

SBC TANZANIA LIMITED
REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 MARCH 2024

SBC TANZANIA LIMITED

**REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 MARCH 2024**

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SBC TANZANIA LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2024**

CORPORATE INFORMATION

DIRECTORS:

| Name | Position | Nationality | Gender | Appointment |
|----------------------|--------------------|--------------------|---------------|-------------------------------|
| Mr. Faysal El Khalil | Chairman | Lebanese | Male | 5 th April 2001 |
| Mr. Ziad El Khalil | Executive Director | British | Male | 5 th April 2001 |
| Mr. Avinash Jha | CEO | Indian | Male | 8 th April 2015 |
| Mr. Georges Kolakez | Director | Lebanese | Male | 1 st December 2016 |

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS:

54/57 Nyerere Road
P.O. Box 4162
Dar es Salaam

SECRETARY:

Dr. Wilbert Kapinga
Bowmans Tanzania Limited
2nd Floor, The Luminary
Cnr Haile Selassie and Chole Road
P.O. Box 78552
Dar es Salaam

AUDITOR:

KPMG
2nd Floor, The Luminary
Plot No. 574
Haile Selassie Road, Msasani Peninsula Area
P.O. Box 1160
Dar es Salaam

TIN: 100-144-921
Registration Number: 107992
NBAA PF 020

BANKERS:

NBC Limited
Corporate Branch
P.O. Box 9062
Dar es Salaam

Standard Chartered Bank Tanzania
International House
P.O. Box 9011
Dar es Salaam

Ecobank Tanzania Ltd
Acacia Building, 84 Kinondoni
P.O. Box 20500
Dar es Salaam

United Bank for Africa
30C/30D Nyerere Road
P.O. Box 80514
Dar es Salaam

Citibank Tanzania Ltd
Plot 1962, Toure Drive
P.O. Box 71625
Dar es Salaam

Exim Bank
Exim Tower Branch
P.O. Box 1431
Dar es Salaam

CRDB Bank Plc
Tazara Branch, Nyerere Road
P.O. Box 40237
Dar es Salaam

Stanbic Bank
Plot 99A, Kinondoni Road
P.O. Box 72647
Dar es Salaam

National Microfinance Bank Plc
NMB House Branch
P.O. Box 162309
Dar es Salaam

I&M Bank (T) Ltd
Corporate Office, Maktaba Street
P.O. Box 1509
Dar es Salaam

Absa Bank Tanzania Ltd
Absa House, Ohio Street
P.O. Box 5137
Dar es Salaam

SBC TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2024

1. INTRODUCTION

The Directors submit their report together with the audited financial statements for the year ended 31 March 2024, which disclose the state of affairs of SBC Tanzania Limited, herein referred to as the “Company”. The Report of the Directors is equivalent to the Report of Those Charged with Governance as required by The Tanzania Financial Reporting Standard No. 1 (TFRS 1).

2. INCORPORATION

The Company was incorporated on 5 April 2001 in Tanzania under the Companies Act, 2002 as a private company limited by shares.

3. BUSINESS OBJECTIVES AND STRATEGIES

a. Vision

To become one of Tanzania's most admired companies.

b. Mission

The Company’s mission is to grow its beverages business, ethically manufacturing and distributing world class brands whilst serving its customers and trade partners with uncompromising integrity. The Company strives to create evermore employment opportunities for Tanzanians and add economic whilst generating a fair return to its shareholders that exceeds their cost of capital.

c. Principal activities

The Company manufactures, distributes and sells carbonated soft drinks in Tanzania market under the authority of PepsiCo. Inc, Purchase, New York.

The Company’s production facilities are in the regions of Dar es Salaam, Arusha, Mbeya and Mwanza. The Company’s finished products are sold in the domestic market (Mainland) and Zanzibar with few exports outside the country boundaries.

d. Accounting period

The Company’s accounting cycle is from April to March. The financial information presented in these financial statements is for the year of income ended 31 March 2024, together with the comparative information for the year ended 31 March 2023.

e. Strategies

The Company has strategies for each of its departments/division, formulated to achieve the business objectives and maximize the productivity. These are concerned with developing a distinctive competence to provide a business unit with a competitive advantage.

Sales & marketing:

The primary focus of the business is to gain competitive edge and grow the volumes ahead of the industry growth by focusing predominantly on market expansion through increasing numeric and weighted distribution. The Company is looking forward for a continual improvement in its distribution models and depending on the market dynamics, has structured models that are appropriate to each of its regions.

The Company’s marketing strategy is designed to support the sales strategy, with a focus on volume growth through trade communication, consumer engagement, product innovation, market penetration and customer retention programs.

SBC TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

3. BUSINESS OBJECTIVES AND STRATEGIES (CONTINUED)

e. Strategies (Continued)

Finance:

The manufacturing industry is always competitive, which puts pressure on product pricing and results in thin profit margins. Especially with the current global challenges, the Company has witnessed abnormal price increases of its key raw materials and thus, it was critical that the Company operates its business as efficiently as possible to meet its financial obligations.

In the view of the increasing demand, production and with the effect of increase in operating costs due to global supply chain challenges, steep devaluation of Tanzanian Shillings (TZS) clubbed with challenges around availability of forex, it is imperative that the Company protects its margins, liquidity and turn around the net current assets position to positive for a sustainable business model. During the year ending 31 March 2024, the Company focused on improving efficiencies and productivity to reduce the cost to serve.

Considering the scenario of forex availability crisis during the year, the Company reviewed its finance strategy especially on forex obligations related to various imports and expanded the banking relationships with various banks to explore the financing options via Cash cover, swaps, among others, that would support meeting the payment timelines to all key raw material suppliers and avoid interruptions in achieving the planned production and sales.

Three-years strategic business plans and one-year annual business plans are prepared to discuss in detail and determine the cash flows and funds required for both long-term investments and working capital including the gaps, if any. In the given local currency devaluation scenario and forex crisis, the current financial strategy of the Company is to fund its working capital requirements through overdraft facilities, and long-term investments through term loans from the banks.

Production:

In the current global scenario of increasing commodity and raw material prices that directly or indirectly affect cost of production and adversely impact the margins, the Company, as part of its low-cost strategy synced its sales strategy of growing volumes to achieve economies of scale and continue to track its production KPIs.

In view of the increasing demand for plastic bottles (PET) pack measured in cartons, the Company as part of its long-term growth strategy, has commissioned a new PET manufacturing facility in Mwanza during the financial year 2023-24. Further, to expand the footprint of its products, the Board has firmed up new investment plans to enhance its PET production capacities in Mbeya, by adding another PET manufacturing line during 2024-25. This also serves the purpose of decentralizing the PET production capacities to reduce its operational cost and protect the margins of PET products and have a more sustainable business model.

Human resource:

The Company's human resource strategy emphasizes employee satisfaction, improving transparency, workplace behavior, training employees, retaining talent, and aligning with the overall vision, mission and objectives of the organization.

As part of the talent retention program and skill development, the Company has implemented a new performance management system to appraise performance, train employees, organize benefits and provide development opportunities including rewards & recognition. This is to improve employee and employer relationship, foster a conducive environment to encourage a strong workplace ethics, inspire fair treatment of and cooperation between team members regardless of age, sex or background.

SBC TANZANIA LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

4. CURRENT AND FUTURE DEVELOPMENTS, INCLUDING PERFORMANCE

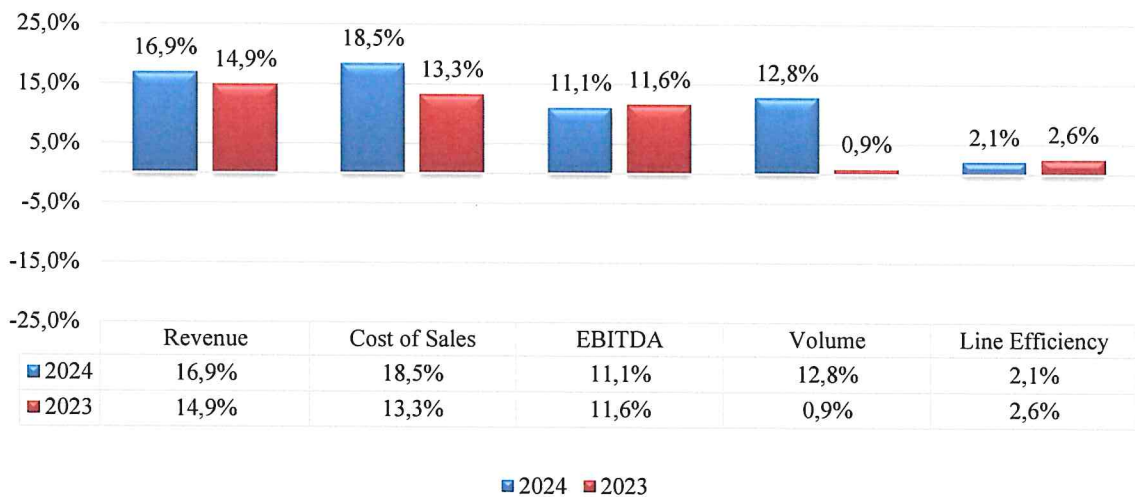
a. Operating and financial review

During the year, the Company experienced a significant adverse impact of Sugar prices clubbed with steep devaluation of Tanzanian Shillings that has affected the landed cost of key direct raw materials like Concentrate, Sugar, etc., and other raw materials which indirectly affects the cost of operations. To mitigate this risk, the Company proactively initiated booking of Sugar futures for the year 2024-25.

During the year, the Company continued to manufacture, distribute, and sell carbonated soft drinks under authority of PepsiCo. Inc, Purchase, New York. The results for the year are set out on page 20 of these financial statements.

A review of financial statements and other non- financial KPIs are conducted with the management monthly, and all deficiencies and significant matters are discussed with proper mitigation and action plan.

