

KWAIKWAI ENTERPRISE CO. LIMITED

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



**Kwaikwai Enterprise Co. Limited,
Annual financial report,
For the year ended 31 December 2022**

COMPANY INFORMATION

Managing Director

Mr. Chongli Zhao

Tongshan,Hubei
P. O. Box 43,
Dadou , Plot 60
China, People's Republic Of,
Email: 1289765437@Qq.Com

Registered office

Street Lindi, Road Uhuru, Plot
number20, Block number 2,
P. O. Box 105858
Dar es Salaam-Tanzania
Email: 1289765437@qq.com

Auditor

Moria Associates
Certified Public Accountants
P.O. Box 13975
Dar es Salaam
Email:infomoriaassociates@gmail.com

Company secretary

Mr. Chongli Zhao

Tongshan,Hubei
P. O. Box 43,
Dadou , Plot 60
China, People's Republic Of,
Email: 1289765437@Qq.Com

**Kwaikwai Enterprise Co. Limited,
Annual financial report,
For the year ended 31 December 2022**

INTRODUCTION

The Board of Directors for Kwaikwai Enterprise Co. Limited submit their report and financial statements for the year ended **31 December 2022**, which disclose the state of affairs of the Company.

ESTABLISHMENT

Kwaikwai Enterprise Co. Limited was incorporated on 13 April 2018 under the Companies Act 2002 and began trading in the same year as a whole seller of the stationery item.

DIRECTORS

The Directors of the Company who held office during the accounting period are:

	Name		Nationality
1.	Mr. Chongli Zhao	-	Chinese
2.	Mr. Suhua Lin	-	Chinese

INCORPORATION

The Company is domiciled in Tanzania where it is incorporated as a private Company limited by shares under the Tanzanian Companies Act 2002.

PRINCIPAL ACTIVITIES

The main activity of the Company is to import and sell stationery items.

PERFORMANCE FOR THE YEAR

Financial position

a) Property and equipment

The carrying value of the Company's property and equipment as of **31 December 2022** was TZS 43,581,711 (2022: TZS 55,790).

b) Trade and other receivables

During the year the trade and other Receivables was TZS 61,245,524 (2022: TZS 8,302,759).

c) Inventory

The Company had a closing inventory amounting to TZS 159.9 million as of **31 December 2022** (2022: Other payables TZS 34.7 million).

d) Trade and other payables

The Company had a trade and other payables amounting to TZS 43.7 million as of **31 December 2022** (2022: Other payables TZS 4.9 million).

e) Shareholders advance

The company shareholders advance had amounting to TZS 341 million as of **31 December 2022**(2022: shareholders advance TZS 101.9 million) to counter the effect of TRA Assessment liability. The loan is free interest.

Statement of Comprehensive Income

a) Revenue

The revenue decreased by 17% to TZS 2.2 billion during the year compared to previous year of TZS 2.67 billion. The increase was due to decrease in volumes of shoes sold.

b) Cost of sales

Cost of sales increased by 82% during the year to TZS 2.6 billion compared to the previous year that recorded TZS 1.4 billion. This was due to decrease in cost of cargo imported during the year.

c) Administrative and operating expenses

Administrative expenses decreased by 30% during the year to TZS 34.6 million compared to the previous year that recorded TZS 43.9 million. This was due to decrease of various cost centers forming operating expenses as shown under Note 10. Notable reduction of cost was noted in city levy.

d) Staff costs

Employee benefits costs decreased by 72% during the year to TZS 7.9 million compared to the previous year that recorded TZS 28.1 million. This is due to the deliberate decrease in staff numbers.

GOING CONCERN ASSUMPTION

The Directors confirm that the 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 confidence that Kwaikwai Enterprise Co. Limited has adequate asset to continue in operational existence for the foreseeable future.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this report.

DIVIDENDS

The Directors do not recommend dividends in respect of the year ended **31 December 2022**.

