

# **Morogoro Sugar Industries Limited**

**Registration Number: 88214**

**Financial statements for the year ended: 31 December 2021**

# Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

---

<b>CONTENTS</b>	<b>PAGE</b>
Company information	1
Statement of Directors' Responsibilities	2
Declaration of the Head of Finance and Accounting	3
Report of the Independent Auditor	4 - 6
Directors' Report	7 - 10
Financial statements:	
Statement of Profit or Loss and Other Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Significant Accounting Policies	15 - 21
Notes to the Financial Statements	22 - 27
<b>The following page does not form an integral part of these financial statements</b>	
Schedule of Direct and Other Operating Expenses	28

# Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

---

## COMPANY INFORMATION

### BOARD OF DIRECTORS

**Name:**

Mr. Kamalesh Maheshwari  
Ms. Parul Maheshwari

**Nationality:**

Indian  
Indian

### REGISTERED OFFICE

Garden Avenue  
Ohio Street, Plot No. 17  
PPF Tower, Dar es Salaam

### POSTAL ADDRESS

P. O. Box 13000,  
Dar es Salaam, Tanzania

### INDEPENDENT AUDITOR

Chando Consultants  
Certified Public Accountants In Public Practice  
P. O. Box 3768  
Zanzibar  
Tanzania

### BANKERS

Bank of Baroda (Tanzania) Limited  
P. O. Box  
Dar es Salaam  
Tanzania

### COMPANY REGISTRATION NUMBER

 88214

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

---

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required in terms of the Companies Act of 2002 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standard for Small and Medium-Sized Entities and the requirements of the Companies Act of 2002. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities and the requirements of the Companies Act of 2002, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

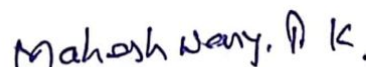
The directors have reviewed the company's cash flow forecast for the period to 31 December 2022 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 6.

The financial statements set out on pages 7 to 27 were authorised and approved by the board of directors on the date of this statement and were signed on its behalf by



Mr. Kamalesh Maheshwari  
Director  
Date: 17/09/2022



Ms. Parul Maheshwari  
Director  
Date: 17/09/2022

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

---

### DECLARATION OF HEAD OF FINANCE AND ACCOUNTING

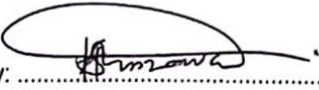
#### Declaration of the Head of Finance/Accounting of Morogoro Sugar Industries Limited

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.

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I SHANI HEMES being the Head of Finance/Accounting of Morogoro Sugar Industries Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Morogoro Sugar Industries Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by:  .....

Position: EXTERNAL ACCOUNTANT .....

NBAA Membership No: MA 7256 .....

Date: 17/09/2022 .....

### **Independent Auditor's Report.**

*To the members of MOROGORO SUGAR INDUSTRIES LIMITED*

### **Report on the Audit of Financial Statements**

#### **Introduction**

We have audited the accompanying financial statements of **MOROGORO SUGAR INDUSTRIES LIMITED**, which comprises the statement of financial position as at 31st December, 2021 and the statement of profit or loss, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of **MOROGORO SUGAR INDUSTRIES LIMITED** as at 31st December, 2021, and of its financial performance and its cash flows for the year then ended; in accordance with International Financial Reporting Standard For Small and Medium -Sized Entities.

#### **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 business 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 other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditors' responsibility for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatements of the financial statements whether due to fraud or error, design and perform 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on appropriateness of the management's use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements present the underlying transactions and events in the 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 the internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key

audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in the extreme rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

#### 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 (CAP 212) No. 12 of 2002, the Foreign Exchange Act, 1992 (Cap 271) and for no other purposes.

As required by the Companies Act (CAP 212) No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed., There is no matter to report In respect of the foregoing requirements.



Date 19<sup>th</sup> SEPTEMBER 2022

# Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

---

## DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of the company.

### 1. INCORPORATION

The company is incorporated in the United Republic of Tanzania under the Companies Act 2002 as a private company limited by share.

