

GM & COMPANY (T) LIMITED

AUDITED FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST DECEMBER, 2023

MURL AATEC ASSOCIATES

Certified Public Accountants in Public Practice

6th Floor, Diamond Plaza

Mirambo street/Samora

P.O. Box 71739

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Company information
For the year ended 31 December 2023

1.0 COMPANY INFORMATION

REGISTERED OFFICE

GM & Company (T)Limited,
Plot No.KAW/MZN/1555,
Tuari Road, Kawe Dar es salaam,
P.O.Box 7788,
Dar es Salaam

COMPANY SECRETARY:

Christina G.Kessy
P. O Box 7788
Dar es Salaam, Tanzania

AUDITORS

Murl Aatec Associates
Diamond Plaza
Samora/Mirambo street
P.O.Box 71739
Dar es Salaam

Directors' report

For the year ended 31 December 2023

In compliance with the Tanzania Companies Act, 2002 and the Tanzania Financial Reporting Standard No. 1 on Report by those charged with governance, the Directors submit their report together with the audited financial statements for the year ended 31st December 2023, which disclose the state of affairs of the company.

Company's vision, mission and values

Vision

Our vision is to continuously provide unique technical support services and business solutions, helping energy stakeholders develop and manage their business safely, sustainably, environmentally responsibly and profitably. We aim to become a reliable and dependable leader in the local and regional energy sector.

Mission

A dependable and leading partner of choice in the energy sector, enabling shareholder's stakeholders manage and grow their business in order to add value to the life of Tanzanians.

Values

At G.M and Company, we are committed to ensuring safety and excellence in our operations. Our approach is founded on respect and the courage to do what is right. By sharing our expertise, we continually gain knowledge and the ability to apply it in real business processes.

We are dedicated to living out our core values: professional excellence and integrity, ethical standards and practice and transparency in our business operations. These values will guide us in achieving our ambitions

1.Principal activities

The company's principal activities include providing storage and handling services, importing and wholesaling petroleum products and operating petrol stations.

Performance during the year 2023 2022

STATEMENT OF RETAINED EARNINGS		
Balance as at 01.01.2023	131,598,429	124,309,743
Net Profit/(Loss)Before Taxation	(3,222,137,454)	(245,373,172)
Taxation	-	
Prior Year Adjustment - Ewura Claims compensated	29,280,366	
Prior Year Adjustment - 2022 Debtors Over/understatement	(23,987,105)	
Prior years adjustment due to loss price difference in 2021		252,661,858
Balance as at 31.12.2023	(3,085,245,764)	131,598,429

Risk management and internal controls

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

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The company management assessed the internal control systems throughout the financial year ended 31st December 2023 and is of the opinion that they met accepted criteria.

Solvency

The company management confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. They have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Directors

	Name	Nationality
1	Gabriel M. Kessi	Tanzanian
2	Bethlea G. Kessy	Tanzanian

Auditor

The Company's auditor, Murl aatec associates has expressed its willingness to continue in office in accordance with Section 170 (2) of the Tanzanian Companies Act, 2002.

By order of the Board



Managing Director:

Name: **Gabriel M. Kessi**

DECLARATION OF THE HEAD OF FINANCE OF GM & COMPANY LTD

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

As stated above, it is the duty of the Finance Manager as the Professional Accountant to assist the directors to discharge the responsibility of preparing financial statements of the Company that show a true and fair view of the Company's position and performance in accordance with International Financial Reporting Standards. Full legal responsibility for the preparation of financial statements rests with the directors as disclosed in the Statement of director's responsibility on page 4.

I CPA **Tamboza Mlongelwa** being the director of finance of the Company hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st December 2023 have been prepared in compliance with International Financial Reporting Standards and the Tanzanian Companies Act, 2002.

I thus confirm that the financial statements give a true and fair view position of the Company as at 31st December 2023 and that they have been prepared based on properly maintained financial records.

