

**KWAIKWAI ENTERPRISE CO. LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> DECEMBER, 2020**



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**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](mailto: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](mailto:1289765437@qq.com)

## **INTRODUCTION**

The Board of Directors for Kwaikwai Enterprise Co. Limited submit their report and financial statements for the year ended 31 December 2020, 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:

|    | <b>Name</b>      |   | <b>Nationality</b> |
|----|------------------|---|--------------------|
| 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 2020 was TZS 142,822 (2019: TZS 356,484).

#### **b) Trade and other receivables**

During the year the Company has no Trade and other Receivables

#### **c) Trade and other payables**

The Company had a Trade and other payables amounting to TZS 27.56 million as of 31 December 2020 (2019: Other payables TZS 5 million).

#### **d) Shareholders Loan**

The Company shareholders had injects amounting to TZS 16.4 million as of 31 December 2020 to counter the effect of COVID 19. The loan is free interest

## Statement of Comprehensive Income

### a) Revenue

The revenue decreased by 2% to TZS 1.15 billion during the year compared to previous year of TZS 1.17 billion. The decrease was due to reduction in volumes of shoes sold and effect of COVID 19 during the year.

### b) Cost of sales

Cost of sales increased by 6% during the year to TZS 1.087 billion compared to the previous year that recorded TZS 1.023 billion. This was due to increase in cost of cargo imported during the year.

### c) Operating expenses

Management went on cost cutting measures during the year under review. Operating expenses decreased by 69% during the year to TZS 44.5 million compared to the previous year that recorded TZS 141.9 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 rent.

### d) Staff costs

Employee benefits costs increased by 55% during the year to TZS 17.6 million compared to the previous year that recorded TZS 11.4 million. This is due to the deliberate increase 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 2020.

## 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 31<sup>st</sup> December 2020 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.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

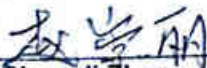
The Tanzania Companies Act No.12 of 2002 requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for that year. It also requires 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 16/6/2021 and signed on its behalf by:

  
\_\_\_\_\_  
Chongli Zhao  
Chairperson

  
\_\_\_\_\_  
Suhua Lin

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

**UNQUALIFIED OPINION**

In our opinion, the accompanying financial statements present fairly, in all material respects, the Financial Position of the Kwaikwai Enterprise Co. Limited 31<sup>st</sup> December 2020, and its Financial Performance and Cash Flows for the year then ended.

**BASIS OF 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 Group 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 our audit of the financial. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**AUDITORS 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal controls. Audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### 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.

### RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

As explained more fully in the executive Director's responsibilities statement, executive committees are responsible for the preparation of the financial statements in accordance with IFRS and for being satisfied that they give a true and fair view, and for such internal control as the executive committee's 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 executive committees are responsible for assessing the association'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 association or to cease operations, or have no realistic alternative but to do so

### 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 thereon.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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.

DAR ES SALAAM  
18/06/2021



*Abdallah*  
Daudi Abdallah  
CERTIFIED PUBLIC ACCOUNTANTS  
- IN PUBLIC PRACTICE

Kwaikwai Enterprise Co. Limited  
 Annual financial report  
 For the year ended 31 December 2020  
**STATEMENT OF FINANCIAL POSITION**

|                                | Notes | 2020<br>Tzs       | 2019<br>Tzs       |
|--------------------------------|-------|-------------------|-------------------|
| <b>ASSETS</b>                  |       |                   |                   |
| <b>Non current assets</b>      |       |                   |                   |
| Fixed assets                   | 2     | 142,822           | 228,516           |
| <b>Current assets</b>          |       |                   |                   |
| Sundry debtors                 | 3     | -                 | 2,000,000         |
| Cash and cash equivalent       | 4     | 851,200           | 10,447,188        |
| Inventory                      |       | 27,526,000        | -                 |
|                                |       | 28,377,200        | 12,447,188        |
|                                |       | -                 | -                 |
| <b>Total assets</b>            |       | <b>28,520,022</b> | <b>12,675,704</b> |
| <b>REPRESENTED BY</b>          |       |                   |                   |
| <b>Equity</b>                  |       |                   |                   |
| Share capital                  | 5     | 30,000,000        | 30,000,000        |
| Retained earnings              |       | (55,452,950)      | (22,356,695)      |
|                                |       | (25,452,950)      | 7,643,305         |
| <b>Non current liabilities</b> |       |                   |                   |
| Shareholder Loan               | 6     | 16,365,649        | -                 |
| <b>Current liabilities</b>     |       |                   |                   |
| Trade and other payables       | 7     | 37,607,323        | 5,032,399         |
|                                |       | 28,520,022        | 12,675,704        |