% Growth of Key Business Indicators (KBI)



| KBI | Definition (absolute figures compared with prior year) |
|-----------------|---|
| Revenue | Sales revenue from Income Statement |
| Cost of Sales | Manufacturing Cost from Income Statement |
| EBITDA | Tax, finance cost, exchange gain/loss, depreciation and amortization added back to net profit |
| Volume | Sales volume in physical cases |
| Line Efficiency | Actual line efficiency compared with installed capacity for the period line is in use |

| Key financial ratios | 2024 | 2023 |
|---|-------|-------|
| Gross profit margin % (Gross profit / Revenue) | 28.9% | 29.8% |
| Profit margin % (EBT / Revenue) | 0.21% | 1.89% |
| Fixed assets turnover (Revenue / Non-current Assets) | 2.1 | 2.3 |
| Current ratio (Current Assets / Current Liabilities) | 0.8 | 0.7 |
| Days payables outstanding (DPO) (Trade payables / (Cost of Sales + Distribution Exp + Admin Exp – Depreciation – Amortization)) | 79.5 | 60.1 |
| Debt to equity (Total Liabilities / Total Equity) | 1.7 | 1.2 |
| Interest coverage (EBIT / Finance Cost) | 2.5 | 3.1 |

SBC TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

4. CURRENT AND FUTURE DEVELOPMENTS, INCLUDING PERFORMANCE (CONTINUED)

b. Results and dividends

During the year the Company made a net loss of TZS 156 Million (2023: Net profit of TZS 3.95 Billion). The Directors do not recommend the payment of any dividend for the year (2023: NIL).

c. Liquidity

The Company's current ratio for the year is 0.8 (current liabilities exceeding current assets by TZS 34.33 Billion) (2023: current ratio of 0.7 (current liabilities exceeding current assets by TZS 38.57 Billion)). Financial obligations of the Company are mainly met using internally generated cash flows and supported by the ultimate parent company, as and when required.

d. Uses of the funds available

Cash and cash equivalents held by the Company are used to finance operating activities. As at 31 March 2024, the Company had cash and bank balances amounting to TZS 50.58 Billion (2023: TZS 15.04 Billion).

e. Relationship with stakeholders

The Company has good and strong relationship with its shareholders, lenders, customers, suppliers, bankers, lawyers, employees, tax authority and all regulators. The Company's relationship is built upon mutual understanding and in compliance with agreed terms. The Board places considerable importance on effective communication with all stakeholders.

f. Political and charitable donations

The Company did not make any political or charitable donations during the year (2023: NIL).

g. Laws and regulations

The Company focuses to achieve the business objectives but also regularly reviews the compliance check with all laws and regulations through filing of monthly returns, quarterly financial projections including investments and audited financial statements annually.

h. Future development plans

Depending on the future business trends, the Company will continue to focus on market expansion, new product development and expanding sales network to strengthen its market position. The Company, with enhanced production process, risk management, cost reduction and rationalization will continue to invest in new production facilities and improve its profitability.

The Company, as part of its three-year strategic plans, invested in a new production facility in Mwanza to manufacture PET bottles and increase its footprint in the lake region. In addition to supporting the growth strategy of the Company, it has released pressure on the existing Dar facility and gives an opportunity to explore new markets that has helped achieve both volume and value objectives.

Looking at the current growth trends in Mbeya business region, the Board has decided to invest in a new PET manufacturing line within the existing facility in Mbeya targeting to commission in second quarter of 2024-25. Further, the Company decided to enhance RGB capacity via commissioning of new filler during 2024-25.

SBC TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

5. ENTITY OPERATING MODEL

The Company maintains an organization structure for all departments across the entity for proper governance. The Company operates its business from 4 manufacturing plants and 10 depot locations across Tanzania. The management of the Company is under the Chief Executive Officer and is organized in the following departments:

- Production & Quality Assurance,
- Sales & Marketing,
- Finance, Administration & Information Technology,
- Materials,
- Internal Audit,
- Legal,
- Human Resources, and
- Corporate Affairs.

The Company has a defined set of Standard Operating Procedures (SOPs) for each area of its business operations. The transactions are performed, controlled, and authorised within the scope of defined SOP and an approved authority matrix.

The Company developed SOPs considering the risk and control mechanism, general controls are exercised using technology by implementing Entity risk procedures (ERPs) and deployed other policies to support the achievement of its objectives. In the process of pursuing the set objectives, the management team at Head Office conducts periodic reviews with the operations teams to measure the achievement of financial and non-financial KPIs.

6. RESOURCES

The Company believes in investing and utilizing tangible resources very diligently to support achieving the set objectives.

a. Plant & machinery

The Company invests in new machinery from time to time, in view of capacity enhancement, replacement of obsolete equipment and upgradation of machinery with more sophisticated and advanced technology with improved capacity and productivity that follow food safety and product quality.

The Company has a firm plan for preventive and annual maintenance activities, to avoid unforeseen breakdowns, improve equipment efficiencies, be compliant with regulatory requirements, and sustain production that supports to ensure statutory quality requirements including the norms defined by PepsiCo.

b. Input and output

Raw materials, production equipment, workforce and distribution trucks are the most valuable assets and key inputs in the Company's operations along with quality assurance, Standard Operating Procedures (SOPs) and technology, are the tools supporting to achieve objective related to both Customers and Consumers.

All relevant operational KPIs are agreed with various departments / regions that measures the overall performance of the Company's business.

c. Human capital

The Company is an 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, tribe, religion and disability which does not impair ability to discharge duties. The eligible employees are encouraged to grow with the Company in the relevant functional areas as part of the talent retention program.

SBC TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

6. RESOURCES (CONTINUED)

c. Human capital (Continued)

During the year, the Company has implemented a new HRM solution for attendance, payroll and performance management system (PMS) to measure and monitor the performance of each employee and relies on a combination of technology and methodology to ensure employees across the Company are aligned with the strategic objectives and contribute to the overall success of the Company.

7. PRINCIPAL RISKS AND UNCERTAINTIES

a. Risk management

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 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 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 of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 31 March 2024 and is of the opinion that they met the set criteria. The Board is directly responsible for risk and internal control assessment as a separate audit committee is not considered necessary.

b. Operational risk

Considering the recommendations from the management on improving the effectiveness of internal control systems that assist minimizing operational risk and to safeguard the Company's assets, the Board decided to bring in on-board a Health Safety & Environment department along with a Risk Control Department. These departments are specialized in assessing human, security, physical and other operational risks and implement various corrective and mitigation plans under the guidance of the management and the Board.

c. Technological risk

Over the last 2 years, the entity embraced the practice of periodic assessment of identifying and analyzing technology risks in the business environment it operates. As part of the business continuity plan together with minimizing risk from increasing cyber-attacks globally, the entity continues to protect its database servers using cloud technology with robust security policies and implemented end point protection through Microsoft defender. In the process of minimizing the risk due to redundant IT equipment, the entity has replaced significant number of old desktops with latest technology and security features. Further, to avoid data loss risks due to unstable connectivity, the entity has installed new back-up connectivity across all its business locations and implemented a new technology SD-WAN to efficiently use the data and internet resources.

The entity is in the process of implementing new business intelligence software integrated with the existing ERP to provide MIS to the senior management team.

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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

8. CORPORATE GOVERNANCE MATTERS

Board of Directors

The Board consists of four 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 delegates the day-to-day management of the business to the Executive Director assisted by senior management. Senior management is invited to attend board meetings and facilitates 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 Directors also recognise the importance of integrity, transparency, and accountability. The Board met 8 times during the year. Details of Directors of the Company who held office during the year and up to the date of this report is disclosed on page 1.

Meetings held

| Date | Summary of meeting | Attendees | Mode of Meeting |
|-----------------------------|---|--|-----------------------------|
| 03 rd April 2023 | Resolution of the board of directors approving the commencement and prosecution of a suit against Harold P Harold. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |
| 28 th April 2023 | Resolution of the board of directors authorising the company to accept the terms and conditions of the offer letter from Stanbic Bank Tanzania Limited in respect of overdraft facility of USD 3,000,000 under 110% cash cover. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |
| 08 th May 2023 | Resolutions of the board of directors approving opening of additional bank account with Exim Bank Tanzania Limited linked with cash depositing machine at Shinyanga. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |
| 13 th May 2023 | Resolution of the board of directors approving the establishment of the polyethylene terephthalate (PET) plant in Mwanza | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |
| 19 th May 2023 | Resolutions of the board of directors approving opening of a bank account with United Bank of Africa Tanzania Plc in TZS and USD. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |
| 18 th July 2023 | Resolution of the board of directors approving the company to accept the terms and conditions of the indicative term sheet from Exim Bank Tanzania Limited towards financing of PET plant at Mwanza. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |
| 21 st July 2023 | Resolutions of the board of directors approving opening of a bank account with Absa Bank Tanzania Limited. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |

SBC TANZANIA LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

8. CORPORATE GOVERNANCE MATTERS (CONTINUED)

Board of Directors (Continued)

Meetings held (Continued)

| Date | Summary of meeting | Attendees | Mode of Meeting |
|---------------------------------|---|--|--|
| 28 th July 2023 | Resolutions of the board of directors approving opening of additional bank account linked with Cash Depositing Machine at Arusha, 2 bank accounts, one in USD and one in EURO to be operated by Headquarters and changes in authorised signatory list to operate the bank accounts with Exim Bank Tanzania Limited. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |
| 09 th August 2023 | Resolutions of the board of directors approving to process an application from the UBA Tanzania Limited for credit facility of USD 7,500,000. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |
| 22 nd September 2023 | Resolution of the board of directors approving the establishment of warehouse for distributing company's products in Babati, Sumbawanga and Rukwa Districts. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail Exchange of electronic mail |
| 29 th September 2023 | Resolutions of the board of directors approving opening of a bank account with Eco Bank Tanzania Limited in TZS, USD and EURO. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail Exchange of electronic mail |
| 06 th October 2023 | Resolution of the board of directors approving the Credit cum Term Loan facility with a maximum principal amount of TZS equivalent to USD 9,500,000 from EXIM Bank Tanzania Limited. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail Exchange of electronic mail |
| 30 th November 2023 | Resolution of the board of directors approving the company to accept banking credit facilities offered by Ecobank Tanzania Limited as set out in the Bank's Facility Letter. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail Exchange of electronic mail |
| 05 th December 2023 | Resolution of the board of directors approving opening of a bank account with CRDB Bank PLC at Tazara Branch in Dar es Salaam for sales collections. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |
| 12 th December 2023 | Resolution of the board of directors authorizing the company to accept the terms and conditions of the offer letter from I&M Bank Tanzania Limited in respect of overdraft facility of USD 4,000,000. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |
| 12 th February 2024 | Resolutions of the board of directors authorizing the company to accept the terms and conditions of the offer letter from I&M Bank Tanzania Limited in respect of enhancement of overdraft facility from USD 4,000,000 to USD 9,000,000. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |

SBC TANZANIA LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

8. CORPORATE GOVERNANCE MATTERS (CONTINUED)

Board of Directors (Continued)

| Date | Summary of meeting | Attendees | Mode of Meeting |
|--------------------------------|--|--|-----------------------------|
| 15 th February 2024 | Resolution of the board of directors approving institution of legal proceedings against the unlawful occupiers of plot numbers 15, 16, 18, 19, 20 and 21 at block F Ndachi Center in Dodoma. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |
| 14 th March 2024 | Resolution of the board of directors approving the company to accept the terms and conditions of the facility agreement from National Bank of Commerce Limited and appointing the account signatories. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |
| 14 th March 2024 | Resolutions of the board of directors approving opening of a bank account with National Bank of Commerce Limited in EURO currency. | Mr. Faysal El Khalil Mr. Ziad El Khalil Mr. Avinash Jha Mr. Georges Kolakez | Exchange of electronic mail |

| | 2024 | 2023 |
|--------------------------------|-----------------------|-----------------------|
| Directors' remuneration | TZS '000 | TZS '000 |
| Mr. Avinash Jha | 439,643 | 401,783 |
| Mr. Ziad El-Khalil | 162,109 | 155,036 |
| | <u>601,752</u> | <u>556,819</u> |

Directors' remuneration includes salaries and short-term non-cash benefits. Apart from the Directors above, the remaining Directors did not receive any remuneration (2023: NIL)

9. CORPORATE SOCIAL RESPONSIBILITY

The Company has a corporate social responsibility policy that is directed towards contributing to the country's economic development and environmental sustainability, while improving the welfare of our employees and their families, shareholders as well as of the community and society at large.