CORPORATE GOVERNANCE

Code of corporate practice and conduct

Kwaikwai Enterprise Co. Limited is committed to the principles of effective corporate governance and the Board is of the opinion that the Company currently complies with principles of good corporate governance.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control system 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:

- The effectiveness and efficiency of operations
- The safeguarding of the company's assets
- Compliance with applicable laws and regulations
- The reliability of accounting records
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is depended 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 and is of the opinion that they met the accepted criteria.

EMPLOYEES WELFARE

Management and employees' relationship

The relationship between the Management and employees was good. There were no unresolved complaints received by Management from the employees during the year.

ACCOUNTING POLICIES

A summary of key accounting policies is in Note 1 to the financial statements and were consistently applied during the period under review.

EVENTS AFTER REPORTING PERIOD

During the year ended 31st December 2023 there were no significant event after reporting date

AUDITORS

Messrs Moria Associates, have expressed their willingness to continue in office in accordance with section 180(2) of Tanzania Company Act, 2002.

Kwaikwai Enterprise Co. Limited,
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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Tanzania Companies Act No.12 of 2002 requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for that year. It also requires the Directors to ensure that the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls 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.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by 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 operating results. The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control. Nothing has come to the attention of the Directors to indicate that the Kwaikwai Enterprise Co. Limited will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by board of directors for issue in June 6, 2024 and signed on its behalf by:



Chongli Zhao
Chairperson



Suhua Lin
Director

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KWAIKWAI ENTERPRISE CO.
LIMITED**

Opinion

We have audited the financial statements of the Kwaikwai Enterprise Co. Limited which comprise of the Statement of financial position as at 31st December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Financial Position of Kwaikwai Enterprise Co. Limited 31st December 2023, and its Financial Performance and Cash Flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. 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 company in accordance with the ethical requirements that are relevant to our audit of the financial, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 management;
- 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

Responsibilities of Management and Those Charged with Governance for the Financial Statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Conclusions relating to going concern

We have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Kwaikwai Enterprise Co. Limited's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorized for issue.

Kwaikwai Enterprise Co. Limited,
Independent auditor's report,
For the year ended 31 December 2022.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereof.

Use of this report

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.



CPA, Daudi Abdallah



Moria Associates,

Certified Public Accountants in Public Practice,

Dar es Salaam,

12, 02, 2022.

Kwaikwai Enterprise Co. Limited,
Independent auditor's report,
For the year ended 31 December 2022.

STATEMENT OF FINANCIAL POSITION

	Notes	2022 Tzs	2021 Tzs
ASSETS			
Non current assets			
Fixed assets	2	43,581,711	55,790
Current assets			
Trade and other receivables	3	61,245,524	8,302,759
Cash and cash equivalent	4	29,785,470	2,970,332
Inventory		159,919,894	34,682,311
		250,950,889	45,955,402
		-	-
Total assets		294,532,600	46,011,192
REPRESENTED BY			
Equity			
Share capital	5	30,000,000	30,000,000
Retained earnings		(121,244,064)	(90,953,945)
		(91,244,064)	(60,953,945)
Non current liabilities			
Shareholder advance	6	341,984,577	101,984,577
Current liabilities			
Trade and other payables	7	43,792,088	4,980,561
		-	-
Total liabilities and equity		294,532,600	46,011,192

The significant accounting policies on pages 12 and the notes on pages 16 to 20 form an integral part of these financial statements.

These financial statements have been approved by the Board of Directors and signed on behalf by:


Director

Date:

13/3/2023

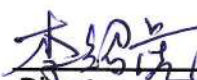
Kwaikwai Enterprise Co. Limited,
Independent auditor's report,
For the year ended 31 December 2022.

