

**HONLE ELECTRIC EAST AFRICA LIMITED
DAR ES SALAAM
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022**

HONLE ELECTRIC EAST AFRICA LIMITED

DAR ES SALAAM

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

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HONLE ELECTRIC EAST AFRICA LIMITED

DAR ES SALAAM

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

CORPORATE INFORMATION

Directors

FENG JUN FENG
QIN YONG YANG
CAO XIN ZIHI

Registered Office

New Bgamoyo Road
Mbezi Beach Area
P.O.BOX 76350
Kinondoni ,DSM

Accountants

MKUKI CONSULTANTS
Certified Public Accountants
Dar es salaam

HONLE ELECTRIC EAST AFRICA LIMITED
DAR ES SALAAM
REPORT OF THE DIRECTORS

1 INTRODUCTION

The Directors has pleasure present this Report and the Audited financial statements for the year ended 31 st December 2022, which disclose the state of affairs of the company.

2 STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Companies act 2002, requires the directors to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the company as at the end of financial yeay and of its profit or loss for that period, it also requires the directors to ensure that the company maintains proper accounting records, that disclose with reasonable accuracy at any time the financial position of the company. Directors are Also responsible for safeguarding the assets of the company and hence take reasonable steps for prevention and detection of frauds and other irregularities.

3 PRINCIPAL ACTIVITIES

The Principal activity of the company is that of imanufarcuring,mport and sale of electrical items.

4 RESULTS

The results for the period and the appropriation thereof are set out on page 5

5 STAFF WELFARE

(a) Medical

The business provides for incidental medical treatment expenses arising in the course of their duties

(b) Financial assistance to employees

The business gives financial assistance to employees in form of loans and advances depending on the financial ability of the business.

6 EFFORTS TO SECURE NATIONAL BENEFITS AND GOALS

The business supports the national economy by striving to purchase goods at the most competitive rates in the international and local markets in order to meet local demand.

7 ADMINISTRATIVE EFFICIENCY

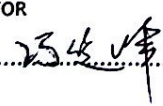
All statutory dues and financial obligations were paid regularly and within stipulated time and business assets are adequately insured.

8 AUDITORS

The Auditors, MKUKI CONSULTANTS, have expressed their willingness to be re-appointed for next year.

BY ORDER OF THE BOARD

DIRECTOR

Date..........

21/09/2023



MKUKI CONSULTANTS

Dealers In: Preparation of Financial Statements, Auditors,
Debt management Services and Tax Consultancy
P.O. Box 1827, Dar es Salaam

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF HONLE ELECTRIC EAST AFRICA LIMITED

We have audited the accompanying financial statements HONLE ELECTRIC EAST AFRICA LIMITED which comprise, Statement of Financial Position as at 31st December 2022, Statement of Comprehensive Income, Statement of Changes in Equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. We obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of audit.

Directors' responsibility for the financial statements

As described in the Statement of Directors' Responsibilities, Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Tanzanian Companies Act 2002. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

Matters Affecting Opinion

In common with many businesses of similar size and organization, the business's system of internal control and financial sustainability is dependent upon close involvement of the Directors. Where independent confirmation of the completeness of accounting records was therefore not available, we have accepted assurances from the Directors that all the Company's transactions have been reflected in the accounting records and adequately supported by relevant third-party documents. Also, where independent confirmation of the future financial sustainability of the business is uncertain, we have accepted assurances from the Directors that the business will be able to secure financial resources to enable it to continue trading as a going concern in the unforeseeable future.

Opinion

Except for the matter described in the paragraph above. In our opinion, proper books of accounts have been kept and the financial statements which agree therewith, give a true and fair view of HONLE ELECTRIC EAST AFRICA LIMITED Statement of Financial Position as at 31st December 2022, Statement of Comprehensive Income, Statement of Changes in Equity and the cash flow for the year then ended in accordance with International Financial Reporting standards.