Signed by


NBAA Membership No.: CPA 428

Date:

Unqualified Opinion

We have audited the accompanying financial statements of GM & company limited, set out on pages 10 to 24, which comprise the statement of financial position as at 31st December 2023, statements of profit and loss and comprehensive income, cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Tanzanian Companies Act, 2002.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 statements in Tanzania, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002, 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.

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

We communicate with 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.

Report on other legal requirements

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Tanzanian Companies Act, 2002, Tanzania Revenue Authority (TRA) and for no other purpose.

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

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- The report of the directors is consistent with the financial statements;
- In our opinion proper accounting records have been kept by the Company, so far as appears from our examination of those records;

- The statement of financial position and profit or loss and comprehensive income are in agreement with the accounting records; and
- Information specified by law regarding directors' remuneration and transactions is appropriately disclosed.



CPA. Sigfrid Riwa
Managing Partner
Murl aatec associates
Certified Public Accountants in Public Practice
Dar es salaam
19/08/2024

GM & COMPANY (T) LIMITED**COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2023**

INCOME	NOTE	31.12.2023	31.12.2022
		TZS	TZS
SALES		56,324,295,596	63,989,188,545
Less: Cost of Sales	3	<u>52,848,866,334</u>	<u>58,713,809,901</u>
Gross Profit		3,475,429,261	5,275,378,645
Less: Operating expenses	4	<u>6,697,566,715</u>	<u>5,520,751,816</u>
Net Profit/(Loss)Before Taxation		(3,222,137,454)	(245,373,172)
STATEMENT OF RETAINED EARNINGS			
Balance as at 01.01.2023		131,598,429	124,309,743
Net Profit/(Loss)Before Taxation		(3,222,137,454)	(245,373,172)
Taxation		-	
Prior Year Adjustment - Ewura Claims compensated		29,280,366	
Prior Year Adjustment - 2022 Debtors Over/understatement		(23,987,105)	
Prior years adjustment due to loss price difference in 2021		<u>-</u>	<u>252,661,858</u>
Balance as at 31.12.2023		<u>(3,085,245,764)</u>	<u>131,598,429</u>

The financial statements on pages 10 to 24 were approved for issue by the Board of Directors on 19/08/2024 and were signed on its behalf by:

Director:

Name: **Gabriel M. Kessi**

Director

Bethlea G.Kessy



STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2023

GM & COMPANY (T) LIMITED			
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2023			
	NOTE	31.12.2023	31.12.2022
ASSETS EMPLOYED		TZS	TZS
NON CURRENT ASSETS			
Property , Plant and Equipmnt	5	24,917,370,696	25,215,851,505
Work in Progress		713,810,550	772,633,208
		25,631,181,246	25,988,484,713
CURRENT ASSETS			
Stock		6,447,132,065	5,552,249,907
Debtors and prepayment	6	647,667,221	1,051,281,311
ST Christina High School		172,500,000	350,000,000
Taxation account	8	173,149,215	127,544,330
Cash and Cash equivalent		3,204,830,115	3,260,571,009
TOTAL CURRENT ASSETS		10,645,278,616	10,341,646,557
TOTAL ASSETS		36,276,459,862	36,330,131,270
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share Capital		40,000,000	40,000,000
Revaluation Reserve		26,123,452,922	26,123,452,922
Retained earnings		(3,085,245,764)	131,598,429
TOTAL EQUITY AND RESERVES		23,078,207,158	26,295,051,351
LONG TERM LOAN			-
CRDB Loan		550,000,000	-
CURRENT LIABILITIES			
Creditors and Accruals	7	6,581,815,197	5,435,187,532
Bank overdraft		6,037,292,921	4,548,116,379
Vat payable		29,144,586	51,776,008
TOTAL CURRENT ASSETS		12,648,252,704	10,035,079,919
TOTAL EQUITY AND LIABILITIES		36,276,459,862	36,330,131,270

The financial statements on pages 10 to 24 were approved for issue by the Board of directors on 19/08/2024 and were signed on its behalf by

Director: 
Name: Gabriel M. Kessi

Director: 
Bethlea G. Kessy



GM & COMPANY (T) LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31
ST DECEMBER, 2023