The significant accounting policies on pages 11 and the notes on pages 15 to 17 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

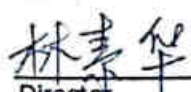
Date: 16/06/2021

STATEMENT OF COMPREHENSIVE INCOME

|   | Notes | 2020<br>Tzs             | 2019<br>Tzs           |
|---|-------|-------------------------|-----------------------|
| Revenue                                       | 7     | 1,154,255,856           | 1,177,466,257         |
| Less  |       |                         |                       |
| Cost of Goods Sold                            | 8     | 1,087,624,736           | 1,023,199,621         |
| <b>Gross Profit</b>                           |       | <u>66,631,120</u>       | <u>154,266,636</u>    |
| Administrative expenses                       | 9     | 62,243,900              | 153,325,399           |
| Finance income/(costs)                        | 10    | -                       | -                     |
| Depreciation on property, plant and equipment | 2     | <u>85,693</u>           | <u>137,109</u>        |
| <b>Total expenses</b>                         |       | <u>62,329,593</u>       | <u>153,462,508</u>    |
| <b>Profit before tax</b>                      |       | 4,301,527               | 804,128               |
| Tax charge                                    |       | <u>1,290,458</u>        | <u>241,238</u>        |
| <b>Profit for the year</b>                    |       | <u><u>3,011,069</u></u> | <u><u>562,889</u></u> |

The significant accounting policies on pages 11 and the notes on pages 15 to 17 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: 16/06/2021

STATEMENT OF CHANGES IN EQUITY

|  | Share capital<br>Tzs | Retained earnings<br>Tzs | Total<br>Tzs        |
|--|----------------------|--------------------------|---------------------|
| <b>For the year ended 31 December 2020</b> |                      |                          |                     |
| At start of year                           | 30,000,000           | (22,356,695)             | 7,643,305           |
| TRA assessment                             |                      | (36,107,323)             | (36,107,323)        |
| Profit for the year                        | -                    | 3,011,069                | 3,011,069           |
| <b>At end of year</b>                      | <b>30,000,000</b>    | <b>(55,452,950)</b>      | <b>(25,452,950)</b> |
| <b>For the year ended 31 December 2019</b> |                      |                          |                     |
| At start of year                           | 30,000,000           | (22,919,584)             | 7,080,416           |
| Loss for the year                          | -                    | 562,889                  | 562,889             |
| <b>At end of year</b>                      | <b>30,000,000</b>    | <b>(22,356,695)</b>      | <b>7,643,305</b>    |

The significant accounting policies on pages 11 and the notes on pages 15 to 17 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: 16/06/2021

Kwaikwai Enterprise Co. Limited  
Annual financial report.  
For the year ended 31 December 2020  
**STATEMENT OF CASH FLOWS**

|  | Notes | 2020<br>Tzs           | 2019<br>Tzs              |
|--|-------|-----------------------|--------------------------|
| <b>Operating activities</b>                          |       |                       |                          |
| Profit before tax                                    |       | 4,301,527             | 804,128                  |
| Adjustments for:                                     |       |                       |                          |
| Depreciation on fixed assets                         | 2     | 85,693                | 137,109                  |
| Operating loss before working capital changes        |       | 4,387,220             | 941,237                  |
| Prior year Adjustment :TRA Assessment                |       | (36,107,323)          | -                        |
| (Increase)/Decrease in Receivables                   |       | 2,000,000             | (1,000,000)              |
| (Increase)/Decrease in Inventory                     |       | (27,526,000)          | -                        |
| Increase/(Decrease) in Payables                      |       | 32,574,924            | 4,532,399                |
| Less: Tax  |       | (1,290,458)           | (241,238)                |
| Net cash from operating activities                   |       | <u>(25,961,637)</u>   | <u>4,232,398</u>         |
| <b>Investing activities</b>                          |       |                       |                          |
| Cash paid for purchase of fixed assets held for sale | 2     | -                     | -                        |
| Net cash used in investing activities                |       | -                     | -                        |
| <b>Financing activities</b>                          |       |                       |                          |
| Increase/(Decrease) in Shareholders loan             | 5     | 16,365,649            | -                        |
| Net cash from financing activities                   |       | <u>16,365,649</u>     | <u>-</u>                 |
| (Decrease)/increase in cash and cash equivalents     |       | <u>(9,595,988)</u>    | <u>4,232,398</u>         |
| <b>Movement in cash and cash equivalents</b>         |       |                       |                          |
| At start of year                                     |       | 10,447,188            | 6,214,791                |
| (Decrease)/increase in cash and cash equivalents     |       | <u>(9,595,988)</u>    | <u>4,232,398</u>         |
| At end of year                                       | 4     | <u><u>851,200</u></u> | <u><u>10,447,188</u></u> |

