

**Morogoro Sugar Industries Limited**  
**Annual Financial Statements**  
**for the year ended December 31, 2023**

# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## General Information

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Country of incorporation and domicile	Tanzania
Directors	Name Mr. Kamalesh Maheshwari Mrs. Parul Maheshwari Mr. Maulik Kamalesh Maheshwari
Registered office	Garden Avenue Ohio Street, Plot No. 17 PPF Tower, Dar es Salaam
Principal banker	Bank of Baroda (Tanzania) Limited P. O. Box Dar es Salaam Tanzania
Independent auditor	Grant Thornton Assurance Tanzania Certified Public Accountants First Floor, Viva Towers Ali Hassan Mwinyi Road P. O. Box 7906 Dar es Salaam Tanzania Registration No. 462493 TIN: 160-403-676 NBAA Registration No. PF403
Company secretary	Jigarkumar Chauhan Plot 1, Block A, Mtego Wa Simba street Morogoro, Tanzania P.O. Box 1421
Company registration number	88214

# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Contents

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Report by Those Charged with Governance

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### 1. Introduction

The members charged with governance submit their report together with the annual financial statements for year ended December 31, 2023, which disclose the state of affairs of Morogoro Sugar Industries Limited herein referred to as the "Company".

### 2. Incorporation

The company is incorporated in United Republic of Tanzania under the Tanzanian Companies Act 2002 as a private company limited by shares, and is domiciled in United Republic of Tanzania. The address of the registered office is set out on page 1.

### 3. Principal activities

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

### 4. Results and dividends

The company recorded a loss after tax for the year ended December 31, 2023 of Tzs 49,962,544 (2022: Tzs (12,958,198)) which has been transferred to retained earnings. The board of directors do not recommend the payment of any dividends for the year ended December 31, 2023 (2022: Tzs Nil).

### 5. Financial performance for the year

During the year, the Company recorded a net loss after tax of Tzs 49,962,544 (2022: Tzs (12,958,198)) This increase is mainly because of the land rates and facilitation expenses paid in the current year.

### 6. Business objectives and strategies

The Company's vision is to become the leader of exporter and sales of harvest crops and processed seed in Tanzania.

In order to maximize shareholder value, the company has set goals and strategies to deliver sustainable profitable growth.

Morogoro Sugar Industries Limited is committed to improving its operational procedures and supporting local economies as it works toward its goal of becoming one of the largest manufacturing businesses in East Africa. Morogoro Sugar Industries Limited desires to have a positive impact on society.

The company's objectives fit well with broader political objectives in the country. Tanzania as a country is making efforts in moving into a middle-income country. One of the strategies set by the government emphasizes building a nation that is diverse and highly industrialized. This has opened opportunities to many sectors of the country.

### 7. Future prospects/developments

The long term objectives has to achieve the profitability through the introduction of innovative products, focusing on value-added customer services while carefully managing both costs and risks. The Company will continue to focus on improving productivity and introducing new products to the market.

The Company has not made any new investments and does not plan to make any investments in the near future.

### 8. Environmental, social and governance

We remain conscious of environmental, social and governance issues and continue to identify better ways of measuring what we have been doing and to better impact our environment as we focus on refining our collective values and objectives.

# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Report by Those Charged with Governance

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### 9. Capital structure and shareholding

The capital structure of the Company is outlined as below.

<u>Authorised share capital</u>	<u>FY2023</u>	<u>FY2022</u>
900,000 Ordinary Shares of Tzs 10,000 each	9,000,000,000	9,000,000,000
<u>Issued and paid up share capital</u>		
Kamalesh Maheshwari (896,500 Ordinary Shares)		8,965,000,000
Parul Maheshwari (3,500 Ordinary Shares)		35,000,000

### 10. Resources

The Board members have a wealth of knowledge and experience in our industry having served at our organization for a long period of time. We are grateful for the contributions made by them towards our strategy and look forward to their successful implementation.

The Company also has good relationships with the community, immediate stakeholders, and other networks which it shares common norms and values with.

### 11. Directorate

The directors of the company are as outlined on page 1. Directors holding shares are outlined in point 9 of this report.

### 12. Stakeholders relationship

The Company has a good relationship with its stakeholders, with no unresolved issues as at the period end.

### 13. Commercial and operational risks

The Company continues to observe for changes in technology that could lead to a significant impact on performance. Hence management continuously analyzes the risk that may arise.

### 14. Financial risk management objectives and policies

To ensure its financial stability and profitability, the company has implemented policies and practices for a sound and prudent management and control of the principal financial risks to which it is exposed.

The Company's overall risk management programme focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance.