	31.12.2023	31.12.2022
CASH FLOW FROM OPERATING ACTIVITIES	TZS	TZS
Net Profit/ (Loss) before taxation	(3,222,137,454)	(245,373,172)
Prior year adjustment - Additional Assessment 2022	192,802,034	-
Prior Year adjustment- due to Pricing	29,280,366	-
Prior Year adjustment- 2022 Oryx Debtors	-	-
Under/Overstated	(23,987,105)	-
Adjustment for items not involving movement of cash:		
FOREX LOSS		173,416,145
Depreciation	1,650,974,618	1,584,560,979
	<u>(1,373,067,541)</u>	<u>1,512,603,953</u>
WORKING CAPITAL CHANGES		
(Increase)/ Decrease in stock	(894,882,158)	(1,830,349,494)
(Increase)/ Decrease in Debtors and prepayment	403,614,090	(581,601,364)
Increase/ (Decrease) in VAT	(22,631,422)	36,746,876
Increase/ (Decrease) in Creditors and Accruals	1,146,627,665	(1,608,544,478)
Cash generated from changes in working capital	632,728,175	(3,983,748,460)
Less: Tax Paid	(238,406,919)	(204,580,838)
Net Cash Flow from Operating Activities	<u>(978,746,285)</u>	<u>(2,675,725,346)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Work in Progress	58,822,658	(494,202,576)
Acquition of Fixed Assets	(1,352,493,809)	(1,065,311,867)
Net Cash Flow from Investing Activities	<u>(1,293,671,151)</u>	<u>(1,559,514,443)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
CRDB Loan	550,000,000	-
St Christina	177,500,000	(350,000,000)
Net Cash Flow from Financing Activities	<u>727,500,000</u>	<u>(350,000,000)</u>
NET CASH FLOW FOR THE YEAR (A+B+C)	<u>(1,544,917,436)</u>	<u>(4,585,239,789)</u>
cCash and cash equivalent as at 1 January 2023	(1,287,545,370)	3,297,694,419
CASH AND CASH EQUIVALENT AT 31ST DEC.2023	<u>(2,832,462,806)</u>	<u>(1,287,545,370)</u>

The financial statements on pages 10 to 24 were approved for issue by the Board of directors on 19/08/2024 and were signed on its behalf by

Director:

Name: **Gabriel M. Kessi**



Director

Bethlea G.Kessy

STATEMENT OF CHANGES IN EQUITY

GM & COMPANY (T) LIMITED				
STATEMENT OF FINANCIAL POSITION AS AT 31.12.2023				
PARTICULARS	SHARE CAPITAL	REVALUATION RESERVES	RETAINED EARNINGS	TOTAL
Balance as at 01.01.2022	40,000,000	26,123,452,922	124,309,743	26,287,762,665
Profit/ Loss for the year			(245,373,172)	(245,373,172)
Taxation for the year				-
Prior Year Adjustment - Ewura Claims			252,661,858	252,661,858
Balance as at 31.12.2022	40,000,000	26,123,452,922	131,598,429	26,295,051,351
Balance as at 01.01.2023	40,000,000	26,123,452,922	131,598,429	26,295,051,351
Profit/ Loss for the year			(3,222,137,454)	(3,222,137,454)
Taxation for the year			-	-
Prior Year Adjustment - Ewura Claims compensated			29,280,366	29,280,366
Prior Year Adjustment - 2022 Debtors				
Over/understatement			(23,987,105)	(23,987,105)
Balance as at 31.12.2023	40,000,000	26,123,452,922	(3,085,245,763)	23,078,207,159

The financial statements on pages 10 to 24 were approved for issue by the Board of Directors on 19/08/2024 and were signed on its behalf by:

Director: 
Name: **Gabriel M. Kessi**



Director: 
Bethlea G. Kessy

1. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below:

a) Basis of preparation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). They are presented in Tanzania Shillings, which is also the functional currency of the company.