### 2. PRINCIPAL ACTIVITIES

The principal activities of the company is that of carrying out business of exporters of harvest crops and seed processing for propagation.

### 3. REVIEW OF BUSINESS ACTIVITIES

The results for the period are as described in the financial statements and does not require further comments. Below is the summary of the results;

#### RESULTS

	2021 Tzs	2020 Tzs
Profit before tax	(414,625,255)	(791,888,152)
Tax charge	-	-
Profit for the period	<u>(414,625,255)</u>	<u>(791,888,152)</u>

### 4. GOING CONCERN

The directors confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 5. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstance arising since the end of the financial period.

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

### DIRECTORS' REPORT (CONTINUED)

#### 6. AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes in the authorised and issued share capital during the period under review. The shareholders of the company with their respective shareholdings is as follows:

Name of the Shareholder	% Shareholding	No of shares held
Mr. Kamallesh Maheshwari	100%	896,500
Ms. Parul Maheshwari	0%	3,500
	<u>100%</u>	<u>900,000</u>

Directors holding shares are listed below:

Name of the Shareholder	% Shareholding	No of shares held
Mr. Kamallesh Maheshwari	100%	896,500
Ms. Parul Maheshwari	0%	3,500
	<u>100%</u>	<u>900,000</u>

#### 7. DIVIDEND

The directors do not recommend the declaration of a dividend for the period.

#### 8. RELATED PARTY TRANSACTIONS

Details of transactions and balances with related parties are included in note 12 of the financial statements.

#### 9. DIRECTORS

The directors who held office during the period and to the date of this report are shown below:

Name	Nationality	Position	Date of Birth
Mr. Kamallesh Maheshwari	Indian	Director	09-09-66
Ms. Parul Maheshwari	Indian	Director	21-04-68

# Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

---

## DIRECTORS' REPORT (CONTINUED)

### 10. CORPORATE GOVERNANCE

The board of directors consists of 2 Directors. The board takes overall responsibility for the company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The board is required to meet at least four times a year. The board delegates the day to day management of the business to the managing director assisted by senior management. Senior management is invited to attend board meetings and facilitate the effective control of all the company's operational activities, acting as a medium of communication and coordination between all the various business units.

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

### 11. RISK MANAGEMENT AND INTERNAL CONTROL

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

- 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 behaviours 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 controls 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 Board assessed the internal control systems throughout the 12 months financial year ended 31 December 2021 and is of the opinion that they met the expected criteria.

## Morogoro Sugar Industries Limited

Registration Number 88214

Financial statements for the year ended: 31 December 2021

---

### DIRECTORS' REPORT (CONTINUED)

#### 12. EMPLOYEES' WELFARE

##### Management and employees' relationship.

There was continued good relationship between employees and management for the year ending 31 December 2021. There were no unresolved complaints received by Management from the employees during the period.

The company is equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

#### 13. INDEPENDENT AUDITOR

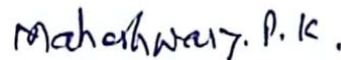
The company's auditors, Chando Consultants was appointed during the period and, have indicated their willingness to continue in office in accordance with the Companies Act 2002.

#### BY ORDER OF THE BOARD



Mr. Kamalesh Maheshwari  
Director

Date: 17/09/2022



Ms. Parul Maheshwari  
Director

Date: 17/09/2022

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2021 Tzs	2020 Tzs
Other income	17.	-	279,116,023
Other operating expenses	17.	(414,625,255)	(1,071,004,175)
<b>Operating Profit</b>	3.	<b>(414,625,255)</b>	<b>(791,888,152)</b>
Profit before tax		(414,625,255)	(791,888,152)
Taxation	4.	-	-
<b>Profit for the period</b>		<b>(414,625,255)</b>	<b>(791,888,152)</b>
<b>Total comprehensive Profit for the period</b>		<b>(414,625,255)</b>	<b>(791,888,152)</b>

The significant accounting policies on pages 15 to 21 and the notes on pages 22 to 27 form an integral part of these financial statements.

# Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

## STATEMENT OF FINANCIAL POSITION

	Notes	2021 Tzs	2020 Tzs
<b>Assets</b>			
<b>Current Assets</b>			
Trade and other receivables	8.	7,477,085,465	7,806,973,696
Cash and cash equivalents	9.	119,306,802	206,049,826
		<u>7,596,392,267</u>	<u>8,013,023,522</u>
<b>Total Assets</b>		<u><u>7,596,392,267</u></u>	<u><u>8,013,023,522</u></u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	5.	9,000,000,000	9,000,000,000
Retained earnings		(1,409,035,733)	(994,410,478)
		<u>7,590,964,267</u>	<u>8,005,589,522</u>
Trade and other payables	10.	5,428,000	7,434,000
<b>Total Liabilities</b>		<u>5,428,000</u>	<u>7,434,000</u>
<b>Total Equity and Liabilities</b>		<u><u>7,596,392,267</u></u>	<u><u>8,013,023,522</u></u>

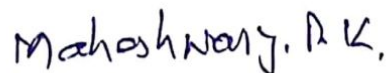
The financial statements on pages 7 to 27 were authorised and approved for issue by the Board of Directors on the date of this statement and were signed on its behalf by:



Mr. Kamalesh Maheshwari

Director

Date: 17/09/2022



Ms. Parul Maheshwari

Director

Date: 17/09/2022

The significant accounting policies on pages 15 to 21 and the notes on pages 22 to 27 form an integral part of these financial statements.

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

### STATEMENT OF CHANGES IN EQUITY

	Share capital Tzs	Advance to Share capital Tzs	Retained earnings Tzs	Total Tzs
<b>Year ended 31 December 2020</b>				
At start of period	100,000,000	8,509,508,269	(202,522,326)	8,406,985,943
Issued share capital	8,900,000,000	-	-	8,900,000,000
Advance converted to share capital	-	(8,509,508,269)	-	(8,509,508,269)
Total comprehensive income for the period	-	-	(791,888,152)	(791,888,152)
At end of period	<u>9,000,000,000</u>	<u>-</u>	<u>(994,410,478)</u>	<u>8,005,589,522</u>
<b>Year ended 31 December 2021</b>				
At start of period	9,000,000,000	-	(994,410,478)	8,005,589,522
Total comprehensive income for the year	-	-	(414,625,255)	(414,625,255)
At end of year	<u>9,000,000,000</u>	<u>-</u>	<u>(1,409,035,733)</u>	<u>7,590,964,267</u>

The significant accounting policies on pages 15 to 21 and the notes on pages 22 to 27 form an integral part of these financial statements.

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

### STATEMENT OF CASH FLOWS

	Note	2021 Tzs	2020 Tzs
<b>Operating activities</b>			
Net cash used in operations	11.	<u>(86,743,024)</u>	<u>(1,601,962,223)</u>
<b>Financing activities</b>			
Issue of share capital		-	8,900,000,000
Advance converted to share capital		-	<u>(8,509,508,269)</u>
Net cash used in financing activities		<u>-</u>	<u>390,491,731</u>
Increase in cash and cash equivalents		<u><u>(86,743,024)</u></u>	<u><u>(1,211,470,492)</u></u>
<b>Movement in cash and cash equivalents</b>			
At the start of period		206,049,826	1,417,520,318
Increase		<u>(86,743,024)</u>	<u>(1,211,470,492)</u>
At the end of period	9.	<u><u>119,306,802</u></u>	<u><u>206,049,826</u></u>

The significant accounting policies on pages 15 to 21 and the notes on pages 22 to 27 form an integral part of these financial statements.

# Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

---

## ACCOUNTING POLICIES

### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities, and the Companies Act 2002. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Tanzanian Shillings (TZS).