The Company, in collaboration with Rotary International, provided furniture and other education equipment to various schools in Dar es Salaam and supported to improve infrastructure in educational institutions. In another endeavor, the Company has partnered with PETCO, a non-profit organization that is driving PET recycling solutions in the region.

10. CAPITAL STRUCTURE

a. Capital structure

| | 2024 | 2023 |
|--|--------------------------|--------------------------|
| | TZS'000 | TZS'000 |
| <u>Authorised share capital:</u> | | |
| 68,573,000 ordinary shares of TZS 1,000 each (2023: 68,573,000 ordinary shares of TZS 1,000 each) | <u>68,573,000</u> | <u>68,573,000</u> |
| <u>Issued and fully paid share capital:</u> | | |
| 68,309,005 ordinary shares of TZS 1,000 each (2023: 68,309,005 ordinary shares of TZS 1,000 each) | <u>68,309,005</u> | <u>68,309,005</u> |

SBC TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

10. CAPITAL STRUCTURE (CONTINUED)

b. Shareholding

The issued and fully paid-up share capital is held by:

| | Number of shares held | |
|---------------------------------|-----------------------|-------------------|
| | 2024 | 2023 |
| Tanzania Bottling Company, S.A. | 68,308,998 | 68,308,998 |
| Mr. Ziad El Khalil | 1 | 1 |
| Mr. Avinash Jha | 1 | 1 |
| Mr. Fadi Anwar El Khalil | 1 | 1 |
| Mr. Sreenivasulu Akumalla | 1 | 1 |
| Mr. Paul James Richards | 1 | 1 |
| Mr. Sanam Govind Mahambrey | 1 | 1 |
| Mr. Jayaraman Balasubramanian | 1 | 1 |
| | <u>68,309,005</u> | <u>68,309,005</u> |

c. Directors' interest in the shares of the Company

| Name | Shareholding – | Shareholding – |
|--------------------|----------------|----------------|
| | 2024 | 2023 |
| Mr. Ziad El Khalil | 1 share | 1 share |
| Mr. Avinash Jha | 1 share | 1 share |

11. CASH FLOWS AND LIQUIDITY

The Company operates its business with almost 98% of its sales on a cash basis and have credit terms with all big suppliers. The Company maximises liquidity through releasing and centralizing cash and is completely controlled at its head office.

The Company partially funds its working capital requirements through overdraft facilities and capital expenditure requirements through long-term loans with a tenor not exceeding 60 months for the repayment. The repayment of loans comprising of principal and interest over the terms and interest on overdraft facilities are paid to the bank on monthly basis.

The Company prepares an annual business plan at the beginning of the financial year and keep updating with the rolling estimates on quarterly basis to determine the gaps, if any, in the cash flows and plans to fund via suitable financing options. To mitigate the crisis of forex availability and local currency devaluation, the Company has been exploring other financing options including swaps and forward deals of forex to avoid any disruption in meeting its obligation to clear the forex liabilities and ensure uninterrupted supplies of raw material in the short to medium term.

12. SOLVENCY AND GOING CONCERN

The Company's state of affairs as at 31 March 2024 is set out on page 19 of these financial statements.

The Company's current liabilities have exceeded the current assets by TZS 34.33 Billion as at 31 March 2024 (2023: TZS 38.57 Billion). The Company has net assets amounting to TZS 142.32 Billion (2023: TZS 115.12 Billion) and accumulated profits amounting to TZS 6.16 Billion (2023: TZS 3.99 Billion). During the year ended 31 March 2024 the Company made a net loss of TZS 156.98 Million (2023: Net profit of TZS 3.95 Billion).

SBC TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

12. SOLVENCY AND GOING CONCERN (CONTINUED)

The current liabilities of the Company consist of short-term borrowings of TZS 72.11 Billion (2023: TZS 38.16 Billion) and trade and other payables amounting to TZS 107.87 Billion (2023: TZS 76.83 Billion) which includes related party balance of TZS 28.59 Billion (2023: TZS 34.18 Billion) and tax payable amounting to TZS 185.42 Million (2023: NIL). Net cash flow generated from operating activities after tax is TZS 45.31 Billion (2023: TZS 46.68 Billion).

With increased focus and targeted marketing expenditure for SBC products, the Directors are confident that the Company will continue to grow in terms of its market share and revenue.

The ultimate parent company has continually supported the Company in the past and has confirmed that they will continue providing the required financial support to the Company in order to meet its commitments. This financial support will remain in place for at least twelve months from the date of approval of these financial statements while the current liabilities of the Company (including contingent liabilities) exceed their current assets, fairly valued, and/or should the Company not be in a position to settle their liabilities.

The Directors have made an assessment of the ability of the Company to continue as going concern and have no reason to believe that the business will not be a going concern at least for the next twelve months from the date of approval of these financial statements. Accordingly, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

13. EMPLOYEE WELFARE

Management and employee relationship

The management and Tanzania Union of Industrial Commercial Organization (TUICO) strive to implement best practices in human resources management and personnel policies. Management/employee relationship continued to be good during the year.

The Company is an 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, tribe, religion and disability which does not impair ability to discharge duties.

Training facilities

The Company provides on-the-job training to all its employees in order to improve their technical skills and effectiveness. Employees are also considered for external training courses that upgrade skills and enhance development.

Medical assistance

The Company provides medical cover to its employees and eligible dependents through a medical insurance scheme.

Health and safety

The Company continued to assure safety standards as required by factory ordinance and provided conducive working environment for employees.

Financial assistance to staff

Loans are available to all confirmed employees depending on the assessment of and the discretion of management as to the need and circumstances.

SBC TANZANIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

13. EMPLOYEE WELFARE (CONTINUED)

Persons with disabilities

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. It is 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.

Employees benefit plan

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

14. GENDER PARITY

The average number of employees during the year was 1,307 employees (2023 – 1,317 employees), out of which 151 were female (2023: 157) and 1,156 were male (2023: 1,160).

15. RELATED PARTY TRANSACTIONS

The details of related party balances and transactions are included in Note 21 of the financial statements.

16. ENVIRONMENTAL CONTROL PROGRAMME

The Company has invested in biomass boiler, with a view to reduce pollution from fossil fuels, and thereby move towards Agro waste-based boiler for steam generation.

Biomass fuel is a clean, green and eco-friendly natural fuel. Emission from biomass fuel is cleaner compared to fossil fuel. Sulphur in the exhaust is practically nil and therefore less harmful to the environment. Carbon emission is also drastically reduced which helps in dropping global warming. Ash generated out of combustion of biomass fuel is non-hazardous and has other benefits of landfilling and gardening.

The Company uses rice husk, coffee husk, and saw dust as boiler fuel to generate steam which is further used in the process. This fuel is otherwise found burnt in open without any benefit.

To reduce carbon footprint, the Company has converted all its diesel operated forklift trucks into battery operated forklift trucks across all the operating locations.

In another endeavor, the Company is partnering with PETCO, a non-profit organization that is driving PET recycling solutions in the region.

17. AUDITOR

KPMG has indicated its willingness to continue in office and is eligible for re-appointment. A resolution proposing the re-appointment of KPMG as auditor of the Company will be put to the Annual General Meeting.

SBC TANZANIA LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

17. STATEMENT OF COMPLIANCE

The members charged with governance (the Directors) 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 TFRS 1 *Report by Those Charged with Governance*.

By order of the Board



.....
Mr. Ziad El Khalil
Executive Director

Date: 31 July 2024



.....
Mr. Avinash Jha
Director

Date: 31 July 2024

SBC TANZANIA LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2024**

The Company's Directors are responsible for the preparation of financial statements that give a true and fair view of SBC Tanzania Limited ("the Company") comprising the statement of financial position as at 31 March 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policies, in accordance with IFRS Accounting Standards as Issued by the International Accounting Reporting Standards (IFRS Accounting Standards), and in the manner required by the Companies Act, 2002.

The Directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

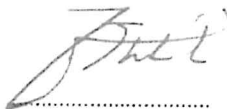
The ultimate parent company has continually supported the Company in the past and has confirmed that they will continue providing the required financial support to the Company in order to meet its commitments. This financial support will remain in place for at least twelve months from the date of approval of these financial statements while the current liabilities of the Company (including contingent liabilities) exceed their current assets, fairly valued, and/or should the Company not be in a position to settle their liabilities.

The Directors have made an assessment of the ability of the Company to continue as going concern and have no reason to believe that the business will not be a going concern at least for the next twelve months from the date of approval of these financial statements. Accordingly, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of SBC Tanzania Limited, as identified in the first paragraph, were approved and authorised for issue by the Board of Directors on 31 July 2024



.....
Mr. Ziad El Khalil
Executive Director


.....
Mr. Avinash Jha
Director

SBC TANZANIA LIMITED

**DECLARATION OF THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 MARCH 2024**

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 Statement of Declaration issued by 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 position of the entity in accordance with international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Directors as under Statement of Directors' Responsibilities on an earlier page.

I, **Sreenivasulu Akumalla**, being the Acting Head of Finance of SBC Tanzania Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 March 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements of SBC Tanzania Limited comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.