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022 Tzs	2021 Tzs
Revenue	8	2,224,376,271	2,667,242,152
Less			
Cost of Goods Sold	9	2,209,796,767	2,572,588,073
Gross Profit		<u>14,579,504</u>	<u>94,654,079</u>
Administrative expenses	10	34,640,290	49,328,126
Staff cost	11	7,920,000	28,080,000
Finance costs	12	920,000	745,623
Depreciation on property, plant and equipment	2	<u>1,389,333</u>	<u>33,474</u>
Total expenses		<u>44,869,623</u>	<u>78,187,223</u>
Profit/(loss) before tax		(30,290,120)	16,466,855
Tax charge		-	<u>4,940,057</u>
Profit/(loss) for the year		<u>(30,290,120)</u>	<u>11,526,799</u>

The significant accounting policies on pages 12 and the notes on pages 16 to 20 form an integral part of these financial statements.

These financial statements have been approved by the Board of Directors and signed on behalf by:


Director

Place:
Date 13/3/2023


Kwaikwai Enterprise Co. Limited,
Independent auditor's report,
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STATEMENT OF CHANGES IN EQUITY

	Share capital Tzs	Retained earnings Tzs	Total Tzs
For the year ended 31 December 2022			
At start of the year	30,000,000	(90,953,945)	(60,953,945)
Previous years' TRA assessment	-	-	-
Profit/(loss) for the year	-	(30,290,120)	(30,290,120)
At end of the year	<u>30,000,000</u>	<u>(121,244,064)</u>	<u>(91,244,064)</u>
For the year ended 31 December 2021			
At start of the year	30,000,000	(102,480,743)	(72,480,743)
Previous years' TRA assessment	-	-	-
Profit/(loss) for the year	-	11,526,799	11,526,799
At end of the year	<u>30,000,000</u>	<u>(90,953,945)</u>	<u>(60,953,945)</u>

The significant accounting policies on pages 12 and the notes on pages 16 to 20 form an integral part of these financial statements.

These financial statements have been approved by the Board of Directors and signed on behalf by:



Director

Date:

13/3/2023.

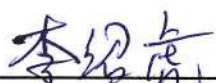
Kwaikwai Enterprise Co. Limited,
Independent auditor's report,
For the year ended 31 December 2022.

STATEMENT OF CASH FLOWS

	Notes	2022 Tzs	2021 Tzs
Operating activities			
Profit/(loss) before tax		(30,290,120)	16,466,855
Adjustments for:			
Prior year Adjustment :Previous years' TRA assessment		-	-
Depreciation on fixed assets	2	1,389,333	33,474
Operating loss before working capital changes		(28,900,786)	16,500,329
(Increase)/Decrease in Receivables		(52,942,765)	32,603,111
(Increase)/Decrease in Inventory		(125,237,583)	17,311,074
Increase/(Decrease) in Payables		38,811,527	(55,740,214)
Less: Tax		-	(4,940,057)
Net cash from operating activities		(168,269,608)	5,734,244
Investing activities			
Cash paid for purchase of fixed assets	2	(44,915,254)	-
Net cash used in investing activities		(44,915,254)	-
Financing activities			
Increase/(Decrease) in shareholders advance	5	240,000,000	(8,000,000)
Net cash from financing activities		240,000,000	(8,000,000)
(Decrease)/increase in cash and cash equivalents		26,815,138	(2,265,756)
Movement in cash and cash equivalents			
At start of the year		2,970,332	5,236,088
(Decrease)/increase in cash and cash equivalents		26,815,138	(2,265,756)
At end of the year	4	29,785,470	2,970,332

The significant accounting policies on pages 12 and the notes on pages 16 to 20 form an integral part of these financial statements.

These financial statements have been approved by the Board of Directors and signed on behalf by:


Director

Date: 13/3/2023

1.0 GENERAL INFORMATION

Kwaikwai Enterprise Co. Limited is a private limited company incorporated, under the Companies Act 2002, and domiciled in the Republic of Tanzania. The address of its registered office and the principal place of business are:

Lindi street, P.O. Box 105858, DAR ES SALAAM.

1.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board. (IFRS-SME). The financial statements comprise the statement of financial position, statement of profit or loss and other comprehensive income, statements of comprehensive income, statement of changes in equity, statement of cash flows and the notes. Additional information required by the Tanzania Companies Act 2002 were included where necessary.