#### 1.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the reducing balance method.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in statement of profit or loss and other comprehensive income unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

# Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

---

## ACCOUNTING POLICIES (CONTINUED)

### 1.2 Financial instruments

#### Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

#### Loans to (from) group companies

The includes loan to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction cost.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in statement of profit or loss and other comprehensive income when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in statement of profit or loss and other comprehensive income within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in statement of profit or loss and other comprehensive income.

Trade and other receivables are classified as loans and receivables.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

# Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended. 31 December 2021

---

## ACCOUNTING POLICIES (CONTINUED)

### 1.2 Financial instruments (continued)

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

### 1.3 Tax

#### Current tax assets and liabilities

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred tax assets and liabilities

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

#### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in statement of profit or loss and other comprehensive income for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

---

### ACCOUNTING POLICIES (CONTINUED)

#### 1.4 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in statement of profit or loss and other comprehensive income. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in statement of profit or loss and other comprehensive income. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### 1.5 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

---

### ACCOUNTING POLICIES (CONTINUED)

#### 1.6 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 paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

##### Workers Compensation Fund (WCF)

Workers Compensation Fund (WCF) is a social security scheme established by the government responsible for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment.

Private entities are statutorily required to contribute 1% from January to June and 0.6% from July to December of monthly employees' earnings (wage bill) to the Fund. Monthly employees' earnings (wage bill) include basic salaries plus all fixed allowances which are regularly paid along with basic salaries. The contributions are part of Company's costs and are not deducted from salaries of the employees.

Once the payment has been effected by the Company to the Fund, there is no further obligation to the Company for any claim from the employee out of the occupational injuries suffered by them.

#### 1.7 Provision and contingency

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

---

### ACCOUNTING POLICIES (CONTINUED)

#### 1.7 Provision and contingency (continued)

has a detailed formal plan for the restructuring, identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 15.

#### 1.8 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 trade discounts and volume rebates, and value added tax.

#### 1.9 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

The capitalisation of borrowing costs commences when:

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

---

### ACCOUNTING POLICIES (CONTINUED)

#### 1.9 Borrowing costs (continued)

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.10 Translation of foreign currencies

##### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Tanzanian Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in statement of profit or loss and other comprehensive income in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in statement of profit or loss and other comprehensive income, any exchange component of that gain or loss is recognised in statement of profit or loss and other comprehensive income.

Cash flows arising from transactions in a foreign currency are recorded in Tanzanian Shillings by applying to the foreign currency amount the exchange rate between the Tanzanian Shilling and the foreign currency at the date of the cash flow.

# Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

## NOTES TO FINANCIAL STATEMENTS

	2021 Tzs	2020 Tzs
<b>1. Revenue</b>		
Sales	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>2. Investment</b>		
Fixed Deposit	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>3. Operating loss</b>		
The following major items have been charged in arriving at operating loss:		
Auditors' remuneration	2,950,000	2,714,000
	<u>2,950,000</u>	<u>2,714,000</u>
<b>4. Tax</b>		
Current tax	-	-
Deferred tax charge/(credit) (Note 6)	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:		
Profit / (Loss) before tax	(414,625,255)	(791,888,152)
Tax calculated at a tax rate of 30%	(124,387,577)	(237,566,446)
Tax effect of:		
- Deferred tax asset not recognised	124,387,577	237,566,446
Tax charge	<u>-</u>	<u>0</u>
<b>Tax Paid</b>		
Balance at the beginning of the year	-	-
Tax paid during the year	-	-
Current tax for the year recognised in Profit or Loss	-	-
Balance as at year end	<u>-</u>	<u>-</u>

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended 31 December 2021

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### 4. Tax (continued)

The normal procedure for agreeing final income tax liability in Tanzania involves the company filing its final income tax returns with the Tanzania Revenue Authority (TRA) followed by TRA performing their own review of the company's submissions and issuing their notice of income tax assessments to the company. The final income tax liability as determined by TRA after their review may differ from the liability determined by the company and procedures are in place for the company to object and appeal against such assessments. It is common that a timeframe from the company's own submission of its final tax returns and for TRA performing their review and issuing of notice of final tax assessment may take several months or years.