Signed:


Position: Acting Head of Finance

NBAA Membership No.: TACPA 4014

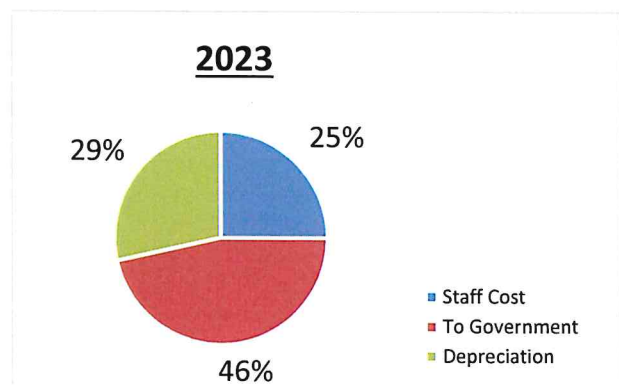
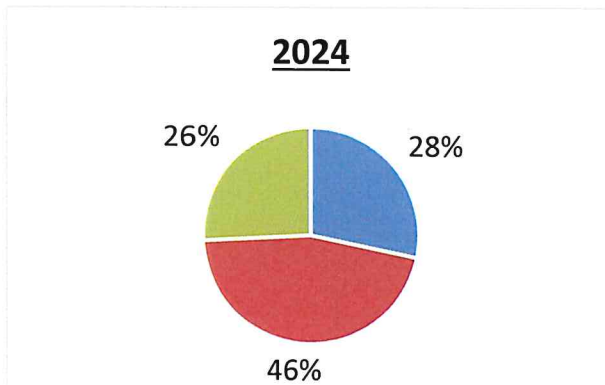
Date: 31-July-2024

SBC TANZANIA LIMITED

**VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 MARCH 2024**

Value added is defined as the value created by the activities of a business and its employees, and in the case of SBC Tanzania Limited, is determined as gross turnover less the expenses. The value-added statement reports on the calculation of value added and its application among the stakeholders in the Company. This statement shows the total wealth created and how it was distributed, taking into account the amounts retained and reinvested in the Company for the replacement of assets and development of operations.

| | 2024 | 2023 |
|---|---------------------------|---------------------------|
| | TZS'000 | TZS'000 |
| VALUE ADDED | | |
| Gross turnover (including VAT) | 559,593,977 | 479,161,854 |
| Other income | 5,601,980 | 5,284,345 |
| Expenses | (423,329,738) | (344,834,835) |
| Value added | <u>141,866,219</u> | <u>139,611,364</u> |
| VALUE ALLOCATED | | |
| To employees: | | |
| Staff cost | 40,116,525 | 34,928,142 |
| To government: | | |
| | 65,171,211 | 64,882,403 |
| - Net VAT | 24,037,593 | 20,581,641 |
| - Excise duty | 27,189,837 | 22,828,259 |
| - Direct tax | 469,832 | 6,436,173 |
| - Customs duties | 13,473,949 | 15,036,330 |
| To shareholders: | | |
| Cash dividends | - | - |
| To retention for expansion and growth: | | |
| | 36,578,483 | 39,800,819 |
| - Depreciation of property, plant & equipment and bottles & crates including impairment, and amortisation of intangible asset | 36,735,470 | 35,850,540 |
| - Retained (loss)/profit for the year | (156,987) | 3,950,279 |
| Value allocated | <u>141,866,219</u> | <u>139,611,364</u> |





KPMG
Certified Public Accountants
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P.O. Box 1160
Dar es Salaam, Tanzania

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Fax +255 22 2600490
Email info@kpmg.co.tz
Internet www.kpmg.com/eastafrica

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SBC TANZANIA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SBC Tanzania Limited ("the Company") set out on pages 21 to 59, which comprise the statement of financial position as at 31 March 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) 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 *Auditor's 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (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.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the *SBC Tanzania Limited Report and Financial Statements for the year ended 31 March 2024* but does not include the financial statements and our auditor's report thereon.

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

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



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SBC TANZANIA LIMITED (CONTINUED)**

Report on the Audit of the Financial Statements (Continued)

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SBC TANZANIA LIMITED (CONTINUED)**

Report on Other Legal and Regulatory Requirements

As required by the Companies Act, 2002 we report to you, solely based on our audit of the financial statements, that:

- in our opinion, proper accounting records have been kept by the Company;
- the individual accounts are in agreement with the accounting records of the Company;
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit;
- directors' report is consistent with the financial statements; and
- information specified by the law regarding Directors' emoluments and other transactions with the Company is disclosed.

**KPMG
Certified Public Accountants (T)**

Signed by CPA Alexander Njombe (ACPA 2714)
Dar es Salaam

Date: 13-08-2024

SBC TANZANIA LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024**

| | Notes | 31-Mar-2024 TZS'000 | 31-Mar-2023 TZS'000 Restated* | 01-Apr-2022 TZS'000 Restated* |
|--|--------|------------------------|-------------------------------------|-------------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 5 | 187,153,162 | 135,123,205 | 143,591,170 |
| Bottles and crates | 6 | 26,474,022 | 29,353,273 | 27,975,144 |
| Intangible asset | 7 | 257,529 | 136,589 | 313,826 |
| Right-of-use assets | 22(i) | 13,336,489 | 10,564,633 | 12,404,598 |
| | | 227,221,202 | 175,177,700 | 184,284,738 |
| Current assets | | | | |
| Inventories | 8 | 88,069,872 | 52,041,606 | 41,923,945 |
| Trade and other receivables | 9 | 13,789,912 | 14,286,567 | 33,577,760 |
| Current tax receivable | 19(b) | - | 866,443 | 1,593,917 |
| Cash and bank balances | 10 | 50,582,403 | 15,040,928 | 4,157,882 |
| | | 152,442,187 | 82,235,544 | 81,253,504 |
| TOTAL ASSETS | | 379,663,389 | 257,413,244 | 265,538,242 |
| EQUITY | | | | |
| Equity attributable to equity holders | | | | |
| Share capital | 11 | 68,309,005 | 68,309,005 | 68,309,006 |
| Revaluation reserve | 5(b) | 67,859,481 | 42,820,461 | 45,148,416 |
| Retained earnings/(accumulated loss) | | 6,158,386 | 3,987,418 | (2,290,816) |
| | | 142,326,872 | 115,116,884 | 111,166,606 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Loans and borrowings | 12 | 22,645,747 | 5,986,635 | 13,805,244 |
| Deferred tax liability | 14 | 20,170,762 | 9,042,164 | 12,493,742 |
| Lease liabilities | 22(ii) | 7,742,465 | 6,458,173 | 8,931,554 |
| | | 50,558,974 | 21,486,972 | 35,230,540 |
| Current liabilities | | | | |
| Loans and borrowings | 12 | 8,994,433 | 5,716,631 | 7,411,659 |
| Trade and other payables | 13 | 107,868,083 | 76,828,475 | 82,198,627 |
| Bank overdrafts | 10 | 63,114,287 | 32,439,678 | 22,350,430 |
| Lease liabilities | 22(ii) | 6,615,315 | 5,824,604 | 7,180,380 |
| Current tax payable | 19(B) | 185,425 | - | - |
| | | 186,777,543 | 120,809,388 | 119,141,096 |
| TOTAL LIABILITIES | | 237,336,517 | 142,296,360 | 154,371,636 |
| TOTAL EQUITY AND LIABILITIES | | 379,663,389 | 257,413,244 | 265,538,242 |

The financial statements on pages 21 to 59 were approved and authorised for issue by the Board of Directors on 31 July 2024 and signed by:

.....
Mr. Ziad El Khalil
Executive Director

.....
Mr. Avinash Jha
Director

* See Note 27 for restatement.

Notes and related statements forming part of these financial statements appear on pages 25 to 59.
Independent Auditor's Report appears on pages 18 to 20.

SBC TANZANIA LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024**

| | Notes | 2024 TZS'000 | 2023 TZS'000 Restated* |
|--|-------|--------------------|------------------------------|
| Revenue | 15 | 474,939,482 | 406,231,243 |
| Cost of sales | 16 | (337,682,326) | (285,067,491) |
| Gross profit | | 137,257,156 | 121,163,752 |
| Other operating income | 17 | 5,601,980 | 5,284,345 |
| Distribution expenses | | (95,589,575) | (84,363,831) |
| Administration expenses | | (31,480,288) | (29,113,317) |
| Impairment release | | 48,521 | 44,490 |
| Operating profit before financing costs | | 15,837,794 | 13,015,439 |
| Exchange loss | | (8,463,584) | (1,194,824) |
| Finance cost | | (6,387,037) | (4,158,266) |
| Profit before taxation | 18 | 987,173 | 7,662,349 |
| Tax expense | 19(A) | (1,144,160) | (3,712,070) |
| (Loss)/profit for the year | | (156,987) | 3,950,279 |
| Other Comprehensive income: | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Revaluation of property, plant and equipment | | 39,095,678 | - |
| Deferred tax on revaluation | | (11,728,703) | - |
| Other comprehensive income for the year | | 27,366,975 | - |
| Total comprehensive income for the year | | 27,209,988 | 3,950,279 |
| (Loss)/profit per share | 20 | TZS (2) | TZS 58 |

* See Note 27 for restatement.

Notes and related statements forming part of these financial statements appear on pages 25 to 59.

Independent Auditor's Report appears on pages 18 to 20.

SBC TANZANIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

| | Share capital TZS'000 | Revaluation reserve TZS'000 | Retained earnings TZS'000 | Total TZS'000 |
|--|-----------------------------|-----------------------------------|---------------------------------|--------------------|
| Balance at 1 April 2022 as previously reported | 68,309,006 | 7,347,031 | (2,196,126) | 73,459,911 |
| Impact of correction of errors* | | 37,801,385 | (94,690) | 37,706,695 |
| Balance as at 1 April 2022 as restated | 68,309,006 | 45,148,416 | (2,290,816) | 111,166,606 |
| Total comprehensive income for the year: | | | | |
| Profit for the year as previously reported | - | - | 4,828,904 | 4,828,904 |
| Impact of correction of errors* | - | - | (878,625) | (878,625) |
| Profit for the year as restated | - | - | 3,950,279 | 3,950,279 |
| <i>Other comprehensive income:</i> | | | | |
| Transfer of revaluation reserve | - | (3,325,651) | 3,325,651 | - |
| Deferred tax on transfer of revaluation reserve | - | 997,696 | (997,696) | - |
| Total comprehensive income for the year | - | (2,327,955) | 6,278,234 | 3,950,279 |
| Transactions with owners: | | | | |
| Reduction of ordinary shares (1 ordinary share at TZS 1,000 per share) | (1) | - | - | (1) |
| Total transactions with owners | (1) | - | - | (1) |
| Balance at 31 March 2023 as restated | 68,309,005 | 42,820,461 | 3,987,418 | 115,116,884 |
| Balance at 1 April 2023 | 68,309,005 | 42,820,461 | 3,987,418 | 115,116,884 |
| Total comprehensive income for the year: | | | | |
| Loss for the year | - | - | (156,987) | (156,987) |
| <i>Other comprehensive income:</i> | | | | |
| Transfer of revaluation reserve | - | (3,325,651) | 3,325,651 | - |
| Deferred tax on transfer of revaluation reserve | - | 997,696 | (997,696) | - |
| Revaluation of property, plant and equipment | - | 39,095,678 | - | 39,095,678 |
| Deferred tax on revaluation | - | (11,728,703) | - | (11,728,703) |
| Total comprehensive income for the year | - | 25,039,020 | 2,170,968 | 27,209,988 |
| Transactions with owners: | | | | |
| Issue of ordinary shares | - | - | - | - |
| Total transactions with owners | - | - | - | - |
| Balance at 31 March 2024 | 68,309,005 | 67,859,481 | 6,158,386 | 142,326,872 |

Note:

The revaluation reserve represents the surplus of valuation over historical cost of the leasehold land, buildings, and plant & machinery. This is being transferred to the retained earnings in line with the accounting policy stated in Note 3(e). The revaluation reserve is not available for distribution.

* See Note 27 for restatement.

Notes and related statements forming part of these financial statements appear on pages 25 to 59.

Independent Auditor's Report appears on pages 18 to 20.

