,725,280	610,923,878
Total	56,363,010,644	38,866,949,060

LAKE OIL LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 Cash and Cash equivalent	2023	2022
	TZS	TZS
Amana bank Tsh	5,714,134.00	5,834,134
Amana bank Usd	468256.5	670,749
AZANIA BANK - USD	322,634,211.00	481,206
AZANIA BANK - TZS	10,985,157.00	4,778,193
ABSA Tsh	253,880,007.29	2,448,230,997
ABSA USD	-51,522,061.50	3,820,369
BOA bank - 2018350003	179,444,386.57	1,069,409
BOA bank - Usd	7,293,380,613.00	1,843,213,537
NCBA Tshs	1,744,360.06	9,185,839
NCBA Usd	498,562,408.50	573,552,541
NCBA USD New	147,865,702.50	-
NCBA Tshs New	958,923,074.44	2,981,058,948
CRDB bank Tshs	9,155,482,748.08	1,640,101,529
CRDB bank USD	8,463,600,322.50	-
Diamond Trust Bank - Tshs	373,743,419.01	8,531,513
Diamond Trust Bank - USD	1,104,787.50	996,475
ECO bank	-	6,747,272
ECO bank Usd	-	17,089,874
Exim bank Tshs	15,648,820.74	1,809,621
Exim bank Usd	2,681,452.50	2,798,985
Equity bank Tshs	4,49,05,028.51	15,01,99,978.93
Equity bank USD	38,471,161.50	53,843,299
KCB bank Tshs	-30,000.00	869,500
KCB bank Usd	2,120,682.00	(46,000)
NBC bank Tshs	311,151,836.81	120,595,896
NBC bank Usd	11,523,118.50	-
NMB mlimani	2,446,476,473.15	311,305,378
NMB Bank- USD	19,015,248.00	14,489,080
Stanbic bank Tshs	13,831,879.25	3,656,508
Stanbic bank USD	711,322.50	88,182
Bank ABC Tshs	-	1,846,684
UBA bank Tshs	-	952,262
UBA bank USD	-	858,314
Cash A/c - Tshs	2,145,264,450	20,010,000
Total	32,622,877,971	10,078,440,296

LAKE OIL LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. PROPERTY, PLANT AND EQUIPMENT

Fixed Assets	Plots	Trucks, Trailers & Excels	Fuel Dispensers	Furniture, Fittings and equipments	Motor Cycle	Vehicles	Buildings & Fuel Tanks	Motor Vehicle - Saloons	Generator	Computer	Petrol Stations	Total
<i>Cost</i>												
At 01.01.2023	19,499,242,047	6,620,357,137	3,727,377,993	1,600,243,932	131,934,800	1,322,335,728	39,172,128,187	2,791,114,665	1,640,425,461	875,002,816	41,904,390,273	119,284,553,039
Additions	2,374,823,012		879,238,094	790,100,830	25,627,390	301,292,398	3,572,847,990	427,482,909	572,839,309	45,274,905	4,364,578,908	13,354,105,745
Disposals												
Transfer												
At 31.12.2023	21,874,065,059	6,620,357,137	4,606,616,087	2,390,344,762	157,562,190	1,623,628,126	42,744,976,177	3,218,597,574	2,213,264,770	920,277,721	46,268,969,181	132,638,658,784
At 01.01.2021	14,275,542,047	6,620,357,137	2,690,263,807	1,565,100,859	54,089,831	1,203,674,408	35,815,980,460	2,791,114,665	805,303,886	832,620,219	28,106,200,205	94,760,247,524
At 01.01.2022	18,998,742,047	6,620,357,137	3,162,872,085	1,575,980,521	119,087,305	1,203,674,408	38,489,754,693	2,791,114,665	1,224,531,440	862,270,142	40,761,425,101	115,809,809,544
Additions	500,500,000	-	564,505,909	24,263,411	12,847,495	118,661,320	682,373,494	-	415,894,021	12,732,674	1,142,965,172	3,474,743,496
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-	-	-	-	-
At 31.12.2022	19,499,242,047	6,620,357,137	3,727,377,993	1,600,243,932	131,934,800	1,322,335,728	39,172,128,187	2,791,114,665	1,640,425,461	875,002,816	41,904,390,273	119,284,553,040
<i>Accumulated Depreciation</i>												
At 01.01.2023	-	6,502,580,012	2,222,753,400	1,362,086,473	67,621,257	972,244,788	8,628,835,067	2,678,421,405	874,633,981	798,789,022	21,717,133,989	45,825,099,393
Depreciation for the year	-	29,444,281	486,060,910	158,301,969	19,281,810	140,248,905	1,616,485,856	122,413,018	263,052,784	32,947,120	2,796,193,217	5,664,429,869
At 31.12.2023	-	6,532,024,293	2,708,814,310	1,520,388,441	86,903,066	1,112,493,693	10,245,320,923	2,800,834,423	1,137,686,765	831,736,142	24,513,327,207	51,489,529,262
At 01.01.2022	-	6,463,320,970	1,815,296,187	1,286,744,555	48,324,658	867,413,940	6,613,475,959	2,610,805,449	758,001,495	763,870,532	18,914,880,604	40,142,134,349
Depreciation for the year	-	39,259,042	407,457,213	75,341,918	19,296,599	104,830,848	2,015,359,108	67,615,956	116,632,486	34,918,490	2,802,253,385	5,682,965,044
At 31.12.2022	-	6,502,580,012	2,222,753,400	1,362,086,473	67,621,257	972,244,788	8,628,835,067	2,678,421,405	874,633,981	798,789,022	21,717,133,989	45,825,099,393
CARRYING AMOUNT												
At 31.12.2023	21,874,065,059	88,332,844	1,897,801,777	869,956,321	70,659,124	511,134,433	32,499,655,254	417,763,151	1,075,578,005	88,541,578	21,755,641,974	81,149,129,522
At 31.12.2022	19,499,242,047	117,777,126	1,504,624,593	238,157,459	64,313,544	350,090,940	30,543,293,120	112,693,260	765,791,480	76,213,794	20,187,256,283	73,459,453,646

LAKE OIL LIMITED
FOR THE YEAR ENDED 31ST DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2023	2022
	TZS	TZS
13 Trade and other payables		
Trade payables	34,448,559,149	20,137,396,725
Statutory dues	13,378,362,727	11,564,695,164
NSSF payable	86,539,062	165,734,559
PAYE & SDL payable	28,967,292	21,253,569
Withholding tax payable	13,560,968	17,535,556
Workers compensation fund	2,163,477	2,543,760
VAT payable	61,209	14,236,233
Audit fees payable	82,600,000	20,000,000
Bank interest payable	1,276,765,460	987,684,566
Salary & wages payable	98,664,569	87,239,729
Total	49,416,243,913	33,018,319,861
14 Borrowings		
BOA term loan	-	1,420,452,740
CBA term loan	77,400,869,228	118,016,364,020
TDB Term Loan	25,529,895,971	-
Total	102,930,765,198	119,436,816,760
15 Bank facility		
Bank LC outstanding	113,961,238,590	59,346,844,376
Total	113,961,238,590	59,346,844,376

16. CAPITAL COMMITMENTS

The Company had no capital commitments contracted for or authorized but not contracted for capital commitments as at year-end (2023: None).

17. FAIR VALUE

The directors consider that there is no material difference between the fair value and carrying value of the Company's financial assets and liabilities due to the short term nature of the financial instruments.

18. EVENTS AFTER THE REPORTING PERIOD

There were no events after the end of the reporting period which require disclosures in or adjustment to the financial statements.