### 15. Liquidity

The company has access to financing as required to ensure its liquidity requirements are met.

### 16. Technology and innovation

We are constantly evaluating the need for innovation throughout the year.

### 17. Corporate governance

The company has a code of ethics' which all staff are required to abide by.

We believe in adopting the best practices in Corporate Governance. The Board, Management and the Company employees are committed to upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to the attainment of good governance and excellent performance in any organization.

# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Report by Those Charged with Governance

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### Corporate governance (continued)

#### Members charged with Governance Functions

The Board is responsible and accountable for providing effective corporate governance, direction, and control of the Company. The directors have a duty to exercise leadership, enterprise, integrity and judgment based on transparency, fairness, accountability and responsibility. 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 against budgets and business plans.

The Board is responsible for appointing the management, adopting a corporate strategy, policies, and procedures and monitoring operational performance including identifying risks impacting the company. It is also responsible for managing good relationships with all the stakeholders. 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 itself regularly undergoes self-assessment and evaluation in order to improve the internal Governance of the Board. Training is provided to ensure the Board keeps abreast with current developments in the market.

#### Composition of directors

The board of directors comprised of directors with a mix of skills, experience and diversity. The Directors who were in office for the current year are shown as below:

Name	Position	Nationality	Date of appointment
Kamalesh Maheshwari	Director	Indian	20-12-2011
Parul Maheshwari	Director	Indian	20-12-2011
Maulik Kamalesh Maheshwari	Director	Indian	15-09-2023

The appointment of the directors is in line with the Memorandum and Articles of Association of the Company, as well as the requirements of the Tanzanian Companies Act, 2002.

#### 18. Risk management and internal control

The Board of those charged with governance 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 (including information)
- Compliance with the applicable laws, regulations and supervisory requirements
- The reliability of the accounting records
- Business sustainability under normal as well as adverse conditions and
- Responsible behavior 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 with such measures by staff. Consequently, even a strict and efficient internal control system can provide no more than a reasonable measure of assurance in respect of the above-mentioned objective.

The Board assessed the internal control systems throughout the financial year ended December 31, 2023 and is of the opinion that they met acceptable criteria.

#### 19. Ethical behavior

The Company's Code of Conduct governs all its activities, internal relations and interactions with stakeholders in accordance with its ethical values. It is expected of all staff to maintain a high level of integrity and honesty in dealing with customers, suppliers, service providers and colleagues. Compliance with the Code of Conduct is the ultimate responsibility of the General Manager, with day-to-day monitoring delegated to line management with the support of personnel officers.

The code is supplemented by the Company's responsibility philosophy as well as its employment practices, occupational health and safety controls.

# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Report by Those Charged with Governance

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### 20. Business ethics and organization integrity

The Company's Code of Conduct commits it to the highest standards of integrity, conduct and ethics in its dealings with all parties concerned, including its directors, managers, employees, customers, suppliers, competitors, investors, shareholders and the public in general. The directors and staff are expected to fulfil their ethical obligations in such a way that the business is run strictly according to fair commercial competitive practices.

### 21. Financial reporting and auditing

The directors accept final responsibility for the preparation of the annual financial statements which fairly present:

- The financial position of the Company as at the end of the year under review
- The financial results of operations, as well as
- The cash flows for that year

The responsibility for compiling the annual financial statements was delegated to management. The external auditors report on whether the annual financial statements are fairly presented.

Those charged with governance are satisfied that during the year under review:

- Adequate accounting records were maintained
- An effective system of internal control and risk management, monitored by management, was maintained
- Appropriate accounting policies, supported by reasonable and prudent judgments and estimates, were used consistently and
- The financial statements were compiled in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002.

Those charged with governance are also satisfied that no material event has occurred between the financial year-end and the date of this report.

Those charged with governance are of the opinion that the Company has sufficient resources and commitments at its disposal to operate the business for the foreseeable future, the financial statements have been prepared on a going concern basis.

### 22. Employees

A founding value of our Company has been to provide equal opportunities and a workplace that is representative of the wider communities in which we operate. Our goal is to make sure we continue to empower the careers, aspirations and ambitions of our people. We have been committed to treating all people equally and nurturing great talent, regardless of gender. This culture is something that we are incredibly proud of, and we believe that it is this supportive environment that has helped us to recruit and retain our exceptional team. We promote diversity within our business, our markets and beyond.

#### Employee welfare

The Company has a good relationship with its employees, with no unresolved issues as at the period end. The Company is an equal opportunity employer, and 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.