MKUKI CONSULTANTS
AUDITORS & CERTIFIED ACCOUNTANTS IN PUBLIC PRACTICE



Date 

All correspondence should be addressed to the Chief Executive Officer

HONLE ELECTRIC EAST AFRICA LIMITED

STATEMENT OF PROFIT OR LOSS

AS AT **31 DECEMBER 2022**

	Notes	<u>2022</u> Tshs.	<u>2021</u> Tshs.
<u>INCOME</u>			
Turnover		3,996,218,789	2,320,076,664
Direct Costs	8	3,650,873,147	2,103,475,631
Gross Profit		345,345,642	216,601,033
<u>LESS: EXPENDITURE</u>			
Employment	9	76,839,750	39,782,400
Establishment	10	105,054,299	108,033,094
Administration	11	65,443,194	38,762,366
Financial charges	12	4,325,600	4,325,600
		251,662,843	190,903,460
Net profit/(Loss) Before tax		<u>93,682,798</u>	<u>25,697,573</u>
Income Tax Expense	16	28,465,043	7,781,272
Net profit/(Loss) after tax		65,217,755	17,916,301
Add: Retained profit (loss) B/fwd		70,073,628	52,157,327
Retained Profit/(Loss) C/fwd to next year		<u>135,291,384</u>	<u>70,073,628</u>

Nb:These notes forms part of the financial statements

HONLE ELECTRIC EAST AFRICA LIMITED

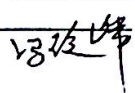
STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

<u>ASSETS</u>	NOTES	<u>2022</u>	2021
<u>Non current assets</u>		<u>Tshs.</u>	<u>Tshs.</u>
Property, Plant and Equipments	14	108,924,609	122,206,908
<u>Current assets</u>			
Bank & Cash	3	65,743,150	197,006,504
Debtors & prepayments	4	434,532,145	1,102,688,800
Closing stock		88,765,400	208,765,400
		<u>589,040,695</u>	<u>1,508,460,704</u>
Total assets		<u>697,965,304</u>	<u>1,630,667,612</u>
<u>EQUITY AND LIABILITIES</u>			
<u>Capital and Reserves</u>			
Authorized Share Capital:1,000 @ 800,000		<u>800,000,000</u>	<u>800,000,000</u>
Paid up Capital		500,000,000	500,000,000
Reserve & Surplus - (Profit and Loss Account)		135,291,383	70,073,628
		<u>635,291,383</u>	<u>570,073,628</u>
<u>Current liabilities</u>			
Creditors	5	8,670,165	1,033,055,271
Taxation	6	54,003,756	27,538,713
		<u>62,673,921</u>	<u>1,060,593,984</u>
Total Equity and liabilities		<u>697,965,304</u>	<u>1,630,667,612</u>

Above statement of Financial Position includes all our Assets and Liabilities of Business. No expenses of personal or Capital nature have been charged against revenue account. The stock is valued at cost or net realizable value, whichever is lesser. To the best of my knowledge and belief, the above statement of financial position gives a true and fair view of the state of affairs of the business.

DIRECTOR
DATED:

 21/09/2023

HONLE ELECTRIC EAST AFRICA LIMITED

STATEMENT OF CASH FLOW

31 DECEMBER 2022

	2022	2021
	<u>Tshs.</u>	<u>Tshs.</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit before tax	93,682,798	25,697,573
Adjustment for: Depreciation	20,886,299	23,865,094
Prior year Tax underprovision	-	-
Operating profit before Working Capital Changes	<u>114,569,097</u>	<u>49,562,667</u>
Working Capital changes:		
(Increase)/Decrease in debtors	668,156,655	(758,144,687)
Increase/(Decrease) in creditors	(1,024,385,106)	966,615,130
(Increase)/Decrease in Stock	<u>120,000,000</u>	<u>(100,000,000)</u>
	<u>(236,228,451)</u>	<u>108,470,443</u>
Cash generated from operations	(121,659,354)	158,033,110
Less: Tax paid during the year-Provisional	(2,000,000)	(2,000,000)
NET CASH FLOW FROM OPERATING ACTIVITIES	A <u><u>(123,659,354)</u></u>	<u><u>156,033,110</u></u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	(7,604,000)	-
NET CASHFLOW FROM INVESTING ACTIVITIES	B <u><u>(7,604,000)</u></u>	<u><u>-</u></u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Share Capital	-	-
NET CASH FLOW FROM FINANCING	C <u><u>-</u></u>	<u><u>-</u></u>
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS A+B+	<u><u>(131,263,354)</u></u>	<u><u>156,033,110</u></u>
Cash & Cash equivalent as at the beginning of the year	197,006,508	40,973,398
Cash & Cash equivalent as at the end of the year	<u><u>65,743,150</u></u>	<u><u>197,006,508</u></u>

HONLE ELECTRIC EAST AFRICA LIMITED

STATEMENT OF CHANGES IN OWNERS EQUITY

31 DECEMBER 2022

	Share capital	Retained earnings	Total Equity
	TZS	TZS	TZS
Share capital At 01 January 2022	500,000,000	-	500,000,000
Retained earning b/forward	-	70,073,628	70,073,628
Profit/(Loss) for the year 2022	<u>-</u>	<u>65,217,755</u>	<u>65,217,755</u>
Retained earning at the end 2022	<u>500,000,000</u>	<u>135,291,383</u>	<u>635,291,383</u>
Share Capital	500,000,000	-	500,000,000
Retained earning b/forward	-	52,157,327	52,157,327.00
Profit for the year 2021	<u>-</u>	<u>17,916,301</u>	<u>17,916,301</u>
Retained earning at the end 2021	<u>500,000,000</u>	<u>70,073,628</u>	<u>570,073,628</u>

HONLE ELECTRIC EAST AFRICA LIMITED

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANCE OF ACCOUNTING POLICIES

General Information

Honle Electric East Africa Ltd is a limited liability company incorporated in Tanzania. The principal activities of the business is that of import and sale of electrical items. The address of its registered office and principal place of business is at Mahando street Plot no 885. Msasani Beach, Kinondoni district, Dsm .

2 Basis of preparation and accounting policies

These financial statements have been prepared in accordance with the International financial Reporting Standards for Small and Medium -sized entities Issued by the International Accounting standards board, They are prepared in Currency units of Tanzanian Shillings

a Accounting Convention

As in the previous years the financial statement have been prepared under the historical cost convention. A summary of more important accounting policies is set out below.

b Property, Plant and Equipment

Items of Property, Plant & Equipment are measured at cost less depreciation, continuing existence and usage of fixed assets is certified by the Management.

c Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives on reducing installment basis, The following annual rates are used for this purpose

Motor Vehicle	25.00% p.a
Furniture & Fittings	12.50% p.a
Computers & Accessories	37.5% p.a

If there is an indication that there has been a significant change in depreciation rate, useful life, or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

d Inventories.

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is Calculated using first in, first out (FIFO Method)

HONLE ELECTRIC EAST AFRICA LIMITED

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS....Cont

e Trade and other receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest

f Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade Payables denominated in a foreign currency are translated into Tanzania Shillings at Reporting date Foreign Exchange gains or losses are included in other income .

g Bank loans and overdrafts

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

h Related Party Transactions & Balances

Directors and key management remuneration
Short term employee benefits

	Salary	Bonus	NSSF	Total
CAO XIN ZIHI	33,696,000	-	3,369,600	37,065,600
FENG JUN FENG	-	-	-	-
QIN YONG YANG	-	-	-	-
Total	33,696,000	-	-	33,696,000

Key management personnel are described as those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any directors of the Company.

3 REGROUPINGS

Previous years figures have been re-grouped/re-arranged whenever necessary so as to make them comparable with current year figures.