SBC TANZANIA LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

| | Notes | 2024 TZS'000 | 2023 TZS'000 Restated* |
|--|--------|---------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| (Loss)/profit for the year | | (156,987) | 3,950,279 |
| Adjustments for: | | | |
| - Tax | 19(A) | 1,144,160 | 3,712,070 |
| - Depreciation on property, plant and equipment | 5 | 19,173,936 | 18,486,227 |
| - Depreciation on bottles and crates | 6 | 17,420,642 | 17,182,863 |
| - Amortization of intangible asset | 7 | 140,892 | 181,450 |
| - Gain on disposal of items of property, plant and equipment | | (93,148) | (76,045) |
| - Release of impairment | 25(a) | 48,521 | (44,490) |
| - Depreciation on right-of-use assets | 22(i) | 6,555,875 | 5,130,470 |
| - Interest expense on loans | 12 | 1,785,216 | 1,496,412 |
| - Interest expense on lease liabilities | 22(ii) | 1,256,727 | 1,096,122 |
| - Effect of exchange loss on cash and bank balances | | 2,911,891 | (1,091,150) |
| - Exchange (gain)/loss on lease liabilities | 22(ii) | (292,284) | 79,990 |
| | | 49,895,441 | 50,104,198 |
| Changes in: | | | |
| - Inventories | | (36,028,266) | (10,117,661) |
| - Trade and other receivables | | 670,700 | 19,335,682 |
| - Trade and other payables | | 31,465,839 | (6,207,193) |
| Cash generated from operating activities | | 46,003,714 | 53,115,026 |
| Income tax paid including withholding tax paid | 19(B) | (692,398) | (6,436,173) |
| Net cash generated from operating activities | | 45,311,316 | 46,678,853 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of items of property, plant and equipment | 5 | (32,282,184) | (10,100,294) |
| Acquisition of intangible asset | 7 | (103,560) | (4,213) |
| Proceeds from disposal of items of property, plant and equipment | | 108,845 | 158,077 |
| Acquisition of bottles and crates | 6 | (14,541,392) | (18,560,992) |
| Net cash used in investing activities | | (46,818,291) | (28,507,422) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repurchase of ordinary shares | 11 | - | (1) |
| Loan received | 12 | 25,658,376 | - |
| Loans repayment – Principal | 12 | (5,721,462) | (9,513,637) |
| Loans repayment – Interest | 12 | (1,785,216) | (1,496,412) |
| Payment of lease liabilities – Principal | 22(ii) | (7,632,972) | (6,362,611) |
| Payment of lease liabilities – Interest | 22(ii) | (1,232,994) | (1,096,122) |
| Net cash generated from/(used in) financing activities | | 9,285,732 | (18,468,783) |
| Net increase/(decrease) in cash and bank balances | | 7,778,757 | (297,352) |
| Effect of foreign exchange | | 2,911,891 | 1,091,150 |
| Cash and bank balances at the beginning of the year | | (17,398,750) | (18,192,548) |
| Cash and bank balances at the end of the year | 10 | (12,531,884) | (17,398,750) |
| CASH AND BANK BALANCE COMPRISES: | | | |
| Cash and bank balances | | 50,582,403 | 15,040,928 |
| Bank overdrafts | | (63,114,287) | (32,439,678) |
| Cash and bank balance at the end of the year | 10 | (12,531,884) | (17,398,750) |

* See Note 27 for restatement.

Notes and related statements forming part of these financial statements appear on pages 25 to 59.
Independent Auditor's Report appears on pages 18 to 20.

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. REPORTING ENTITY

SBC Tanzania Limited (“the Company”) is a company domiciled in Tanzania and its registered office and principal place of business is stated in the report of the directors. The financial statements of the Company are for the year ended 31 March 2024.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies Act, 2002.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except for buildings, plant & machinery and leasehold land which are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Tanzanian Shillings (TZS), which is the Company’s functional currency. All financial information presented in Tanzanian Shillings has been rounded to the nearest thousand (TZS’000), unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the financial reporting date and the reported amounts of revenues and expenses during the financial reporting period. Although these estimates are based on the Directors’ best knowledge of current events, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimations and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 4.

(e) Going concern

The Company’s state of affairs as at 31 March 2024 is set out on page 19 of these financial statements.

The Company’s current liabilities have exceeded the current assets by TZS 34.33 Billion as at 31 March 2024 (2023: TZS 38.57 Billion). During the year ended 31 March 2024 the Company made a net loss of TZS 156.98 Million (2023: TZS Net profit of 3.95 Billion).

The current liabilities of the Company consist of short-term borrowings of TZS 72.11 Billion (2023: TZS 38.16 Billion) and trade and other payables amounting to TZS 107.87 Billion (2023: TZS 76.83 Billion) which includes related party balance of TZS 28.59 Billion (2023: TZS 34.18 Billion).

Net cash flow generated from operating activities after tax is TZS 45.31 Billion (2023: TZS 46.68 Billion).

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(e) Going concern (Continued)

With increased focus and targeted marketing expenditure for SBC products, management is confident that the Company will continue to grow in terms of its market share and revenue.

The ultimate parent company has continually supported the Company in the past and has confirmed that they will continue providing the required financial support to the Company in order to meet its commitments. This financial support will remain in place for at least twelve months from the date of approval of these financial statements while the current liabilities of the Company exceed their current assets, fairly valued, and/or should the Company not be in a position to settle their liabilities.

The Directors have made an assessment of the ability of the Company to continue as going concern and have no reason to believe that the business will not be a going concern at least for the next twelve months from the date of approval of these financial statements. Accordingly, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

3. MATERIAL ACCOUNTING POLICIES

The following accounting policies applied consistently to all periods in these financial statements:

(a) Revenue recognition

Performance obligations and revenue recognition policies

The Company generates revenue primarily from the sale of carbonated soft drinks packaged in returnable glass bottles (RGB) and plastic bottles (PET). On delivery of RGB carbonated drinks to customers, the Company collects a deposit for each bottle and crate delivered and it has an obligation to refund this deposit when the customers return the bottles and crates and do not have a subsequent order.

The customer has an obligation to return the bottles and crates. Based on its historical experience, the Company expects that only an insignificant portion of bottles and crates will not be returned. Bottles and crates are returned each time when the order is placed by the customer. The deposit is refunded only in case if the order by the customer is for lesser number of bottles and crates than a number of bottles and crates for which deposit was received.

The Company accounts for the returnable bottles and crates as its non-current assets and does not derecognise them as part of a sales transaction. For accounting policy on bottles and crates refer to Note 3 (f) and for accounting policy for refundable deposits refer to Note 3 (g).

Revenue represents the transaction price for sales of goods and services and is stated net of value-added tax (VAT), rebates and discounts. Revenue is measured based on the consideration the Company expects to receive from the customer. The Company recognizes revenue when it transfers control of the carbonated drinks to the customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and related revenue recognition policies:

| Transaction | Nature and timing of satisfaction of performance obligations, including significant payment terms | Revenue recognition |
|----------------------------|---|--|
| Sale of carbonated drinks. | Customers obtain control of the carbonated drinks when the carbonated drinks are delivered and have been accepted. Payment of the transaction is due immediately, except for credit sales with a credit limit of up to 90 days. | Revenue is recognised when carbonated drinks are supplied to and accepted by the customer. |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments

Recognition and derecognition

Financial instruments, comprising financial assets and financial liabilities, are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or where it neither transfers nor retains substantially all of the risks and rewards of ownership and loses control. When control is retained, the Company continues to recognise the financial asset to the extent of its continuing involvement. Assets are also de-recognised when they are written off. Assets are written off when there is no reasonable expectation of further recoveries even though there may be enforcement actions ongoing.

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the recognised amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company derecognises its financial liability when its contractual obligations are discharged, cancelled or expired.

Classification and measurement

All financial assets and liabilities are initially recognised at fair value, which is usually the transaction price including, where appropriate, transaction costs, with the exception of trade receivables without a significant financing component, which are measured at their transaction price, determined in accordance with the Company's accounting policies for revenue. Subsequently, they are measured as follows:

Financial assets measured at amortised cost (AC)

Financial assets are held at amortised cost when they arise from contracts which give rise to contractual cash flows which are solely principal and interest and are held in a business model which mainly holds the assets to collect contractual cash flows.

These assets are measured at amortised cost using the effective interest method and are also subject to impairment losses. Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated on the amortised cost (i.e., gross carrying amount less loss allowance). Interest income is included in finance income.

Impairment

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (Continued)

Impairment (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, which includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

For trade receivables, the Company applied the simplified approach as such it is not mandatory to assess the existence of significant increase in credit risk or to define the term 'default' as this approach does not apply the concept of staging. The entity always measures the lifetime ECL of the trade receivable portfolio. Trade receivables do not contain a significant financing component thus the calculated provision amount is not discounted.

Given the nature of trade receivables and that almost 98% of sales are on cash basis, the entity has a policy to fully provide for all trade receivable balances that are due for over 90 days as credit is only provided to select customers which make up only 2% of the total sales.

The Company holds cash and bank balances with reputable financial institutions in Tanzania which are unrated. The carrying amount are an approximate of their fair values due to their short-term nature.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Financial liabilities at amortised cost

Financial liabilities, except those designated as at FVPL, are stated at amortised cost using the effective interest method. Interest is included in finance expenses unless capitalized into property, plant and equipment.

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (Continued)

Offsetting financial instruments

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

(c) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in profit or loss in the period in which they arise.

(d) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment (other than land, buildings, plant and machinery) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to the working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets are capitalised as incurred.

Buildings and plant and machinery are initially stated at cost and subsequently carried at revalued amounts, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and accumulated impairment losses.

Revaluations are made periodically (3 – 5 years) to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any surplus arising on the revaluation is recognised in other comprehensive income and presented in the revaluation reserve within equity except to the extent that the surplus reverses a previous revaluation deficit on the same asset in the profit or loss, in which case the credit is recognised in the profit or loss. Any deficit on revaluation is recognised in the income statement except to the extent that it reverses a previous revaluation surplus on the same asset, in which case it is taken directly to the revaluation reserve.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in the profit or loss under other operating income. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of day-to-day servicing is recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

| | |
|---|---------------|
| • Buildings | 25 - 50 years |
| • Plant and machinery | 5 – 10 years |
| • Motor vehicles | 4 – 8 years |
| • Furniture, fittings, and office equipment | 4 years |
| • Refrigeration equipment | 4 years |

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. To the extent that the depreciation charge on the re-valued assets exceeds that which would have been charged had the assets not been re-valued, a release is made from the revaluation reserve to retained earnings (net of deferred tax). The relevant amount of the revaluation reserve is also released on the disposal of re-valued assets.

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Leasehold land

All land in Tanzania is owned by the government and, as such, can only be leased under the period stated in the title deed with exception of few circumstances. Consequently, leasehold land is classified and presented as Property, Plant, and Equipment (PPE) under the heading "Leasehold Land".

Recognition and measurement

Leasehold land is recognized as a right-of-use asset and a corresponding lease liability at the commencement date. The right-of-use asset is measured at cost, comprising: the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received and initial direct costs incurred.

Depreciation is calculated on a straight-line basis over the lease term (title deed period) or the useful life of the asset, whichever is shorter. Leasehold land undergoes impairment testing whenever there is an indication of impairment, in line with IAS 36 Impairment of Assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Generally, the entity uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method.