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event that a member of staff becomes disabled, every effort is made to ensure that his/her employment with the Company continues and appropriate training is arranged the policy of the Company that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Company will pay contributions to National Social Security Fund, which is a publicly administered mandatory pension plans and qualifies to be a defined contribution plan.

### 23. Events after Reporting Period

The Directors confirm that there were no events subsequent to the year-end up to the date of this report that required either a disclosure or an adjustment in the financial statements.

### 24. Related party transactions

Transactions with related parties during the year were in the normal course of business. Details of transactions and balances are included in Note 9.

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# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Report by Those Charged with Governance

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### 25. Political and charitable donations

The company made no political or charitable donations during the year (2022: NIL).

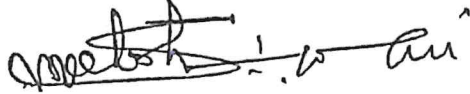
### 26. Auditor

During the year, The Company's auditor has expressed its willingness to continue in office in accordance with the Tanzania Companies Act 2002. The details of the firm are provided on page 1.

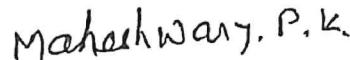
### 27. Responsibility by those charged with governance

The members charged with governance accept responsibility for preparing these financial statements which show a true and fair view of the Company to the date of approval of the audited financial statements, in accordance with the applicable standards, rules, regulations and legal provisions. The members also confirm compliance with the provisions of the requirements of International financial reporting standard 1 and all other statutory legislations relevant to the Company.

BY ORDER OF THE BOARD OF DIRECTORS



Mr. Kamalesh Maheshwari  
Director



Mrs. Parul Maheshwari  
Director

Date: 24/July/ 2024

Date: 24/July/ 2024

# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Directors' Responsibilities and Approval

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

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements 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 of directors 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 minimise 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 annual 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 year to December 31, 2024 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 10.

The annual financial statements set out on page 13, which have been prepared on the going concern basis, were approved by the board of directors on 24 July, 2024 and were signed on its behalf by:



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Mr. Kamalesh Maheshwari  
(Director)

# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Declaration of Head of Finance

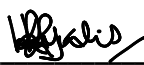
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The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995 requires financial statements to be accompanied with a declaration issued by the Head of Finance 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 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 for Small and medium size entity and statutory reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated above in note 27 of the report by those charged with governance.

I, Khadija T. Fidaali here by acknowledge my responsibility of ensuring that financial statements for the year ended December 31, 2023 have been prepared as per International Financial Reporting 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:  \_\_\_\_\_

Position: Head of finance

NBAA Membership No.: ACPA 3836

Date: 24/07 2024

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS  
OF MOROGORO SUGAR INDUSTRIES LIMITED**

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

**Opinion**

We have audited the accompanying financial statements of **Morogoro Sugar Industries Limited** ("the Company"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, comprising significant accounting policies and other explanatory information, as set out on from page 12 to 20.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Morogoro Sugar Industries Limited** as at 31 December 2023, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs), and in the manner required by the 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with 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. 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. The other information comprises of the report by Those Charged With Governance as required by the Companies Act, 2002; Statement of Responsibilities by Those Charged With Governance and Declaration of Head of Finance. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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.

**Responsibilities of the Those Charged with Governance for the Financial Statements**

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs), and the requirements of the 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.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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**Grant Thornton Assurance Tanzania**

**Registered office:**

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Ali Hassan Mwinyi Road  
PO Box 7906  
Dar es Salaam,  
Tanzania

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Grant Thornton Assurance Tanzania

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Partners M Fazel  
K Shah

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MOROGORO SUGAR INDUSTRIES LIMITED (CONTINUED)****Auditors' 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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's 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 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 represent the underlying transactions and events in a manner that achieves fair presentation.

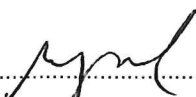
We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**

As required by the Companies Act, 2002 we report that:

- in our opinion, proper accounting records have been kept by **Morogoro Sugar Industries Limited**;
- the individual accounts are in agreement with the accounting records of the Company; and
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

**Grant Thornton Assurance Tanzania**  
**Certified Public Accountants (T)**  
Registration number: PF 403



Signed by **Muntazir Fazel - ACPA 2323**  
Dar es Salaam

Date: **24 July** 2024

# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Statement of Profit or Loss and Other Comprehensive Income

Figures in Tanzanian Shillings	Note(s)	2023	2022
Other income	2	349,440	-
Operating expenses	3	(50,311,984)	(12,958,198)
<b>Operating loss</b>		<b>(49,962,544)</b>	<b>(12,958,198)</b>
<b>Loss before taxation</b>		<b>(49,962,544)</b>	<b>(12,958,198)</b>
Taxation	4	-	-
<b>Loss for the year</b>		<b>(49,962,544)</b>	<b>(12,958,198)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(49,962,544)</b>	<b>(12,958,198)</b>

The material accounting policies on page 16 to 18 and the notes on pages 19 to 20 form an integral part of the annual financial statements.