Historical cost convention

Financial Statements have been prepared under the historical cost convention except where otherwise stated in the accounting policies below.

Foreign currency translation

The financial statements are presented in Tanzania shillings (TZS), which is the Company's functional currency

1.1. a IMPROVEMENTS TO IFRSS

i. New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

- IFRS 17 Insurance Contracts
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- Definition of Accounting Estimates - Amendments to IAS 8

These amendments do not have a significant impact on these Financial Statements and therefore the disclosures have not been made.

Early adoption of standards

The company did not early-adopt any new or amended standards or interpretations during the financial period under review.

The following is a summary of the amendments early-adopt any new or amended standards or interpretations- Annual reporting periods beginning on or after 1 January 2024

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

1.2 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of discounts, volume rebates and sales-related taxes.

Sale of goods

Revenue is recognized when the goods are delivered and the significant risks and rewards of ownership have passed to the buyer.

1.3 INCOME TAX

Current tax for current and prior periods is, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Tax Expense

Income tax expense represents the sum of the tax currently payable for the current period. The tax currently payable is based on taxable profit for the year.

1.4 PROPERTIES, PLANT AND EQUIPMENT

Property, plant and equipment are tangible items that:

- Are held for use in the production or supply of goods and services, for rental to others or for administrative purposes; and
- Are expected to be used during more than one period. Items of property, plant and equipment are initially recognized at cost. Costs include all costs incurred to bring the asset to the condition necessary for it to be capable of operating in the manner intended by management.

Kwaikwai Enterprise Co. Limited
Accounting Policies and Explanatory Notes to the Financial
Statements for the year ended 31st December 2022 (Continued...)

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

Depreciation is charged so as to allocate the costs of the asset less their residue values over their estimated useful lives, using the reducing balance method. The following principal annual rates are used.

Item	Rate of Depreciation
Computer and Printer	37.5%
Motor Vehicle	37.5%
Motor Vehicle	12.5%

1.5.0 CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

1.5. INVENTORY

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

1.6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

1.7. RECEIVABLES

Trade receivables are measured at fair value, less provision for impairment.

1.8. TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized at fair value.

1.9 EMPLOYEE BENEFITS

Short Term Employee Benefits The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognized in the period in which the service is rendered and are not discounted.

1.0.0 ISSUED SHARE CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.1.1 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if the party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. There was no related party transaction during the year.

1.1.2 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Legal claims

There are no pending legal claims against Company. Neither is Board of Directors aware of any potential legal claims against Company as well.

Commitments

The Directors are not aware of any significant capital commitments as at the end of period.

1.1.3 EVENTS AFTER REPORTING DATE

The Directors of the Company are not aware of any further events since the date of the end of the reporting period not otherwise dealt with in these financial statements.

1.1.4 COMPARATIVE FIGURES

Previous period figures have been regrouped whenever considered necessary to make them comparable with current year figures.

2 Critical accounting judgements, estimates and assumptions (continued)

Changes in accounting policies

The changes to the IFRS for SMEs became effective for periods beginning on or after 1 January 2017 and was adopted by the Company in the earlier reporting period.

No other changes to the accounting policies were identified and the comparative information has accordingly remained unchanged since the prior reporting period.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down

Income tax

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Kwaikwai Enterprise Co. Limited,
Annual financial report,
For the year ended 31 December 2022*

FIXED ASSET

2. NOTES (CONTINUED)

For the year ended 31 December 2022

	Computers	Motor Vehicle Class I	Motor Vehicle Class III	Total
	Tzs	Tzs	Tzs	Tzs
Cost				
At start of year	585,000	-	-	585,000
Additions	-	25,000,000	19,915,254	44,915,254
Assets classified as held for sale	-	-	-	-
At end of year	<u>585,000</u>	<u>25,000,000</u>	<u>19,915,254</u>	<u>45,500,254</u>
Depreciation				
At start of year	529,210	-	-	529,210
Assets classified as held for sale	-	-	-	-
Charge for the year	<u>20,921</u>	<u>1,027,397</u>	<u>341,015</u>	<u>1,389,333</u>
At end of year	<u>550,131</u>	<u>1,027,397</u>	<u>341,015</u>	<u>1,918,543</u>
Net book value	<u><u>34,869</u></u>	<u><u>23,972,603</u></u>	<u><u>19,574,239</u></u>	<u><u>43,581,711</u></u>