Subsequent Measurement

Leasehold land is subsequently measured using the revaluation model. The right-of-use asset is carried at its fair value, less any subsequent accumulated depreciation and accumulated impairment losses.

The fair value of leasehold land is determined by professional valuation at regular intervals (3 – 5 years). Revaluation surplus is credited to other comprehensive income and accumulated in equity under the revaluation reserve. If it reverses a previous revaluation decrease, the increase is recognized in profit or loss. Revaluation decrease is recognized in profit or loss unless it offsets a previous surplus, in which case it is recognized in other comprehensive income up to the balance of any revaluation surplus.

(g) Bottles and crates

Bottles and crates represent returnable glass bottles and plastic crates. These are stated at cost less accumulated depreciation and accumulated impairment losses. Bottles and crates are depreciated over 3 years and 5 years respectively. Bottles and crates that have completed their useful lives are written off at the end of each financial year. Sale of broken glass bottles and plastic shells is recognised as other income.

(h) Deposits by customers

Returnable bottles and crates in circulation are recorded within bottles and crates and a corresponding liability is recorded in respect of the obligation to repay the customers' deposits. Deposit liabilities are released to profit or loss to the extent that these liabilities no longer represent the Company's stock in customer custody. Customer deposit liabilities are classified in the financial statements as current liability.

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories comprising of finished goods, raw materials, consumables and spare parts are measured at lower of cost and net realizable value. Cost is determined using the first in first out (FIFO) method except for finished goods which is determined using weighted average method. If the purchase or production cost is higher than the net realisable value, stocks are written down to net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

(j) Employee benefit

Defined contribution plan:

The Company makes statutory contributions to the National Social Security Fund (NSSF). The Company's obligations in respect of contributions to such funds are 10% of the employees' gross emoluments. Contributions to these pension funds are recognised as an expense in the period the employees render the related services.

Termination benefit:

Termination benefits are recognised as an expense in the year when it becomes payable. Termination benefits are determined in accordance with the Tanzanian Labour Law.

Short term benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(l) Finance income and expenses

Finance income comprises interest income on funds invested and/or bank account. Interest income is recognised as it accrues in profit or loss, using effective interest method. Finance expenses comprise interest expense on borrowings. All borrowing costs, other than borrowing costs related to qualifying assets (see Note 3 (b)), are recognised in profit or loss using the effective interest method.

(m) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Income tax (Continued)

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(o) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise of fixed payments, including in-substance fixed payments (if any).

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Leases

The Company has residential leases for residential apartments leased, depots for the warehouses that stores carbonated soft drinks, as well as vehicles leased for use in the normal course of business.

There are no future cash outflows to which the Company is potentially exposed that are not reflected in the measurement of lease liabilities, no restrictions or covenants imposed by the leases as well as no sales and leaseback transaction expected from the leases.

Short term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(p) Intangible asset – computer software

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Intangible asset comprises computer software and is carried at cost less any accumulated amortisation and any impairment losses. Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. Estimated useful life of the computer software is four (4) years.

(q) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. The carrying amounts are an approximate of their fair values because the financial instruments are short-term in nature.

(r) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(s) Comparative figures

Where necessary, the comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to Note 26.

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(t) New and amended Standards, amendments and interpretations not yet effective

i. New and amended Standards which became effective during the year

The Company has adopted the following new standards and amendments during the year ended 31 March 2024. The adoption of the standards and amendments did not have a significant impact on the financial statements of the Authority. These are summarized below:

| Standard | Effective for periods beginning on or after |
|--|---|
| IFRS 17 Insurance Contracts, including amendments Initial Application of IFRS 17 and IFRS 9 – <i>Comparative Information</i> | Jan 2023 |
| Definition of Accounting Estimates – Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> | Jan 2023 |
| Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making <i>Materiality Judgements</i> | Jan 2023 |
| Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes | Jan 2023 |
| Amendments to IAS 12 – <i>International Tax Reform – Pillar Two Model Rules</i> | May 2023 |
| Amendments to the IFRS for SMEs Accounting Standard – International Tax Reform – Pillar Two Model Rules | Sept 2023 |
| Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 <i>Leases</i> | Jan 2024 |
| Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 <i>Presentation of Financial Statements</i> | Jan 2024 |
| Amendments to IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures – Supplier Finance Arrangements</i> | Jan 2024 |
| IFRS S1 & S2 – <i>General Requirements for Disclosure of Sustainability-related Financial Information & Climate-related Disclosures respectively</i> | Jan 2024 |

ii. New and amended Standards and interpretations not yet effective for the year ended 31 March 2024

A number of new Standards, amendments to Standards and interpretations are not yet effective for the year ended 31 March 2024 and have not been applied in preparing these financial statements.

The Company does not plan to adopt these Standards early. The Standards and amendments are not expected to have a significant impact on the financial statements of the Company with the exception of IFRS 18 which is expected to have significant impact on the financial statements. These are summarized below:

| Standard | Effective for periods beginning on or after |
|---|---|
| Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates | 1 Jan 2025 |
| Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures | 1 Jan 2026 |
| IFRS 18 Presentation and Disclosure in Financial Statements | 1 Jan 2027 |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures | 1 Jan 2027 |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures | Optional |

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make judgement, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant judgements are made for:

i. Property, plant and equipment and intangible assets

Estimates are made by management in determining the depreciation rates and useful economic lives for property, plant and equipment.

ii. Bottles and crates

Estimates are made by management in determining the depreciation rates and useful economic lives for glass and crates.

iii. Inventories

Management assesses impairment for inventory (provision for obsolescence) at each reporting date. In determining whether the inventory is impaired, management assesses the age at which the items are held in the store in order to make an assessment of the impairment loss.

iv. Income tax

The income tax charged to the financial statements is subject to agreement with the Tanzania Revenue Authority. When the final tax outcome upon agreement of assessments differs from the amounts originally recorded, such differences are adjusted in subsequent periods.

v. Deferred tax

The deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

vi. Lease term and discount rate used to determine the carrying amount of right of use assets

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Company, the Company evaluates the likelihood of exercising the renewal option considering relevant facts and circumstances that create an economic incentive for the Company to exercise the option. The lease term is reassessed when there is a significant event of change in circumstance that is within the Company's control.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate which is subject to management estimates and assumptions.

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

4. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

vii. Going concern

In determining the going concern the directors evaluated the likely hood of the Company continuing its operations as going concern. Directors have also assessed whether there are material uncertainties that may cast significant doubt on entity's ability to continue as a going concern as disclosed in Note 2(e) of these financial statements.

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

5. PROPERTY, PLANT AND EQUIPMENT

| 31 March 2024 | Leasehold land | Buildings | Plant & machinery | Motor vehicles | Furniture, fittings, tools & equipment | Refrigeration equipment | Work in progress | Total |
|---|-----------------------|-------------------|------------------------------|-----------------------|---|--------------------------------|-------------------------|--------------------|
| | TZS'000 | TZS'000 | TZS'000 | TZS'000 | TZS'000 | TZS'000 | TZS'000 | TZS'000 |
| Cost/revalued amounts | | | | | | | | |
| At 1 April 2023 | 56,960,348 | 40,281,567 | 69,075,682 | 19,346,685 | 10,310,133 | 40,594,027 | 192,213 | 236,760,655 |
| Additions | 16,062 | 3,300,974 | 21,322,248 | 224,558 | 47,849 | 299,003 | 7,071,490 | 32,282,184 |
| Reclassification | 740,369 | (740,369) | - | - | - | - | - | - |
| Transfers from WIP | 247,631 | - | 2,490,180 | 198,959 | 1,086,481 | 1,427,661 | (5,450,912) | - |
| Transfer to Intangible assets | - | - | - | - | - | - | (158,272) | (158,272) |
| Disposals | - | - | - | (1,640,880) | (175,093) | (197,490) | - | (2,013,463) |
| Revaluation | (9,468,006) | (3,448,172) | (1,320,107) | - | - | - | - | (14,236,285) |
| At 31 March 2024 | 48,496,404 | 39,394,000 | 91,568,003 | 18,129,322 | 11,269,370 | 42,123,201 | 1,654,519 | 252,634,819 |
| Accumulated depreciation | | | | | | | | |
| At 1 April 2023 | 2,725,074 | 4,312,090 | 34,585,413 | 14,231,931 | 8,693,537 | 37,089,405 | - | 101,637,450 |
| Depreciation charge | 886,439 | 1,568,651 | 12,865,809 | 1,555,973 | 740,759 | 1,556,305 | - | 19,173,936 |
| Disposal | - | - | - | (1,625,184) | (175,092) | (197,489) | - | (1,997,765) |
| Revaluation | - | (5,880,742) | (47,451,222) | - | - | - | - | (53,331,964) |
| At 31 March 2024 | 3,611,513 | (1) | (47,451,222) | 14,162,720 | 9,259,204 | 38,448,221 | - | 65,481,657 |
| Carrying amounts at 31 March 2024 | 44,884,891 | 39,394,001 | 91,568,003 | 3,966,602 | 2,010,166 | 3,674,980 | 1,654,519 | 187,153,162 |
| <i>Carrying amounts that would have been recognised if Leasehold land, Buildings and Plant & Machinery were stated at cost:</i> | | | | | | | | |
| Cost | 1,436,707 | 43,623,275 | 164,144,923 | - | - | - | - | 209,204,905 |
| Accumulated depreciation | (97,983) | (10,248,832) | (125,228,202) | - | - | - | - | (135,575,017) |
| Carrying amount | 1,338,724 | 33,374,443 | 38,916,721 | - | - | - | - | 73,629,888 |

As at year end the total cost of fully depreciated property plant and equipment but still in use was TZS 51.74 Billion. The notional depreciation charge on these assets would have been TZS 3.93 Billion. This suggests that there may be a need to reassess the useful lives of these assets to ensure that depreciation expenses more accurately reflect their ongoing use and economic benefits to the company.