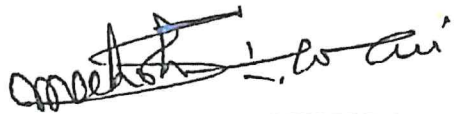
# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

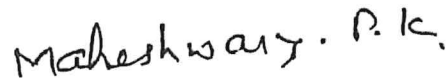
## Statement of Financial Position as at December 31, 2023

Figures in Tanzanian Shillings	Note(s)	2023	2022
<b>Assets</b>			
<b>Current Assets</b>			
Trade and other receivables	5	7,411,152,431	7,551,271,005
Cash and cash equivalents	6	121,118,219	28,768,779
		<u>7,532,270,650</u>	<u>7,580,040,444</u>
<b>Total Assets</b>		<u>7,532,270,650</u>	<u>7,580,040,444</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	7	9,000,000,000	9,000,000,000
Retained earnings		(1,471,956,475)	(1,421,993,931)
		<u>7,528,043,525</u>	<u>7,578,006,069</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	4,227,125	2,034,375
<b>Total Equity and Liabilities</b>		<u>7,532,270,650</u>	<u>7,580,040,444</u>

The annual financial statements and the notes on page 19 to 20, were approved by the board of directors on 24 July, 2024 and were signed on its behalf by:



Mr. Kamalesh Maheshwari  
(Director)



Mrs. Parul Maheshwari  
(Director)

The material accounting policies on page 16 to 18 and the notes on pages 19 to 20 form an integral part of the annual financial statements.

# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Statement of Changes in Equity for the year ended December 31, 2023

Figures in Tanzanian Shillings	Share capital	Retained earnings	Total equity
Balance at January 01, 2022	9,000,000,000	(1,409,035,733)	7,590,964,267
Loss for the year	-	(12,958,198)	(12,958,198)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(12,958,198)	(12,958,198)
Balance at January 01, 2023	9,000,000,000	(1,421,993,931)	7,578,006,069
Loss for the year	-	(49,962,544)	(49,962,544)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(49,962,544)	(49,962,544)
Balance at December 31, 2023	9,000,000,000	(1,471,956,475)	7,528,043,525
Note(s)	7		

The material accounting policies on page 16 to 18 and the notes on pages 19 to 20 form an integral part of the annual financial statements.

# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Statement of Cash Flows for the year ended December 31, 2023

Figures in Tanzanian Shillings	Note(s)	2023	2022
<b>Cash flows used in operating activities</b>			
Cash generated from (used in) operations	10	<u>92,349,440</u>	<u>(90,538,023)</u>
<b>Total cash and cash equivalents movement for the year</b>		<b>92,349,440</b>	<b>(90,538,023)</b>
Cash and cash equivalents at the beginning of the year	6	<u>28,768,779</u>	<u>119,306,802</u>
<b>Total cash and cash equivalents at end of the year</b>	6	<b><u>121,118,219</u></b>	<b><u>28,768,779</u></b>

The material accounting policies on page 16 to 18 and the notes on pages 19 to 20 form an integral part of the annual financial statements.

# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Material Accounting Policies

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### REPORTING ENTITY

Morogoro Sugar Industries Limited is a company incorporated and domiciled in United Republic of Tanzania. These financial statements are for the year ended December 31, 2023.

#### 1. BASIS OF PREPARATION

##### (a) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs), and in the manner required by the Companies Act, 2002.

##### (b) Basis of measurement

The financial statements are prepared on the historical cost basis and incorporate the accounting policies set out below.

##### (c) Functional and presentation currency

These financial statements are presented in the Tanzanian Shillings (TZS), which is the Company's functional and presentation currency rounded to nearest Tanzanian thousand shillings.

#### 1.1 Significant judgements and sources of estimates

In the process of applying the company's accounting policies, the management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are dealt with below:

##### Critical judgements in applying accounting policies

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as when identified.

##### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date that has a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year:

##### - Income tax

The income tax charged to Statement of Profit or Loss and other Comprehensive Income is subjected to agreement with Tanzania Revenue Authority. When the final tax outcome, upon agreement of assessment differs from the amounts originally recorded, such differences are adjusted in subsequent period.

#### 1.2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (a) Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

## **Material Accounting Policies**

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### **1.2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(b) Revenue**

##### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebate, and value added tax.