The financial statements comprise statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognized in the statement of comprehensive income. Other comprehensive income is recognized in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognized in the statement of comprehensive income as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to the statement of comprehensive income in the current period that were recognized in other comprehensive income in the current or previous periods. Transactions with the owners of the Company in their capacity as owners are recognized in the statement of changes in equity.

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorized into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

b) New and revised standards

i) Adoption of new and revised standards

A number of amendments to standards and one interpretation became effective for the first time in the financial year beginning 1st January 2018 and have been adopted by the Company.

- *IFRS 15 Revenue from Contracts with Customers* (issued in May 2014) - The new standard, effective for annual periods beginning on or after 1 January 2023, replaces IAS 11, IAS 18 and their interpretations (SIC-31 and IFRIC 13, 15 and 18). It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance.
- *IFRS 9 Financial Instruments* (issued in July 2014) – This standard will replace IAS 39 (and all the previous versions of IFRS 9) effective for annual periods beginning on or after 1 January 2023. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition:
 - IFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.
 - For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.
 - For the impairment of financial assets, IFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognized.
 - The derecognition provisions are carried over almost unchanged from IAS 39.

ii) New and revised standards and interpretations which have been issued but are not effective or not adopted by the company

The Company has not applied the following revised standards and interpretations that have been published but are not yet effective for the year beginning 1 January 2023.

IFRS 16 Leases (issued in January 2016) - The new standard, effective for annual periods beginning on or after January 2023, introduces a new lessee accounting model, and will require a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Company operates), which is Tanzania Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognized on a net basis in the statement of comprehensive income in the year in which they arise.

1. Summary of significant accounting policies (continued)

d) Revenue recognition and retained earnings/reserves

Revenue from performance of services is stated net of Value Added Tax (VAT) and discounts.

Revenue from fixed price construction contracts is recognized after fulfilling all five (5) steps required by IFRS 15.

e) Income tax

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognized in the statement of comprehensive income except when it relates to items recognized in other comprehensive income, in which case it is also recognized in other comprehensive income, or to items recognized directly in equity, in which case it is also recognized directly in equity.

Current tax

Current tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Tanzanian Income Tax Act.

Deferred income tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the statement of financial position date and expected to apply when the asset is recovered or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax liabilities are recognized for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Recognized and unrecognized deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognized amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

f) financial instruments

Classification

The Company classifies its financial instruments into the following categories:

- i) Loans and receivables, which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and excludes assets which the entity intends to sell immediately or in the near term.

ii) financial liabilities, which comprise all financial liabilities.

Financial instruments held during the year were classified as follows:

- Trade and other receivables were classified as 'loans and receivables'.
- Trade and other liabilities were classified as 'financial liabilities'.

Recognition and measurement

Financial assets:

All financial assets are recognized initially using the trade date accounting which is the date the Company commits itself to the purchase or sale. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost.

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

Amortized cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognized. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

Changes in the carrying values and impairment losses of loans and receivables are recognized in the statement of comprehensive income. Trade and other receivables not collectible are written off against the related provision. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income in the year of recovery.

g) financial instruments (continued)

Recognition and measurement (continued)

Financial liabilities:

All financial liabilities are recognized initially at fair value of the consideration given plus the transaction cost. Subsequently, all financial liabilities are carried at amortized cost using the effective interest method.

Presentation

All financial assets are classified as non-current except those with maturities of less than 12 months from the statement of financial position date or those which the directors have the express intention of holding for less than 12 months from the statement of financial position date in which case they are classified as current assets.