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| 31 March 2023 | Leasehold land | Buildings TZS'000 | Plant & machinery TZS'000 | Motor vehicles TZS'000 | Furniture, fittings, tools & equipment TZS'000 | Refrigeration equipment TZS'000 | Work in progress TZS'000 | Total TZS'000 |
|---|-------------------|----------------------|------------------------------|---------------------------|---|------------------------------------|-----------------------------|--------------------|
| <u>Cost/revalued amounts</u> | | | | | | | | |
| At 1 April 2022 | - | 36,156,023 | 64,468,577 | 19,353,412 | 9,669,473 | 38,255,583 | 3,578,626 | 171,481,694 |
| Restatement adjustments | 56,960,348 | - | - | - | - | - | - | 56,960,348 |
| At 1 April 2022 (Restated) | 56,960,348 | 36,156,023 | 64,468,577 | 19,353,412 | 9,669,473 | 38,255,583 | 3,578,626 | 228,442,042 |
| Additions | - | 3,050,240 | 509,918 | 366,623 | 26,022 | - | 6,147,491 | 10,100,294 |
| Transfers | - | 1,075,304 | 4,097,187 | 1,402,561 | 616,195 | 2,338,444 | (9,533,904) | (4,213) |
| Disposals | - | - | - | (1,775,911) | (1,557) | - | - | (1,777,468) |
| At 31 March 2023 | 56,960,348 | 40,281,567 | 69,075,682 | 19,346,685 | 10,310,133 | 40,594,027 | 192,213 | 236,760,655 |
| <u>Accumulated depreciation</u> | | | | | | | | |
| At 1 April 2022 | - | 2,850,911 | 22,159,188 | 14,147,689 | 7,958,748 | 35,888,101 | - | 83,004,637 |
| Restatement adjustments | 1,846,235 | - | - | - | - | - | - | 1,846,235 |
| At 1 April 2022 (Restated) | 1,846,235 | 2,850,911 | 22,159,188 | 14,147,689 | 7,958,748 | 35,888,101 | - | 84,850,872 |
| Depreciation charge | 878,839 | 1,461,179 | 12,426,225 | 1,783,765 | 734,915 | 1,201,304 | - | 18,486,227 |
| Disposal | - | - | - | (1,699,523) | (126) | - | - | (1,699,649) |
| At 31 March 2023 | 2,725,074 | 4,312,090 | 34,585,413 | 14,231,931 | 8,693,537 | 37,089,405 | - | 101,637,450 |
| Carrying amounts: 31 March 2023 | 54,235,274 | 35,969,477 | 34,490,269 | 5,114,754 | 1,616,596 | 3,504,622 | 192,213 | 135,123,205 |
| <i>Carrying amounts that would have been recognised if Leasehold land, Buildings and Plant & Machinery were stated at cost:</i> | | | | | | | | |
| Cost | 448,707 | 40,074,670 | 140,332,495 | - | - | - | - | 180,855,872 |
| Accumulated depreciation | (89,927) | (8,851,525) | (113,640,621) | - | - | - | - | (122,582,073) |
| Carrying amount: 31 March 2023 | 358,780 | 31,223,145 | 26,691,874 | - | - | - | - | 58,273,799 |

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Buildings and plant & machinery with a total carrying amount of TZS 39.13 Billion (2023: TZS 35.97 Billion) are pledged as securities for loans and overdrafts. Refer to Note 12 for details.

In 31 March 2020, Property wise (T) Limited, an independent professional valuer's firm, valued the land, buildings and plant & machinery at TZS 56,871,791,000 TZS 35,268,000,000 and TZS 50,732,160,865 respectively. The method of valuation used building and plant & equipment was the depreciated replacement cost approach as no evidence of market-based value was available and for land they have used market comparative method. However, the balance of land was not included in the books of account due to an error made that necessitated restatement of the financials in the current year.

On 31 March 2024, Property wise (T) Limited and Majengo Estates Developers Limited, independent professional valuer's firms, valued the land, buildings and plant & machinery at TZS 44,884,890,000 TZS 39,394,000,000 and TZS 91,568,003,000 respectively. The method of valuation used building and plant & equipment was the depreciated replacement cost approach as no evidence of market-based value was available and for land they have used market comparative method.

The total amount resulting from a surplus on the revaluation of buildings and plant & machinery amounting to TZS 2,432,569,730 and TZS 46,131,114,600 respectively and revaluation loss for land amounting to TZS 9,468,006,000 was credited to revaluation reserve after considering deferred tax and is being depreciated over the remaining useful life of the buildings and plant & machinery. The fair value measurement has been categorized as Level 3 fair value for building, plant and machinery and Level 2 fair value for land based on the inputs to the valuation technique used.

| Valuation technique | Significant unobservable inputs | Interrelationship between unobservable inputs and fair value |
|---|--|--|
| The Company has used the Replacement Cost Method for purposes of determining both, asset replacement costs and depreciated replacement cost of plant & machinery and buildings where market evidence are not available or reliable. | <ul style="list-style-type: none"> - Cost of construction per square meter - Depreciation (ranging from 10% to 16%) | <p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - Cost of construction were higher (lower) - Depreciation was higher (lower) |
| The Company has used Comparative method to determine the fair value of bare plots. | <ul style="list-style-type: none"> - Known comparable property with due allowance made for value affecting differences between the subject property and the comparable property | <p>The estimated fair value would increase (decrease) based on:</p> <ul style="list-style-type: none"> - Location - Level and number of services provided. - Accessibility - Plot size - Development Conditions discerned from land titles. - Date of transaction - Motive of sale - Condition - Tenure and Un-expired term |

| Movement in revaluation reserve | 2024 TZS'000 | 2023 TZS'000 |
|---------------------------------|-------------------|-------------------|
| At 1 April | 42,820,461 | 45,148,416 |
| Annual release of reserve | (3,325,651) | (3,325,651) |
| Deferred tax on annual release | 997,696 | 997,696 |
| Revaluation of assets | 39,095,678 | - |
| Deferred tax on revaluation | (11,728,703) | - |
| At 31 March | 67,859,481 | 42,820,461 |

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

6. BOTTLES AND CRATES

| | 2024 TZS'000 | 2023 TZS'000 |
|------------------------------------|-------------------|-------------------|
| Cost | | |
| At 1 April | 59,757,314 | 55,717,017 |
| Additions | 14,541,392 | 18,560,992 |
| Write off* | (16,576,569) | (14,520,694) |
| At 31 March | <u>57,722,137</u> | <u>59,757,315</u> |
| Depreciation | | |
| At 1 April | 30,404,042 | 27,741,873 |
| Charge for the year | 17,420,642 | 17,182,863 |
| Reversal on write off* | (16,576,569) | (14,520,694) |
| At 31 March | <u>31,248,115</u> | <u>30,404,042</u> |
| Carrying amount at 31 March | <u>26,474,022</u> | <u>29,353,273</u> |

* This is to recognise the write down in the quantities of glass bottles and plastic crates based on their useful lives of three and five years respectively.

7. INTANGIBLE ASSET

| | 2024 TZS'000 | 2023 TZS'000 |
|---------------------------------|------------------|------------------|
| Cost – Computer software | | |
| As at 1 April | 1,330,656 | 1,326,443 |
| Transfer | 158,272 | - |
| Additions | 103,560 | 4,213 |
| As at 31 March | <u>1,592,488</u> | <u>1,330,656</u> |
| Accumulated amortization | | |
| As at 1 April | 1,194,067 | 1,012,617 |
| Charge for the year | 140,892 | 181,450 |
| As at 31 March | <u>1,334,959</u> | <u>1,194,067</u> |
| Carrying amount | | |
| As at 31 March | <u>257,529</u> | <u>136,589</u> |

8. INVENTORIES

| | | |
|----------------|-------------------|-------------------|
| Raw materials | 56,912,902 | 21,605,045 |
| Consumables | 2,027,898 | 2,132,081 |
| Finished goods | 3,854,404 | 6,355,309 |
| Spare parts | 25,330,282 | 23,131,029 |
| Provision | (55,614) | (1,181,858) |
| | <u>88,069,872</u> | <u>52,041,606</u> |

The cost of inventories recognised as an expense and included in 'cost of sales' in the Company's profit or loss amounted to TZS 287,616,276,000 (2023: TZS 241,753,891,000).

| | 2024 TZS'000 | 2023 TZS'000 |
|-------------------------------|-----------------|--------------------|
| Movement of provision: | | |
| Opening balance | (1,181,858) | (1,540,174) |
| Release to income statement | 1,126,244 | 358,316 |
| Closing balance | <u>(55,614)</u> | <u>(1,181,858)</u> |

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

9. TRADE AND OTHER RECEIVABLES

| | 2024 | 2023 |
|---|--------------------------|--------------------------|
| | TZS'000 | TZS'000 |
| Trade receivables – <i>see Note 25</i> | 702,561 | 870,478 |
| Due from related parties – <i>see Note 21</i> | 854,008 | 6,027,387 |
| Prepayments | 3,156,444 | 2,392,847 |
| Deposits | 105,262 | 98,440 |
| Staff debtors | 38,418 | 55,129 |
| Advances to suppliers | 8,861,816 | 4,794,666 |
| Other debtors | 71,403 | 47,620 |
| | <u>13,789,912</u> | <u>14,286,567</u> |

10. CASH AND BANK BALANCES

| | 2024 | 2023 |
|--|----------------------------|----------------------------|
| | TZS'000 | TZS'000 |
| Bank balances | 50,122,686 | 14,717,496 |
| Cash in hand | 459,717 | 323,432 |
| Cash and bank balances | <u>50,582,403</u> | <u>15,040,928</u> |
| Bank overdrafts used for cash management purposes | <u>(63,114,287)</u> | <u>(32,439,678)</u> |
| Cash and bank balances in the statement of cash flows | <u>(12,531,884)</u> | <u>(17,398,750)</u> |

The Company has the following overdraft facilities with NBC Limited:

- USD 8,950,000 (2023: USD 12,950,000) at an interest rate of 9% per annum and is automatically renewed annually unless either party proposes a change in the terms of limit or interest rate. As at 31 March 2024 the Company had utilized USD 8,880,396 (2023: USD 12,844,300).
- TZS 2,187,570,000 (2023: TZS 9,282,570,000) at an average interest rate of 11.75% per annum, expiring on 31 December 2024 and is renewable annually. As at 31 March 2024 the Company had utilized TZS 361,009,592 (2023: TZS 968,952,000).

The Company has an overdraft facility with Standard Chartered Bank Tanzania Limited (SCB) of TZS 2,250,000,000 at an interest rate of 9.00% (2023: TZS 2,250,000,000). As at 31 March 2024 the Company had utilized TZS 1,973,660,811 (2023: TZS 747,163,000).

The Company has an overdraft facility with Stanbic Bank Tanzania Limited of USD 3,000,000 at an interest rate of 10% per annum (2023: NIL). As at 31 March 2024 the Company had utilized USD 3,000,000 (2023: NIL).

The Company has an overdraft facility with I&M Bank of USD 9,000,000 at an interest rate of 9% per annum (2023: NIL). As at 31 March 2024 the Company had utilized USD 8,451,511 (2023: NIL).

The Company has an overdraft facility with Ecobank Tanzania Limited of USD 3,000,000 at an interest rate of 10% per annum (2023: NIL). As at 31 March 2024 the Company had utilized USD 3,000,000 (2023: NIL).

Overdraft facilities with SCB and NBC are secured by the Company's properties which are disclosed in Note 12 and Overdraft facilities with Stanbic, I&M and Ecobank are secured by cash cover as collateral.

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

11. SHARE CAPITAL

| | 2024 TZS'000 | 2023 TZS'000 |
|--|-------------------|-------------------|
| <i>Authorised share capital</i> | | |
| 68,573,000 ordinary shares of TZS 1,000 each (2023: 68,573,000 ordinary shares of TZS 1,000 each) | <u>68,573,000</u> | <u>68,573,000</u> |
| <i>Issued and fully paid share capital</i> | | |
| 68,309,005 ordinary shares of TZS 1,000 each (2023: 68,309,005 ordinary shares of TZS 1,000 each) | <u>68,309,005</u> | <u>68,309,005</u> |

During the year, there were no any transactions between the shareholders of the Company that affect share capital (2023: the Company repurchased 1 ordinary share of TZS 1,000 from Mr. Prabir Kumar Bhowmick).