#### **(c) Investments in associates**

Investments in associates are accounted for using the fair value method. Changes to the fair value are recognized in profit or loss, unless it is impracticable to measure the fair value of the investment reliably without undue cost or effort. Dividend income from investments in associates is recognised in other income when the Company's right to receive payment has been established.

#### **(d) Financial instruments**

##### **Initial measurement**

Financial instruments are initially measured at the transaction price (this includes transaction cost except in the initial measurement of financial assets and liabilities that will be measured at fair value through profit or loss). If however the arrangement constitutes a financing transaction it is then measured at the present value of the future payments, discounted at a market related interest rate.

##### **Trade and other payables**

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Trade and other payables denominated in a foreign currency are translated into functional currency using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

#### **(e) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

Cash and cash equivalents are classified as loans and receivables.

#### **(f) Equity**

Ordinary shares represent the par value of shares that have been issued.

#### **(g) Income tax**

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Material Accounting Policies

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### 1.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### (h) Impairment

At each reporting date, the company assesses whether there is any indication that any asset (or group of related assets) may be impaired. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, this does not apply to impairment losses allocated to goodwill, the reversal of which is prohibited by the standard.

# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Notes to the Annual Financial Statements

Figures In Tanzanian Shillings	2023	2022
<b>2. Other income</b>		
Profit on exchange differences	349,440	-
<b>3. Operating expenses</b>		
Audit fees	1,566,250	1,523,925
Conveyance expenses	-	2,487,000
Document filling fees	-	44,000
Facilitation expense	15,000,000	-
Loss on foreign exchange differences	-	682,023
License fees expenses	3,090,450	-
Land and survey charges	-	3,800,000
Printing and stationery	-	15,000
Rates and taxes	30,028,784	3,825,000
Tax fees	626,500	581,250
	<u>50,311,984</u>	<u>12,958,198</u>
<b>4. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current taxation</b>		
Local normal tax - year	-	-
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting loss and tax expense.		
Accounting loss	(49,962,544)	(12,958,198)
Tax at the applicable tax rate of 30% (2022: 30%)	(14,988,763)	(3,887,459)
<b>Tax effect of adjustments on taxable income</b>		
Deferred tax not recognised	14,988,763	3,887,459
	<u>-</u>	<u>-</u>
<b>5. Trade and other receivables</b>		
Amounts due from related parties (Note 9)	7,392,078,481	7,532,197,715
Advance given for land	19,073,950	19,073,950
	<u>7,411,152,431</u>	<u>7,551,271,665</u>

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 notice of final tax assessment may take several months or years.

# Morogoro Sugar Industries Limited

Annual Financial Statements for the year ended December 31, 2023

## Notes to the Annual Financial Statements

Figures in Tanzanian Shillings	2023	2022
<b>6. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	118,782,931	26,782,931
Bank balances	2,335,288	1,925,848
	<u>121,118,219</u>	<u>28,768,779</u>
<b>7. Share capital</b>		
<b>Authorised share capital</b>		
9,000,000 ordinary shares of TZS 10,000 each	<u>9,000,000,000</u>	<u>9,000,000,000</u>
<b>Issued and paid up share capital</b>		
896,500 ordinary shares of TZS 10,000 each of Kamlesh Maheshwari	8,965,000,000	8,965,000,000
3,500 ordinary shares of TZS 10,000 each of Parul Maheshwari	35,000,000	35,000,000
	<u>9,000,000,000</u>	<u>9,000,000,000</u>
<b>8. Trade and other payables</b>		
Accrual of expense	<u>4,227,125</u>	<u>2,034,375</u>
<b>9. Related parties</b>		
Related party balances and transactions with other related parties		
Related party balances		
<b>Amount due from related parties</b>		
Mahashree Agro Processing Tz Limited	7,392,078,481	7,440,197,715
Kamlesh Maheshwari	-	92,000,000
	<u>7,392,078,481</u>	<u>7,532,197,715</u>
<b>10. Cash generated from (used in) operations</b>		
Loss before taxation	(49,962,544)	(12,958,198)
<b>Changes in working capital:</b>		
Trade and other receivables	140,119,234	(74,186,200)
Trade and other payables	2,192,750	(3,393,625)
	<u>92,349,440</u>	<u>(90,538,023)</u>
<b>11. Comparative figures</b>		
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.		
<b>12. Contingencies</b>		
There were no contingencies during the year ended December 31, 2023.		
<b>13. Commitments</b>		
There were no commitments during the year ended December 31, 2023.		
<b>14. Events after the reporting period</b>		
The directors are not aware of any material event which occurred after the reporting date and up to the date of the Directors Report.		