	2021 Tzs	2020 Tzs
<b>5. Share capital</b>		
<b>Authorised share capital:</b>		
900,000 ordinary shares of TShs 10,000 each	<u>9,000,000,000</u>	<u>9,000,000,000</u>
<b>Issued share capital:</b>		
900,000 ordinary shares of TShs 10,000 each	<u>9,000,000,000</u>	<u>9,000,000,000</u>

#### 6. Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30%. The movement on the deferred tax account is as follows:

At start of period	-	-
Charge to statement of comprehensive income	-	-
<b>At end of period</b>	<u>-</u>	<u>-</u>

Deferred tax liability/asset, deferred tax charge/(credit) in the statement of comprehensive income are attributable to the following items:

	At start of period Tzs	Charge / (credit) to SCI Tzs	At end of period Tzs
<b>Deferred tax asset</b>			
Tax losses carried forward	(298,323,143)	(124,387,577)	(422,710,720)
<b>Deferred tax asset recognised</b>	<u>(298,323,143)</u>	<u>(124,387,577)</u>	<u>(422,710,720)</u>

The net deferred tax asset is not recognised due to uncertainty that the future taxable income will be available against which the deferred tax asset can be utilised.

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### 7. Property, plant and equipment

Year ended 31 December 2021

	Land	Motor cycle	Office equipment	Total
	Tzs	Tzs	Tzs	Tzs
<b>Cost</b>				
At start of year	-	-	-	-
Additions	-	-	-	-
At end of year	-	-	-	-
<b>Depreciation</b>				
At start of year	-	-	-	-
Charge for the year	-	-	-	-
At end of year	-	-	-	-
<b>Net book value</b>	-	-	-	-

Year ended 31 December 2020

	Tzs	Tzs	Tzs	Tzs
<b>Cost</b>				
At start of year	-	-	-	-
Additions	-	-	-	-
Disposal	-	-	-	-
At end of year	-	-	-	-
<b>Depreciation</b>				
At start of year	-	-	-	-
Charge for the year	-	-	-	-
At end of year	-	-	-	-
<b>Net book value</b>	-	-	-	-

In the opinion of the directors, there is no impairment in the value of Property, plant and equipment.

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	2021 Tzs	2020 Tzs
<b>8. Trade and other receivables</b>		
Related balance receivable (Note 12(ii))	7,462,461,515	7,806,973,696
Advance to supplier	14,623,950	-
<b>Trade and other receivables</b>	<b>7,477,085,465</b>	<b>7,806,973,696</b>

In the opinion of the directors, the carrying amounts of trade and other receivables approximate to their fair value.

The company's credit risk arises primarily from trade receivables. The directors are of the opinion that the company's exposure is limited because the debt is widely held.

The carrying amounts of trade and other receivables are denominated in Tanzanian Shillings.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The company does not hold any collateral as security.

### 9. Cash and cash equivalents

Cash in hand	27,464,954	114,168,423
Cash at bank	91,841,848	91,881,403
	<b>119,306,802</b>	<b>206,049,826</b>

For the purpose of the statement of cash flows, the period end cash and cash equivalents comprise the following:

Cash and bank	<b>119,306,802</b>	<b>206,049,826</b>
---------------	--------------------	--------------------

The company is not exposed to credit risk on cash and bank balances as these are held with sound financial institution.

### 10. Trade and other payables

Audit fees payable	5,428,000	7,434,000
	<b>5,428,000</b>	<b>7,434,000</b>

The maturity analysis based on ageing of trade and other payables is as follows:

	1 to 3 months Tzs	4 to 12 months Tzs	Total Tzs
Audit fees payable	5,428,000	-	5,428,000
	<b>5,428,000</b>	<b>-</b>	<b>5,428,000</b>