	2022 Tshs.	2021 Tshs.
4 CASH AND BANK BALANCE		
Cash in hand and bank balance	65,743,150	197,006,504
	<u>65,743,150</u>	<u>197,006,504</u>
5 DEBTORS & PREPAYMENT		
VAT Recoverable	-	-
Trade debtors	434,532,145	1,102,688,800
	<u>434,532,145</u>	<u>1,102,688,800</u>
6 CREDITORS & ACCRUALS		
Trade Creditors	-	1,027,723,606.00
City service levy	-	-
Audit fees	300,000	300,000
Book-keeping fees	1,200,000	1,200,000
NSSF	6,922,500	3,584,000
PAYE & SDL	247,665	247,665
	<u>8,670,165</u>	<u>1,033,055,271</u>
7 TAXATION		
Balance as at 1st January	27,538,713	21,757,441
Provision for the year	28,465,043	7,781,272
Less:Tax paid during the year	(2,000,000)	(2,000,000)
Balance at the end	<u>54,003,756</u>	<u>27,538,713</u>

HONLE ELECTRIC EAST AFRICA LIMITED**31 DECEMBER 2022****OPERATING EXPENSES**

	2022 Tshs.	2021 Tshs.
8 Direct Costs		
Opening Stock	208,765,400	108,765,400
Purchases & Related costs	3,530,873,147	2,203,475,631
Closing Stock	<u>(88,765,400)</u>	<u>(208,765,400)</u>
	<u><u>3,650,873,147</u></u>	<u><u>2,103,475,631</u></u>
9 Employment		
Salaries & Wages	69,225,000	35,840,000
NSSF	6,922,500	3,584,000
WCF Expenses	<u>692,250</u>	<u>358,400</u>
	<u><u>76,839,750</u></u>	<u><u>39,782,400</u></u>
10 Establishment		
Rent	84,168,000	84,168,000
Depreciation	<u>20,886,299</u>	<u>23,865,094</u>
	<u><u>105,054,299</u></u>	<u><u>108,033,094</u></u>
11 Administration		
Book-keeping fees	2,640,000	2,640,000
Parking	12,430	12,430
Printing & stationeries	1,261,500	1,825,000
Audit fee	300,000	300,000
Stamp duty	841,680	841,680
City service levy	11,988,656	6,960,230
Advertising & Marketing	875,600	875,600
Transportation cost	18,879,500	2,435,870
Fuel,oil & lubricants	1,556,854	4,312,007
Machinery repair & Maintenance	543,287	543,287
Security services	10,500,000	10,500,000
Meal	7,307,650	564,320
Travelling & accomodation	347,800	765,400
Legal & Professional services	101,695	0
Electricity & Water	3,786,542	3,786,542
Registration,Certification & licensing	2,900,000	600,000
Telephone ,Postages & Internet Expenses	<u>1,600,000</u>	<u>1,800,000</u>
	<u><u>65,443,194</u></u>	<u><u>38,762,366</u></u>
12 Financial		
Bank Charges	<u>4,325,600</u>	<u>4,325,600</u>
	<u><u>4,325,600</u></u>	<u><u>4,325,600</u></u>

HONLE ELECTRIC EAST AFRICA LIMITED

DAR ES SALAAM

FINANCIAL STATEMENTS

FOR THE YEAR ENDING DECEMBER 2022

NOTES (Continued)