The significant accounting policies on pages 9 and the notes on pages 11 to 13 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: 16/06/2021

**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/KONGO STREET –KARIAKOO, P.O. Box 105858, DAR ES SALAAM.

**1.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS). 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. Financial Statements have been prepared under the historical cost convention except where otherwise stated in the accounting policies below.

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

**1.1. a Improvements to IFRSs**

**I. New and revised IFRSs mandatorily effective at the end of the reporting period with no material effect on the reported amounts and disclosures in the current or prior year**

The following new or revised IFRSs were mandatorily effective and adopted by Kwaikwai Enterprise Co. Limited 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.

| Name of Standard           | Changes made to the standard  |
|----------------------------|---|
| IFRS17 Insurance Contracts | <p><b>Key requirements</b><br/>                     requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts.</p> <p><b>Impacts</b><br/>                     IFRS 17, together with IFRS 9, will result in profound changes to the accounting in IFRS financial statements for insurance companies. This will have a significant impact on data, systems and processes used to produce information for financial reporting purposes.</p> <p>Applicable to annual reporting periods beginning on or after 1 January 2023.</p> |

|   |   |
|---|---|
| <p>Definition of a Business (Amendments to IFRS 3)</p>                          | <p><b>Key requirements</b><br/>                 They:</p> <ul style="list-style-type: none"> <li>clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;</li> <li>narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;</li> <li>add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;</li> <li>remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and</li> <li>add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.</li> </ul> <p><b>Impact</b><br/>                 Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering the acquisition of a set of activities and assets after first applying the amendments should update their accounting policies in a timely manner.</p> <p>Applicable to annual reporting periods beginning on or after 1 January 2020.</p> |
| <p>Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7</p> | <p><b>Key requirements</b><br/>                 The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR)</p> <p>Effective for annual periods beginning on or after 1 January 2020.</p>   |

**Early adoption of standards**

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

## **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 and deferred tax movement 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.

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.

| <b>Item</b>            | <b>Rate of Depreciation</b> |
|------------------------|-----------------------------|
| Computer and Printer   | 37.5%                       |
| Furniture and Fittings | 12.5%                       |

## **1.5 INVENTORY**

Inventory consisting of traded materials and is stated at the lower of cost (first in, first out method) or net realizable value. Cost includes direct materials and related direct expenses.

**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. LOAN AND 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 SHARE CAPITAL**

The Company has only one class of ordinary shares which is classified as "share capital" in equity.

**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

**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.

FIXED ASSET  
2. NOTES (CONTINUED)

For the year ended 31 December 2020

|                                    | Computers<br>Tzs | Furniture,<br>and fittings<br>Tzs | Water<br>Dispensar<br>Tzs | Total<br>Tzs   |
|------------------------------------|------------------|-----------------------------------|---------------------------|----------------|
| <b>Cost</b>                        |                  |                                   |                           |                |
| At start of year                   |                  |                                   |                           |                |
| Additions                          | 585,000          | -                                 | -                         | 585,000        |
| Assets classified as held for sale | -                | -                                 | -                         | -              |
|                                    | -                | -                                 | -                         | -              |
| <b>At end of year</b>              | <b>585,000</b>   | <b>-</b>                          | <b>-</b>                  | <b>585,000</b> |
| <b>Depreciation</b>                |                  |                                   |                           |                |
| At start of year                   |                  |                                   |                           |                |
| Assets classified as held for sale | 356,484          | -                                 | -                         | 356,484        |
| Charge for the year                | -                | -                                 | -                         | -              |
|                                    | 85,693           | -                                 | -                         | 85,693         |
| <b>At end of year</b>              | <b>442,178</b>   | <b>-</b>                          | <b>-</b>                  | <b>442,178</b> |
| <b>Net book value</b>              | <b>142,822</b>   | <b>-</b>                          | <b>-</b>                  | <b>142,822</b> |