For the year ended 31 December 2022

	Computers	Motor Vehicle Class I	Motor Vehicle Class III	Total
	Tzs	Tzs	Tzs	Tzs
Cost				
At start of year	585,000	-	-	585,000
Additions	-	-	-	-
At end of year	<u>585,000</u>	<u>-</u>	<u>-</u>	<u>585,000</u>
Depreciation				
At start of year	495,736	-	-	495,736
Charge for the year	<u>33,474</u>	<u>-</u>	<u>-</u>	<u>33,474</u>
At end of year	<u>529,210</u>	<u>-</u>	<u>-</u>	<u>529,210</u>
Net book value	<u><u>55,790</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>55,790</u></u>

*Kwaikwai Enterprise Co. Limited,
Annual financial report,
For the year ended 31 December 2022*

NOTES (CONTINUED)

	2023 Tzs	2022 Tzs
3 Trade and other receivables		
VAT	52,185,581	6,242,816
Estimated tax	9,059,943	2,059,943
	<u>61,245,524</u>	<u>8,302,759</u>
4 Cash and cash equivalents		
Cash in hand	1,680,809	-
Cash at bank	28,104,661	2,970,332
	-	-
	<u>29,785,470</u>	<u>2,970,332</u>
5 Share capital		
Issued and fully paid up capital share capital 1,500 Ordinary shares of Tzs 20,000 each	<u>30,000,000</u>	<u>30,000,000</u>
6 Borrowings		
Non current Shareholders advance	101,984,577	109,984,577
	-	-
	101,984,577	109,984,577
Current Shareholders advance	240,000,000	(8,000,000)
	240,000,000	(8,000,000)
Total borrowings	<u>341,984,577</u>	<u>101,984,577</u>
7 Trade and other payables		
Audit fee	1,000,000	1,180,000
City levy	4,745,429	-
Salary and wages	3,800,000	3,800,561
TRA Previous Tax Assessment	34,246,659	-
	<u>43,792,088</u>	<u>4,980,561</u>

*Kwaikwai Enterprise Co. Limited,
Annual financial report,
For the year ended 31 December 2022*

NOTES (CONTINUED)

	2023 Tzs	2022 Tzs
8 Revenue		
Sales	2,224,376,271	2,667,242,152
	<u>2,224,376,271</u>	<u>2,667,242,152</u>
9 Cost of Goods Sold		
Opening Stock	34,682,311	51,993,385
Add: Clearing and Forwarding	33,993,753	32,363,100
CPF	10,053,085	9,658,500
Excise duty	1,886,910	-
Handling, storage and other port charges	-	185,600,200
Import Duty	521,821,580	459,949,821
Purchasing Import	1,698,194,800	1,802,877,799
RDL	30,213,321	29,612,769
Wharfage	38,870,902	35,214,811
Less: Closing Stock	(159,919,894)	(34,682,311)
	<u>2,209,796,767</u>	<u>2,572,588,073</u>
10 Administrative expenses		
Business licence	500,000	400,000
City levy	1,927,700	8,001,726
Fire inspection	300,000	300,000
Insurance	250,000	-
Professional fee	1,000,000	1,180,000
Rent expense	28,160,000	39,446,400
Work permit	2,502,590	-
	<u>34,640,290</u>	<u>49,328,126</u>
11 Staff cost		
NSSF	-	-
Salary & Wages	7,920,000	28,080,000
SDL	-	-
	<u>7,920,000</u>	<u>28,080,000</u>
12 Finance charges		
Bank charges	920,000	745,623
	<u>920,000</u>	<u>745,623</u>