14 FIXED ASSETS:

	<u>Office Equipments</u>	<u>Motor Vehicles</u>	<u>Computer & Accessories</u>	<u>Furnitures & Fittings</u>	<u>Total</u>
<u>COST</u>					
At 1st January 2022	132,127,310	67,570,000	5,960,000	4,550,000	210,207,310
Additions	-	-	2,249,000	5,355,000	7,604,000
Disposals/Transfer	-	-	-	-	-
As at 31 December 2022	<u>132,127,310</u>	<u>67,570,000</u>	<u>8,209,000</u>	<u>9,905,000</u>	<u>217,811,310</u>
<u>DEPRECIATION</u>					
At 1st January 2022	43,612,335	39,063,906	3,822,305	1,501,855	88,000,402
Charge for the period	11,064,372	7,126,523	1,645,011	1,050,393	20,886,299
Eliminated in disposal	-	-	-	-	-
As at 31 December 2022	<u>54,676,707</u>	<u>46,190,430</u>	<u>5,467,316</u>	<u>2,552,248</u>	<u>108,886,701</u>
<u>NET BOOK VALUE</u>					
As at 31 December 2022	<u>77,450,603</u>	<u>21,379,570</u>	<u>2,741,684</u>	<u>7,352,752</u>	<u>108,924,609</u>
As at 31 December 2021	<u>88,514,975</u>	<u>28,506,094</u>	<u>2,137,695</u>	<u>3,048,145</u>	<u>122,206,908</u>

HONLE ELECTRIC EAST AFRICA LIMITED

31 DECEMBER 2022

15 WEAR & TEAR SCHEDULE

	<u>Office Equipments</u>	<u>Motor Vehicles</u>	<u>Furniture & Fittings</u>	<u>Computer & Accessories</u>	<u>TOTAL</u>
<u>COST</u>					
At 1st Jan 2022	132,127,310	67,570,000	4,550,000	5,960,000	210,207,310
Additions	-	-	5,355,000	2,249,000	7,604,000
Disposals	-	-	-	-	-
As at 31st December 2022	<u>132,127,310</u>	<u>67,570,000</u>	<u>9,905,000</u>	<u>8,209,000</u>	<u>217,811,310</u>
Wear & Tear Allowance					
Claimed upto 1st January	43,612,335	39,063,906	1,501,855	3,822,305	88,000,402
Annual rate for the year	11,064,372	7,126,523	1,050,393	1,645,011	20,886,299
50% for additions					-
Total W & T for the year	<u>54,676,707</u>	<u>46,190,430</u>	<u>2,552,248</u>	<u>5,467,316</u>	<u>108,886,701</u>
Net Book Value 2022	<u>77,450,603</u>	<u>21,379,570</u>	<u>7,352,752</u>	<u>2,741,684</u>	<u>108,924,609</u>

HONLE ELECTRIC EAST AFRICA LIMITED**31 DECEMBER 2022**

16 COMPUTATION FOR PROVISION OF TAX	Tshs. 2022	Tshs. 2021
Profit / (Loss) as per accounts	93,682,798	25,697,573
Add:		
Travelling & accomodation 40%	1,160,000	240,000
Meal 40%	40,678	-
Depreciation	20,886,299	23,865,094
	<u>115,769,775</u>	<u>49,802,667</u>
Less:		
Wear & Tear Allowance	15 20,886,299	23,865,094
Adjusted profit /(Loss) before tax	<u>94,883,476</u>	<u>25,937,573</u>
Adjusted Profit before Tax	94,883,476	25,937,573
Corporation Tax - Provision	16 28,465,043	7,781,272
Adjusted profit/(Loss) after tax	<u>66,418,433</u>	<u>18,156,301</u>
TAX LIABILITY		
Corporation Tax - Provision	16 28,465,043	7,781,272
Less:		
Tax Credit b/f	27,538,713	21,757,441
Tax Paid during the year	(2,000,000)	(2,000,000)
Tax Provision for the year	<u>54,003,756</u>	<u>27,538,713</u>
17 WEAR & TEAR SCHEDULE		
W. D. V. as at 01.01.2022	210,207,310	210,207,310
Addition during the year	-	-
Total	<u>210,207,310</u>	<u>210,207,310</u>
Less Wear & Tear:		
On opening	88,000,402	64,135,308
Charged for the year	20,886,299	23,865,094
On addition @ 50%	-	-
Total	<u>108,886,701</u>	<u>88,000,402</u>
W.D.V. as at 31.12.2022	<u>101,320,609</u>	<u>122,206,908</u>