For the year ended 31 December 2019

|                       | Computers<br>Tzs | Furniture,<br>and fittings<br>Tzs | Electrical<br>Dispensar<br>Tzs | Total<br>Tzs   |
|-----------------------|------------------|-----------------------------------|--------------------------------|----------------|
| <b>Cost</b>           |                  |                                   |                                |                |
| At start of year      | 585,000          | -                                 | -                              | 585,000        |
| Additions             | -                | -                                 | -                              | -              |
| <b>At end of year</b> | <b>585,000</b>   | <b>-</b>                          | <b>-</b>                       | <b>585,000</b> |
| <b>Depreciation</b>   |                  |                                   |                                |                |
| At start of year      | 219,375          | -                                 | -                              | 219,375        |
| Charge for the year   | 137,109          | -                                 | -                              | 137,109        |
| <b>At end of year</b> | <b>356,484</b>   | <b>-</b>                          | <b>-</b>                       | <b>356,484</b> |
| <b>Net book value</b> | <b>228,516</b>   | <b>-</b>                          | <b>-</b>                       | <b>228,516</b> |

|  | 2020<br>Tzs       | 2019<br>Tzs       |
|--|-------------------|-------------------|
| <b>3 Trade and other receivables</b>   |                   |                   |
| Estimated tax  | -                 | 2,000,000         |
|  | <u>-</u>          | <u>2,000,000</u>  |
| <b>4 Cash and cash equivalents</b>   |                   |                   |
| Cash in hand   | 851,200           | 10,447,188        |
|  | -                 | -                 |
|  | <u>851,200</u>    | <u>10,447,188</u> |
| <b>5 Share capital</b>   |                   |                   |
| Issued and fully paid up capital share capital<br>1,500 Ordinary shares of Tzs 20,000 each | <u>30,000,000</u> | <u>30,000,000</u> |
| <b>6 Borrowings</b>  |                   |                   |
| Non current<br>Shareholders Loan   | -                 | -                 |
|  | <u>-</u>          | <u>-</u>          |
| Current<br>Shareholders Loan   | 16,365,649        | -                 |
|  | <u>16,365,649</u> | <u>-</u>          |
| <b>Total borrowings</b>  | <u>16,365,649</u> | <u>-</u>          |
| <b>7 Trade and other payables</b>  |                   |                   |
| Tax Assessment   | 36,107,323        | -                 |
| Audit fee  | 1,500,000         | 1,500,000         |
| City Levy  | -                 | 3,532,399         |
|  | <u>37,607,323</u> | <u>5,032,399</u>  |

|                                   | 2020<br>Tzs          | 2019<br>Tzs          |
|-----------------------------------|----------------------|----------------------|
| <b>8 Revenue</b>                  |                      |                      |
| Sales                             | 1,154,255,856        | 1,177,466,257        |
|                                   | <u>1,154,255,856</u> | <u>1,177,466,257</u> |
| <b>9 Cost of Goods Sold</b>       |                      |                      |
| Opening Stock                     | -                    | -                    |
| Add: CPF                          | 3,431,440            | 4,371,376            |
| Exercise Duty                     | 1,637,813            | -                    |
| Import Duty                       | 150,157,660          | 164,699,251          |
| Clearing and Forwarding           | 20,526,535           | 26,243,299           |
| Purchasing Import                 | 929,686,739          | 815,652,035          |
| RDL                               | 9,710,549            | 12,233,660           |
| Insurance                         | -                    | -                    |
| Less: Closing Stock               | (27,526,000)         | -                    |
|                                   | <u>1,087,624,736</u> | <u>1,023,199,621</u> |
| <b>10 Administrative expenses</b> |                      |                      |
| Audit Fee                         | 1,500,000            | 1,500,000            |
| Business Licence                  | 400,000              | 400,000              |
| City levy                         | 2,717,000            | 3,532,399            |
| Fire Inspection                   | 100,000              | 100,000              |
| NSSF                              | -                    | 256,000              |
| Rent Expense                      | 39,240,000           | 135,264,000          |
| Salary & Wages                    | 17,660,000           | 11,400,000           |
| SDL                               | 626,900              | 513,000              |
| TBS                               | -                    | 360,000              |
|                                   | <u>62,243,900</u>    | <u>153,325,399</u>   |
| <b>11 Finance charges</b>         |                      |                      |
| Bank charges                      | -                    | -                    |
|                                   | <u>-</u>             | <u>-</u>             |

**KWAIKWAI ENTERPRISE CO. LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> DECEMBER, 2020**



Zanaki Street, Plot 2229, Block 41, P.O. Box 13975, Dar es Salaam, Tanzania  
Tel: +255 739-323334, Email: infomoriaassociates@gmail.com