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	2021	2020
	Tzs	Tzs
<b>11. Cash used in operations</b>		
Reconciliation of profit before tax to cash used in operations:		
Profit before tax	(414,625,255)	(791,888,152)
<b>Adjustments for:</b>		
Depreciation on Propety, Plant and Equipment (Note 7)	-	-
Changes in working capital:		
- Trade and other payables	(2,006,000)	2,714,000
- Trade and other receivables	329,888,231	(812,788,070)
<b>Cash used in operations</b>	<b>(86,743,024)</b>	<b>(1,601,962,223)</b>
<b>12. Related party transactions and balances</b>		
Members of key management		
	- Mr. Kamalesh Maheshwari	
	- Ms. Parul Maheshwari	
<b>Relationships:</b>		
Company under common shareholders	- Mahashwari Trading Limited	
	- Mahashree Agro Processing Tz Limited	
The following balances arose out of transactions carried out with related parties:		
(i) <b>Key management personnel compensation</b>		
Directors remuneration	-	-
(ii) <b>Amounts due (to) / from related parties</b>		
Mahashree Agro Processing Tz Limited (Note 8)	7,370,461,515	7,416,481,965
Kamalesh Maheshwari (Note 8)	92,000,000	390,491,731

### 13. Going concern

The directors confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 14. Comparative figure

Where necessary, comparative figures have been reclassified to conform to changes in presentation in current year.

## **Morogoro Sugar Industries Limited**

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

---

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

#### **15. Contingency**

The directors are of the opinion that there are no other contingent liabilities as at the year end.

#### **16. Events after the reporting period**

The directors are not aware of any matter or circumstance arising since the end of the financial year.

## Morogoro Sugar Industries Limited

Registration Number: 88214

Financial statements for the year ended: 31 December 2021

### 17. Schedule of direct expense and other operating expenses

	2021 Tzs	2020 Tzs
<b>I Other operating expenses</b>		
Audit fees	2,950,000	2,714,000
Accommodation Expenses	145,406,000	75,176,460
Bank Charges	-	111,692
Business Promotion Expenses	-	60,000
Charity & Donations	-	240,000
Conveyance Expenses	2,880,000	2,880,000
Facilitation Expense	21,280,000	79,502,569
Food & Refreshment Expense	46,358,000	24,206,000
Foreign Exchange Difference - Loss	39,555	-
Immigration / Visa Charges	9,200,000	4,600,000
Interest income reversal	-	812,370,074
License Fees Exp	2,520,500	1,933,000
Land Survey Charges	13,540,000	-
Printing & Stationery	2,903,700	1,140,200
Telephone Expenses	9,179,700	3,606,500
Transportation Expenses	41,675,000	25,016,960
Travelling Expenses	116,692,800	37,326,720
Water & Electricity Expenses	-	120,000
<b>Total other operating expenses</b>	<b>414,625,255</b>	<b>1,071,004,175</b>
<b>II Other income</b>		
Foreign exchange difference	-	3,808,764
Interest Income	-	275,307,259
<b>Total other income</b>	<b>-</b>	<b>279,116,023</b>

**MOROGORO SUGAR INDUSTRIES LIMITED**  
**INCOME TAX COMPUTATION**  
**FOR THE YEAR OF INCOME ENDED 31 DECEMBER 2021**  
**TIN: 134-444-746**

<b>TABLE OF CONTENTS</b>	<b>NOTE</b>
<b>INCOME TAX COMPUTATION SUMMARY</b>	<b>2</b>
<b>SUPPORTING NOTES</b>	
1 Disallowable expenditure, Non taxable income, allowables and not charged.	3
2 Wear and Tear computation	4
3 Fixed Assets additions	5
4 Analysis of overheads	6