All financial liabilities are classified as non-current except financial liabilities those expected to be settled in the Company's normal operating cycle, those payable or expected to be paid within 12 months of the statement of financial position date and those which the Company does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized only when the obligation specified in the contract is discharged or cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

h) Provision for liabilities and charges

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

i) Impairment of non-financial assets

Non-financial assets that are carried at amortized cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

j) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

In the process of applying the accounting policies adopted by the Company, the directors make certain judgments and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgments and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

There are no significant judgments made by the directors in the process of applying the Company's accounting policies that have a significant effect on the amounts recognized in the financial statements.

k) Risk management objectives and policies

Financial risk management

The Company activities expose it to a variety of financial risks including credit, liquidity and market risks. The Company overall risk management policies are set out by the board and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimize the potential adverse effects of such risks on the Company performance by setting acceptable levels of risk. The Company does not hedge against any risks.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a Company-wide basis. The Company does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history

2(ii) Risk management objectives and policies (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Board has developed a risk management framework for the management of the Company's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The Company manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

c) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk. The Company is exposed to both currency risk and interest risks on the overdraft agreement with CRDB Bank with balance amounting to \$ 2,362,933.

	31.12.2023	31.12.2022
NOTE 3 COST OF SALE	TZS	TZS
Opening stock	5,552,249,907	3,721,900,413
Purchases Fuel	24,594,594,979	23,870,869,928
Purchases Mtwara	28,964,067,313	36,540,401,386
Purchases lubricants	135,733,482	89,101,780
Purchase shop	44,131,920	43,786,301
Purchase Gas	5,220,800	-
Goods available for sale	59,295,998,400	64,266,059,807
Less: Loss Fuel/ shortage	-	-
Less: Closing stock	(6,447,132,065)	(5,552,249,907)
COST OF SALE	52,848,866,334	58,713,809,901



NOTE 4 OPERATING EXPENSES

Accountancy/Publicity	1,425,500	5,117,750
Aggecy fees	11,837,198	24,608,472
Audit fees	14,000,000	18,280,000
Bank charges	11,911,987	13,685,300
Bank iterests	887,570,063	171,840,152
Bank Lc charges	91,126,149	149,452,936
Bank facility charges	143,765,088	
Busines licence	18,374,945	7,899,800
Brela Filing	6,528,800	
Causal Labour	33,715,777	87,563,668
City service levy	82,245,466	83,866,770
CCTV Camera	20,323,000	4,666,000
Cleaning expenses	11,846,992	4,737,500
Computer repaires	8,865,000	10,840,200
Depreciation	1,650,974,618	1,584,560,979
Directors renumeration	84,000,000	72,000,000
Discount allowed	1,732,119	833,382
Donations	15,820,000	13,300,000
EFD Machines	9,489,728	5,708,000
Electricity and water	65,798,852	77,480,039
Ewura storage/Whole sale license	10,000,000	2,000,000
Fuel and lubricants	165,635,791	154,397,866
Inspection fees	18,009,954	60,250,589
Insurance	103,984,105	135,087,150
Land Rent& Property tax	5,455,900	48,621,736
Legal fees	5,346,000	1,264,500
Loss Fuel/ shortage	490,389,600	287,097,971
Marking fees	49,843,500	443,113,300
Medical expenses	4,114,600	2,205,116
NEMC	8,880,000	10,275,000
News papers and periodicals	523,000	960,000
NSSF -Employer contributions	24,991,109	27,006,060
Office General expenses	34,905,850	37,127,142
OSHA	4,581,300	1,980,000
Parking fees	753,100	60,000
Penalty	3,810,000	12,150,000
Port charges	-	21,524,377
Printing and stationaries	52,702,579	49,410,143
Rent	184,104,792	154,045,936
Repaire and mentanance (EQP)	241,711,403	308,049,476
Repaire and mentanance (MV)	49,579,746	45,431,109
Repaire and mentanance (Furniture)	37,335,600	19,675,089
Revaluation	-	17,684,000
Saftey	67,619,462	69,497,690
Salary and wages	271,570,547	262,811,269
Security expenses	97,304,300	100,716,801
Skills and development levy	11,273,420	18,084,506