**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](mailto:1289765437@Qq.Com)

**Registered office**

Street Lindi, Road Uhuru, Plot  
number 20, Block number 2,  
P. O. Box 105858  
Dar es Salaam-Tanzania  
Email: [1289765437@qq.com](mailto:1289765437@qq.com)

**Auditor**

Moria Associates  
Certified Public Accountants  
P.O. Box 13975  
Dar es Salaam  
Email: [infomoriaassociates@gmail.com](mailto: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](mailto:1289765437@Qq.Com)

## **INTRODUCTION**

The Board of Directors for Kwaikwai Enterprise Co. Limited submit their report and financial statements for the year ended 31 December 2020, 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:

|    | <b>Name</b>      |   | <b>Nationality</b> |
|----|------------------|---|--------------------|
| 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 2020 was TZS 142,822 (2019: TZS 356,484).

#### **b) Trade and other receivables**

During the year the Company has no Trade and other Receivables

#### **c) Trade and other payables**

The Company had a Trade and other payables amounting to TZS 27.56 million as of 31 December 2020 (2019: Other payables TZS 5 million).

#### **d) Shareholders Loan**

The Company shareholders had injects amounting to TZS 16.4 million as of 31 December 2020 to counter the effect of COVID 19. The loan is free interest

## Statement of Comprehensive Income

### a) Revenue

The revenue decreased by 2% to TZS 1.15 billion during the year compared to previous year of TZS 1.17 billion. The decrease was due to reduction in volumes of shoes sold and effect of COVID 19 during the year.

### b) Cost of sales

Cost of sales increased by 6% during the year to TZS 1.087 billion compared to the previous year that recorded TZS 1.023 billion. This was due to increase in cost of cargo imported during the year.

### c) Operating expenses

Management went on cost cutting measures during the year under review. Operating expenses decreased by 69% during the year to TZS 44.5 million compared to the previous year that recorded TZS 141.9 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 rent.

### d) Staff costs

Employee benefits costs increased by 55% during the year to TZS 17.6 million compared to the previous year that recorded TZS 11.4 million. This is due to the deliberate increase 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 2020.

## 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 31<sup>st</sup> December 2020 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.

**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 16/6/2021 and signed on its behalf by:

  
Chongli Zhao  
Chairperson

  
Sullua Lin

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

**UNQUALIFIED OPINION**

In our opinion, the accompanying financial statements present fairly, in all material respects, the Financial Position of the Kwaikwai Enterprise Co. Limited 31<sup>st</sup> December 2020, and its Financial Performance and Cash Flows for the year then ended.

**BASIS OF 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 Group 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 our audit of the financial. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**AUDITORS 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the entity's internal controls. Audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### 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.

### RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

As explained more fully in the executive Director's responsibilities statement, executive committees are responsible for the preparation of the financial statements in accordance with IFRS and for being satisfied that they give a true and fair view, and for such internal control as the executive committee's 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 executive committees are responsible for assessing the association'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 association or to cease operations, or have no realistic alternative but to do so

### OTHER INFORMATION

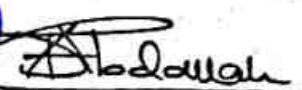
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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.



DAR ES SALAAM  
18/06/2021

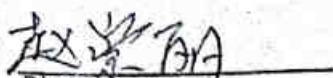
  
Daudi Abdallah  
CERTIFIED PUBLIC ACCOUNTANTS  
- IN PUBLIC PRACTICE

Kwaikwai Enterprise Co. Limited  
 Annual financial report.  
 For the year ended 31 December 2020  
**STATEMENT OF FINANCIAL POSITION**

|                                     | Notes | 2020<br>Tzs       | 2019<br>Tzs       |
|-------------------------------------|-------|-------------------|-------------------|
| <b>ASSETS</b>                       |       |                   |                   |
| <b>Non current assets</b>           |       |                   |                   |
| Fixed assets                        | 2     | 142,822           | 228,516           |
| <b>Current assets</b>               |       |                   |                   |
| Sundry debtors                      | 3     | -                 | 2,000,000         |
| Cash and cash equivalent            | 4     | 851,200           | 10,447,188        |
| Inventory                           |       | 27,526,000        | -                 |
|                                     |       | 28,377,200        | 12,447,188        |
|                                     |       | -                 | -                 |
| <b>Total assets</b>                 |       | <b>28,520,022</b> | <b>12,675,704</b> |
| <b>REPRESENTED BY</b>               |       |                   |                   |
| <b>Equity</b>                       |       |                   |                   |
| Share capital                       | 5     | 30,000,000        | 30,000,000        |
| Retained earnings                   |       | (55,452,950)      | (22,356,695)      |
|                                     |       | (25,452,950)      | 7,643,305         |
| <b>Non current liabilities</b>      |       |                   |                   |
| Shareholder Loan                    | 6     | 16,365,649        | -                 |
| <b>Current liabilities</b>          |       |                   |                   |
| Trade and other payables            | 7     | 37,607,323        | 5,032,399         |
| <b>Total liabilities and equity</b> |       | <b>28,520,022</b> | <b>12,675,704</b> |