**MROGORO SUGAR INDUSTRIES LIMITED**  
**INCOME TAX COMPUTATION**  
**FOR THE YEAR OF INCOME ENDED 31 DECEMBER 2021**

**INCOME TAX COMPUTATION SUMMARY**

	Note	Amount Tzs	Note 2 Amount Tzs
Profit (Loss) as per accounts:			(414,625,255)
<b>Add:</b>			
Disallowable items	3	-	
<b>Increase in general provision</b>			
Doubtful debts		-	
Stock		-	
Other		-	
Capital deductions - balancing charge		-	
Loss on disposal of fixed assets		-	
Unrealised exchange gain - prior year		-	
Unrealised exchange loss - current year		-	
Other		-	
		-	(414,625,255)
<b>Less:</b>			
<b>Final withholding payments(non taxable income)</b>			
Interest income (received)		-	
Dividend income		-	
Rental income (net)		-	
Deductible expenditure not to P&L		-	
<b>Utilisation / release of general provision</b>			
Doubtful debts		-	
Stock		-	
Other		-	
<b>Capital deductions:</b>			
Wear & Tear:	4	-	
Balancing deductions		-	
50% Wear & Tear		-	
Profit on disposal of fixed assets		-	
Unrealised exchange loss - prior year		-	
Unrealised exchange gain - current year		-	
Other		-	
		-	
<b>Taxable Profit/(Loss) for the year</b>			(414,625,255)
Loss b/f			(994,410,478)
<b>Adjusted Taxable Profits/(Loss) for the year.</b>			(1,409,035,733)
<b>Income tax charges:</b>			
Business	30%		-
Alternative tax minimum	0.5%		-
Other			-
<b>Penalties:</b>			
Section 75 TAA - Underestimation			-
Section 76 TAA - Late payment			-
Section 78 TAA - Late filing			-
			-
<b>Total tax Payable</b>			-
<b>Less: Provision Tax paid</b>	Date		
			-
<b>Net tax payable/(Recoverable):</b>			-

**MOROGORO SUGAR INDUSTRIES LIMITED**  
**INCOME TAX COMPUTATION**  
**FOR THE YEAR OF INCOME ENDED 31 DECEMBER 2021**

	<b>Note 3</b>	<b>REF</b>
	<b>Amount</b>	
	<b>Tzs</b>	
<b>DISALLOWABLE EXPENDITURE:</b>		
		Note 6
		Note 6
		Note 6
<b>TOTAL</b>	<hr/> <hr/> <b>-</b>	

**MOROGORO SUGAR INDUSTRIES LIMITED**  
**INCOME TAX COMPUTATION**  
**FOR THE YEAR OF INCOME ENDED 31 DECEMBER 2021**

**WEAR & TEAR.**

Note 4

Details.	REDUCING BALANCE METHOD			Tzs TOTAL
	Tzs CLASS I 37.50%	Tzs CLASS II 25%	Tzs CLASS III 12.50%	
Tax written down value b/f	-	-	-	-
Additions	-	-	-	-
Disposal proceeds	-	-	-	-
Wear & Tear deductions: Wear & Tear deductions: 50% of additions	-	-	-	-
Tax written down value e/f	-	-	-	-



**MOROGORO SUGAR INDUSTRIES LIMITED**  
**INCOME TAX COMPUTATION**  
**FOR THE YEAR OF INCOME ENDED 31 DECEMBER 2021**

Analysis of Overheads		Disallowance	Note 6 Amount Disallowed Tzs
<b>DETAILED EXPENSES</b>	Tzs		Tzs
<b>1 Other income</b>			
Foreign Exchange Difference - Gain	-	0%	-
Interest Income	-	0%	-
<b>Total Other income</b>	<u>-</u>		<u>-</u>
<b>2 Other operating expenses</b>			
Audit fees	2,950,000	0%	-
Accommodation Expenses	145,406,000	0%	-
Conveyance Expenses	2,880,000	0%	-
Facilitation Expense	21,280,000	0%	-
Food & Refreshment Expense	46,358,000	0%	-
Foreign Exchange Difference - Loss	39,555	0%	-
Immigration / Visa Charges	9,200,000	0%	-
License Fees Exp	2,520,500	0%	-
Land Survey Charges	13,540,000	0%	-
Printing & Stationery	2,903,700	0%	-
Telephone Expenses	9,179,700	0%	-
Transport Hire Charges	41,675,000	0%	-
Travelling Expenses	116,692,800	0%	-
<b>Total Other expenses</b>	<u>414,625,255</u>		<u>-</u>