Staff welfare	65,706,113	71,813,521
Telephone and postage	22,792,000	14,132,678
Terminal benefits	-	22,827,937
Training expense	76,845,000	60,214,610
Transport and accomodations	64,588,179	67,775,290
Uniforms	6,166,000	10,872,400
Vehicle hire expenses/Transport	7,762,000	310,580,726
Weight and measure	16,080,791	37,044,839
WCF	1,539,014	7,025,850
Tanzania International Petroleum Reserves Ltd	105,740,592	39,608,095
TAFFA Annual fees	-	3,197,080
Tanzania Association of Oil marketing companies	16,240,000	17,272,500
TAPSOA 2022 Fee	-	200,000
TASAC Annual fee	-	524,280
AUGUSTA ENERGY DMCC Demuragee	-	26,335,083
Forex loss 2023 unrealised	995,418,594	173,416,145
Forex loss 2023 realised	160,748,159	
Skills and development levy Payable	4,298,033	
Directors PAYE payable	23,136,000	19,536,000
Withholding on rental payable	7,249,831	4,873,168
Withholding on services payable	7,591,170	6,533,842
	<u>6,697,566,715</u>	<u>5,520,751,816</u>



NOTE 5: PPE MOVEMENT

PROPERTY, PLANT AND EQUIPMENT										
DESCRIPTION	Land	Buildings	M/VEHICLE	Fuel Tanks, valves & Accessories	Water Tanks, valves, Pipes & Accessories	Plant & Equipment	Other assets	Computers & Printer	Work in Progress	TOTAL
AS AT 1ST JANUARY, 2022	9,509,000,000	1,550,894,474	160,375,940	29,110,435,615	3,507,500	175,263,105	921,680,484	4,060,000		41,435,217,118
ADDITIONS	2,000,000					1,350,493,809			713,810,550	2,066,304,359
AS AT 31ST DECEMBER, 2023	9,511,000,000	1,550,894,474	160,375,940	29,110,435,615	3,507,500	1,525,756,914	921,680,484	4,060,000	713,810,550	43,501,521,477
DEPRECIATION										
AS AT 1ST JANUARY, 2022	-	1,550,894,474	142,375,940	14,001,381,870	3,507,500	125,551,638	392,806,691	2,847,500		16,219,365,613
CHARGE FOR THE YEAR	-	-	18,000,000	1,455,521,781	-	61,030,277	115,210,061	1,212,500		1,650,974,618
AS AT 31ST DECEMBER, 2023	-	1,550,894,474	160,375,940	15,456,903,651	3,507,500	186,581,915	508,016,752	4,060,000	-	17,870,340,231
NET BOOK VALUE										
AS AT 31ST DECEMBER, 2023	9,511,000,000	-	-	13,653,531,965	-	1,339,174,999	413,663,732	-	713,810,550	25,631,181,246

NOTES: 6

DEBTORS & PREPAYMENT

Trade debtors and prepayments	384,298,605	676,664,033
Petroleum Levy- TRA	263,368,616	374,617,278
TOTAL	647,667,221	1,051,281,311

NOTES: 7

CREDITORS & ACCRUALS

Audit fees	14,000,000	11,000,000
City Service Levy	63,461,060	26,425,874
Trade creditors	192,169,535	167,980,966
EWURA	4,287,597	9,804,801
FUEL IMPORTS	5,892,866,359	5,106,095,919
TANZANIA BEREAU OF STANDARD	45,285,716	80,934,000
WHARFAGE TRA	61,295,041	-
TRA Additional Import Duties & Taxes on Fuel	299,983,740	
PAYE Payable	3,130,400	19,536,000
Skill Development Levy	983,822	2,002,961
Withholding on rental payable	1,463,624	4,873,168
Withholding on services payable	-	6,533,842
TOTAL	6,581,926,894	5,435,187,532



NOTES: 8

TAXATION ACCOUNT

Opening balance	(127,544,330)	(77,094,330)
Charge for the year	-	-
Additional assessment audit 2021	192,802,034	154,130,838
	<u>65,257,704</u>	<u>77,036,508</u>
Less: Provisional tax paid	(40,020,000)	(50,450,000)
Less: Withholding tax	(5,584,885)	-
Less: Tax paid for prior year assessment	<u>(192,802,034)</u>	<u>(154,130,838)</u>
Balance b/f	<u>(173,149,215)</u>	<u>(127,544,330)</u>