The significant accounting policies on pages 11 and the notes on pages 15 to 17 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: 16/06/2021

STATEMENT OF COMPREHENSIVE INCOME

|   | Notes | 2020<br>Tzs       | 2019<br>Tzs        |
|---|-------|-------------------|--------------------|
| Revenue                                       | 7     | 1,154,255,856     | 1,177,466,257      |
| Less  |       |                   |                    |
| Cost of Goods Sold                            | 8     | 1,087,624,736     | 1,023,199,621      |
| <b>Gross Profit</b>                           |       | <u>66,631,120</u> | <u>154,266,636</u> |
| Administrative expenses                       | 9     | 62,243,900        | 153,325,399        |
| Finance income/(costs)                        | 10    | -                 | -                  |
| Depreciation on property, plant and equipment | 2     | <u>85,693</u>     | <u>137,109</u>     |
| <b>Total expenses</b>                         |       | <u>62,329,593</u> | <u>153,462,508</u> |
| <b>Profit before tax</b>                      |       | 4,301,527         | 804,128            |
| Tax charge                                    |       | <u>1,290,458</u>  | <u>241,238</u>     |
| <b>Profit for the year</b>                    |       | <u>3,011,069</u>  | <u>562,889</u>     |

The significant accounting policies on pages 11 and the notes on pages 15 to 17 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:

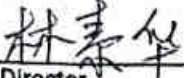
Date: 16/06/2021

Kwaikwai Enterprise Co. Limited  
 Annual financial report.  
 For the year ended 31 December 2020  
**STATEMENT OF CHANGES IN EQUITY**

|  | Share<br>capital<br>Tzs  | Retained<br>earnings<br>Tzs | Total<br>Tzs               |
|--|--------------------------|-----------------------------|----------------------------|
| <b>For the year ended 31 December 2020</b> |                          |                             |                            |
| At start of year                           |                          |                             |                            |
| TRA assessment                             | 30,000,000               | (22,356,695)                | 7,643,305                  |
| Profit for the year                        | -                        | (36,107,323)                | (36,107,323)               |
|  |                          | 3,011,069                   | 3,011,069                  |
| <b>At end of year</b>                      | <b><u>30,000,000</u></b> | <b><u>(55,452,950)</u></b>  | <b><u>(25,452,950)</u></b> |
| <b>For the year ended 31 December 2019</b> |                          |                             |                            |
| At start of year                           |                          |                             |                            |
| Loss for the year                          | 30,000,000               | (22,919,584)                | 7,080,416                  |
|  | -                        | 562,889                     | 562,889                    |
| <b>At end of year</b>                      | <b><u>30,000,000</u></b> | <b><u>(22,356,695)</u></b>  | <b><u>7,643,305</u></b>    |

The significant accounting policies on pages 11 and the notes on pages 15 to 17 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: 16/06/2021

Kwaiwai Enterprise Co. Limited  
Annual financial report.  
For the year ended 31 December 2020  
**STATEMENT OF CASH FLOWS**

|  | Notes | 2020<br>Tzs  | 2019<br>Tzs |
|--|-------|--------------|-------------|
| <b>Operating activities</b>                          |       |              |             |
| Profit before tax                                    |       |              |             |
| Adjustments for:                                     |       | 4,301,527    | 804,128     |
| Depreciation on fixed assets                         | 2     | 85,693       | 137,109     |
| Operating loss before working capital changes        |       | 4,387,220    | 941,237     |
| Prior year Adjustment :TRA Assessment                |       | (36,107,323) | -           |
| (Increase)/Decrease in Receivables                   |       | 2,000,000    | (1,000,000) |
| (Increase)/Decrease in Inventory                     |       | (27,526,000) | -           |
| Increase/(Decrease) in Payables                      |       | 32,574,924   | 4,532,399   |
| Less: Tax  |       | (1,290,458)  | (241,238)   |
| Net cash from operating activities                   |       | (25,961,637) | 4,232,398   |
| <b>Investing activities</b>                          |       |              |             |
| Cash paid for purchase of fixed assets held for sale | 2     | -            | -           |
| Net cash used in investing activities                |       | -            | -           |
| <b>Financing activities</b>                          |       |              |             |
| Increase/(Decrease) in Shareholders loan             | 5     | 16,365,649   | -           |
| Net cash from financing activities                   |       | 16,365,649   | -           |
| (Decrease)/increase in cash and cash equivalents     |       | (9,595,988)  | 4,232,398   |
| <b>Movement in cash and cash equivalents</b>         |       |              |             |
| At start of year                                     |       | 10,447,188   | 6,214,791   |
| (Decrease)/increase in cash and cash equivalents     |       | (9,595,988)  | 4,232,398   |
| At end of year                                       | 4     | 851,200      | 10,447,188  |

The significant accounting policies on pages 9 and the notes on pages 11 to 13 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: 16/06/2021

**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/KONGO STREET –KARIAKOO, P.O. Box 105858, DAR ES SALAAM.**

**1.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS). 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. Financial Statements have been prepared under the historical cost convention except where otherwise stated in the accounting policies below.

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

**1.1. a Improvements to IFRSs**

**i. New and revised IFRSs mandatorily effective at the end of the reporting period with no material effect on the reported amounts and disclosures in the current or prior year**

The following new or revised IFRSs were mandatorily effective and adopted by Kwaikwai Enterprise Co. Limited 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.

| Name of Standard           | Changes made to the standard   |
|----------------------------|--|
| IFRS17 Insurance Contracts | <p><b>Key requirements</b><br/>                     requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts.</p> <p><b>Impacts</b><br/>                     IFRS 17, together with IFRS 9, will result in profound changes to the accounting in IFRS financial statements for insurance companies. This will have a significant impact on data, systems and processes used to produce information for financial reporting purposes.</p> <p>Applicable to annual reporting periods beginning on or after 1 January 2023.</p> |

|  |   |
|--|---|
| <p>Definition of a Business (Amendments to IFRS 3)</p>                         | <p><b>Key requirements</b><br/> They:</p> <ul style="list-style-type: none"> <li>• clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;</li> <li>• narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;</li> <li>• add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;</li> <li>• remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and</li> <li>• add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.</li> </ul> <p><b>Impact</b><br/> Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, most entities will likely not be affected by these amendments on transition. However, entities considering the acquisition of a set of activities and assets after first applying the amendments should update their accounting policies in a timely manner.</p> <p>Applicable to annual reporting periods beginning on or after 1 January 2020.</p> |
| <p>Interest Rate Benchmark Reform- Amendments to IFRS 9, IAS 39 and IFRS 7</p> | <p><b>Key requirements</b><br/> The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).</p> <p>Effective for annual periods beginning on or after 1 January 2021.</p>  |

**Early adoption of standards**

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

**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 and deferred tax movement 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.

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%                |
| Furniture and Fittings | 12.5%                |

**1.5. INVENTORY**

Inventory consisting of traded materials and is stated at the lower of cost (first in, first out method) or net realizable value. Cost includes direct materials and related direct expenses.

**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. LOAN AND 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 SHARE CAPITAL**

The Company has only one class of ordinary shares which is classified as "share capital" in equity.

**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

**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.

FIXED ASSET

2. NOTES (CONTINUED)

For the year ended 31 December 2020

|                                    | Computers<br>Tzs | Furniture,<br>and fittings<br>Tzs | Water<br>Dispensar<br>Tzs | Total<br>Tzs   |
|------------------------------------|------------------|-----------------------------------|---------------------------|----------------|
| <b>Cost</b>                        |                  |                                   |                           |                |
| At start of year                   | 585,000          | -                                 | -                         | 585,000        |
| Additions                          | -                | -                                 | -                         | -              |
| Assets classified as held for sale | -                | -                                 | -                         | -              |
| <b>At end of year</b>              | <b>585,000</b>   | <b>-</b>                          | <b>-</b>                  | <b>585,000</b> |
| <b>Depreciation</b>                |                  |                                   |                           |                |
| At start of year                   | 356,484          | -                                 | -                         | 356,484        |
| Assets classified as held for sale | -                | -                                 | -                         | -              |
| Charge for the year                | 85,693           | -                                 | -                         | 85,693         |
| <b>At end of year</b>              | <b>442,178</b>   | <b>-</b>                          | <b>-</b>                  | <b>442,178</b> |
| <b>Net book value</b>              | <b>142,822</b>   | <b>-</b>                          | <b>-</b>                  | <b>142,822</b> |

For the year ended 31 December 2019

|                       | Computers<br>Tzs | Furniture,<br>and fittings<br>Tzs | Electrical<br>Dispensar<br>Tzs | Total<br>Tzs   |
|-----------------------|------------------|-----------------------------------|--------------------------------|----------------|
| <b>Cost</b>           |                  |                                   |                                |                |
| At start of year      | 585,000          | -                                 | -                              | 585,000        |
| Additions             | -                | -                                 | -                              | -              |
| <b>At end of year</b> | <b>585,000</b>   | <b>-</b>                          | <b>-</b>                       | <b>585,000</b> |
| <b>Depreciation</b>   |                  |                                   |                                |                |
| At start of year      | 219,375          | -                                 | -                              | 219,375        |
| Charge for the year   | 137,109          | -                                 | -                              | 137,109        |
| <b>At end of year</b> | <b>356,484</b>   | <b>-</b>                          | <b>-</b>                       | <b>356,484</b> |
| <b>Net book value</b> | <b>228,516</b>   | <b>-</b>                          | <b>-</b>                       | <b>228,516</b> |

|  | 2020<br>Tzs       | 2019<br>Tzs       |
|--|-------------------|-------------------|
| <b>3 Trade and other receivables</b>   |                   |                   |
| Estimated tax  | -                 | -                 |
|  | <u>-</u>          | <u>2,000,000</u>  |
|  | <u>-</u>          | <u>2,000,000</u>  |
| <b>4 Cash and cash equivalents</b>   |                   |                   |
| Cash in hand   | 851,200           | 10,447,188        |
|  | -                 | -                 |
|  | <u>851,200</u>    | <u>10,447,188</u> |
| <b>5 Share capital</b>   |                   |                   |
| Issued and fully paid up capital share capital<br>1,500 Ordinary shares of Tzs 20,000 each | <u>30,000,000</u> | <u>30,000,000</u> |
| <b>6 Borrowings</b>  |                   |                   |
| <b>Non current</b>   |                   |                   |
| Shareholders Loan  | -                 | -                 |
|  | <u>-</u>          | <u>-</u>          |
| <b>Current</b>   |                   |                   |
| Shareholders Loan  | -                 | -                 |
|  | <u>16,365,649</u> | <u>-</u>          |
| <b>Total borrowings</b>  | <u>16,365,649</u> | <u>-</u>          |
| <b>7 Trade and other payables</b>  |                   |                   |
| Tax Assessment   | 36,107,323        | -                 |
| Audit fee  | 1,500,000         | 1,500,000         |
| City Levy  | -                 | 3,532,399         |
|  | <u>37,607,323</u> | <u>5,032,399</u>  |

|                                   | 2020<br>Tzs          | 2019<br>Tzs          |
|-----------------------------------|----------------------|----------------------|
| <b>8 Revenue</b>                  |                      |                      |
| Sales                             | 1,154,255,856        | 1,177,466,257        |
|                                   | <u>1,154,255,856</u> | <u>1,177,466,257</u> |
| <b>9 Cost of Goods Sold</b>       |                      |                      |
| Opening Stock                     | -                    | -                    |
| Add: CPF                          | 3,431,440            | 4,371,376            |
| Exercise Duty                     | 1,637,813            | -                    |
| Import Duty                       | 150,157,660          | 164,699,251          |
| Clearing and Forwarding           | 20,526,535           | 26,243,299           |
| Purchasing Import                 | 929,686,739          | 815,652,035          |
| RDL                               | 9,710,549            | 12,233,660           |
| Insurance                         | -                    | -                    |
| Less: Closing Stock               | (27,526,000)         | -                    |
|                                   | <u>1,087,624,736</u> | <u>1,023,199,621</u> |
| <b>10 Administrative expenses</b> |                      |                      |
| Audit Fee                         | 1,500,000            | 1,500,000            |
| Business Licence                  | 400,000              | 400,000              |
| City levy                         | 2,717,000            | 3,532,399            |
| Fire Inspection                   | 100,000              | 100,000              |
| NSSF                              | -                    | 256,000              |
| Rent Expense                      | 99,240,000           | 135,264,000          |
| Salary & Wages                    | 17,660,000           | 11,400,000           |
| SDL                               | 626,900              | 513,000              |
| TBS                               | -                    | 360,000              |
|                                   | <u>62,243,900</u>    | <u>153,325,399</u>   |
| <b>11 Finance charges</b>         |                      |                      |
| Bank charges                      | -                    | -                    |
|                                   | <u>-</u>             | <u>-</u>             |