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

12. LOANS AND BORROWINGS

| | 31 March 2024 | | 31 March 2023 | |
|--------------------------------------|--------------------|----------------------------|--------------------|------------------------|
| | Current TZS'000 | Non- Current TZS'000 | Current TZS'000 | Non-Current TZS'000 |
| NBC Loan 3 | 1,391,949 | 1,631,094 | - | - |
| NBC Loan 2 | 3,502,102 | 2,385,615 | 2,796,272 | 5,867,420 |
| SCB Loan | - | - | 2,784,330 | - |
| Exim loan A/C 011100041538 | 4,006,295 | 18,629,038 | - | - |
| Alliance Finance Corporation Limited | 94,087 | - | 136,029 | 119,215 |
| Exim Insurance Advisor | - | - | - | - |
| | <u>8,994,433</u> | <u>22,645,747</u> | <u>5,716,631</u> | <u>5,986,635</u> |

| Loan movement – 2024 | Opening TZS'000 | Movement TZS'000 | Closing TZS'000 |
|--------------------------------------|--------------------|---------------------|--------------------|
| NBC Loan 2 | 8,663,692 | (2,775,974) | 5,887,718 |
| NBC Loan 3 | - | 3,023,043 | 3,023,043 |
| SCB Loan | 2,784,330 | (2,784,330) | - |
| Alliance Finance Corporation Limited | 255,244 | (161,158) | 94,086 |
| Exim Insurance Advisor | - | 22,635,333 | 22,635,333 |
| | <u>11,703,266</u> | <u>19,936,914</u> | <u>31,640,180</u> |

| Loan movement - 2023 | Opening TZS'000 | Movement TZS'000 | Closing TZS'000 |
|--------------------------------------|--------------------|---------------------|--------------------|
| NBC Loan 1 | 2,146,585 | (2,146,585) | - |
| NBC Loan 2 | 11,208,945 | (2,545,253) | 8,663,692 |
| SCB Loan | 5,584,194 | (2,799,864) | 2,784,330 |
| Alliance Finance Corporation Limited | 351,438 | (96,194) | 255,244 |
| Exim Insurance Advisor | 1,925,741 | (1,925,741) | - |
| | <u>21,216,903</u> | <u>(9,513,637)</u> | <u>11,703,266</u> |

| Loan movement is comprised of the following: | 2024 TZS'000 | 2023 TZS'000 |
|--|--------------------|---------------------|
| Acquisition of new loan | 25,658,376 | - |
| Interest on loan | 1,785,216 | 1,496,412 |
| Repayment of loan (principal and interest) | <u>(7,506,678)</u> | <u>(11,010,049)</u> |
| | <u>19,936,914</u> | <u>(9,513,637)</u> |

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

12. LOANS AND BORROWINGS (CONTINUED)

The Company has obtained a loan from Exim Bank Tanzania Limited to finance the construction of a new PET line in Mbeya Factory amounting to USD 9.5 Million however up to year end only 12% of the balance has been disbursed to the Company. This loan has an interest rate of 12% per annum.

The Company has various loans from NBC Limited (NBC) to finance the purchase of glass bottles and plastic crates, construction of the Mwanza factory and upgrade of plastic bottles (PET) line in Dar es Salaam. The interest rate on NBC's loans (TZS and USD) ranges between 8.85% and 9.5% per annum and is charged monthly on the outstanding balance for all the loans.

The Company has fully paid its TZS loan from Standard Chartered Bank Tanzania Limited (SCB) that was taken to finance its capital expenditure requirements relating to the installation and upgrade of the PET line in Mbeya. This loan had an interest rate of 8.20%.

All loans are repaid on a monthly basis comprising of principal and interest over the term of the loans.

Loans and overdraft facilities (*Note 10*) are secured on pari passu basis by the following securities:

- Legal mortgage over (i) Plots 54/57 situated on Nyerere Road, Dar es Salaam; (ii) Plot no. 63 situated in Kiwalani, Temeke area, Dar es Salaam; (iii) Plot no. 212 situated along Nyerere Road, Kipawa Industrial Area, Dar es Salaam; (iv) Plot no. 6 situated in Nyakato Industrial Area, Mwanza; (v) Plot no. 25 situated in Iyunga Industrial Area, Mbeya; (vi) Plot no. 792/11 situated at Little Ruaha, Iringa; and (vii) Right of Occupancy no. 4187 at Themis Hill, Arusha; (viii) Plot no. 13 situated in Nyakato Industrial area; with a total carrying amount of TZS 39.13 Billion (2023: TZS 35.97 Billion).
- Negative pledge over the current assets of the Company; and
- Debenture over the Company's fixed and floating assets including the plant and machinery registered to cover TZS 67,213,991,000. Also, a specific debenture created by the Company over plant, machinery and equipment to be financed by the Lender securing an unspecified amount plus interest, costs and expenses in favor of the lender.

13. TRADE AND OTHER PAYABLES

| | 2024 TZS'000 | 2023 TZS'000 |
|---|--------------------|-------------------|
| Trade creditors | 55,117,869 | 23,280,495 |
| Due to related party – <i>see Note 21</i> | 28,591,028 | 34,175,109 |
| Customer deposits * | 6,130,681 | 6,168,846 |
| VAT and excise duty payable | 6,380,062 | 3,189,468 |
| Provision for leave pay | 778,628 | 751,874 |
| Other payables and accrued expenses | 10,869,815 | 9,262,683 |
| | <u>107,868,083</u> | <u>76,828,475</u> |

*It includes deposit from customers for glass and crates which is refunded after returning the glass and crates

14. DEFERRED TAX LIABILITY

| | 1 Apr 2023 TZS'000 (restated) | Movement in P&L TZS'000 | Movement in OCI TZS'000 | 31 Mar 2024 TZS'000 |
|--|-------------------------------------|-------------------------------|-------------------------------|------------------------|
| Accelerated capital allowances | (9,402,710) | 1,846,513 | - | (7,556,197) |
| Provisions and other temporary differences | (610,965) | (539,150) | - | (1,150,115) |
| IFRS 16 adjustments | (425,136) | 219,575 | - | (205,561) |
| Revaluation surplus | 19,480,975 | (2,127,043) | 11,728,703 | 29,082,635 |
| | <u>9,042,164</u> | <u>(600,105)</u> | <u>11,728,703</u> | <u>20,170,762</u> |

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

14. DEFERRED TAX LIABILITY (CONTINUED)

| | 1 Apr 2022 TZS'000 | Restatement TZS'000 | 1 April 2022 (restated) | Movement TZS'000 | 31 Mar 2023 TZS'000 |
|--|--------------------------|------------------------|-------------------------------|---------------------|------------------------|
| Accelerated capital allowances | (6,650,062) | - | (6,650,062) | (2,752,648) | (9,402,710) |
| Provisions and other temporary differences | (243,707) | - | (243,707) | (367,258) | (610,965) |
| Lease amortization – IFRS 16 | (714,710) | - | (714,710) | 289,574 | (425,136) |
| Revaluation surplus | 3,148,728 | 16,953,492 | 20,102,220 | (621,245) | 19,480,975 |
| | <u>(4,459,751)</u> | <u>16,953,492</u> | <u>12,493,741</u> | <u>(3,451,577)</u> | <u>9,042,164</u> |

15. REVENUE FROM CONTRACT WITH CUSTOMERS

The Company generates revenue primarily from the sale of carbonated soft drinks packaged in glass bottles (RGB) and plastic bottles (PET).

| | 2024 TZS'000 | 2023 TZS'000 |
|--------------------------|--------------------|--------------------|
| Sales by packing: | | |
| RGB | 310,442,669 | 279,633,575 |
| PET | 164,496,813 | 126,597,668 |
| | <u>474,939,482</u> | <u>406,231,243</u> |
| VAT on sales: | | |
| RGB | 55,879,680 | 50,333,144 |
| PET | 28,774,815 | 22,597,467 |
| | <u>84,654,495</u> | <u>72,930,611</u> |

Contract balances

Gross trade receivables as at the year-end amounted to TZS 752,562,000 (2023: TZS 968,999,000).

16. COST OF SALES

| | 2024 TZS'000 | 2023 TZS'000 |
|------------------------|--------------------|--------------------|
| Manufacturing expenses | 287,616,276 | 241,753,891 |
| Freight costs | 22,876,213 | 20,485,341 |
| Excise duty | 27,189,837 | 22,828,259 |
| | <u>337,682,326</u> | <u>285,067,491</u> |

17. OTHER OPERATING INCOME

| | 2024 TZS'000 | 2023 TZS'000 |
|--|------------------|------------------|
| Other income | 1,482,174 | 1,296,021 |
| Gain on disposal of items of property, plant and equipment | 93,148 | 76,045 |
| Customer deposits written back | 4,026,658 | 3,912,279 |
| | <u>5,601,980</u> | <u>5,284,345</u> |

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

18. (LOSS)/ PROFIT BEFORE TAXATION

| | 2024 TZS'000 | 2023 TZS'000 |
|---|------------------|------------------|
| <i>(Loss)/ profit before taxation is stated after charging:</i> | | |
| Staff costs | 40,116,525 | 34,928,142 |
| Depreciation of property, plant and equipment | 19,173,936 | 18,486,227 |
| Depreciation of bottles and crates | 17,420,642 | 17,182,863 |
| Directors' remuneration (Note 21) | 601,752 | 556,819 |
| Audit fee | 169,325 | 160,264 |
| Amortization - intangible asset | 140,892 | 181,450 |
| Depreciation on right of use assets | 6,555,875 | 5,130,470 |
| Interest expenses of leases | 1,232,994 | 1,096,122 |
| | <u>1,232,994</u> | <u>1,096,122</u> |

19. A. TAX EXPENSE/(CREDIT)

| | 2024 TZS'000 | 2023 TZS'000 |
|------------------------------|------------------|------------------|
| <u>Current tax charge:</u> | | |
| - Current year | 1,744,266 | 6,048,887 |
| - Prior year under provision | - | 1,114,760 |
| <u>Deferred tax credit:</u> | | |
| - Current year | (3,195,202) | (3,371,573) |
| - Prior year over provision | 2,595,096 | (80,004) |
| | <u>1,144,160</u> | <u>3,712,070</u> |

Tax reconciliation

| | | |
|--|------------------|------------------|
| Tax at standard rate of current tax | 296,235 | 2,562,292 |
| <i>The standard rate has been affected by:</i> | | |
| - Effect of non-deductible expenses | 379,872 | 736,267 |
| - Effect of release of deferred tax on revaluation surplus | (2,127,043) | (621,245) |
| - Effect of prior year over provision in deferred tax | 2,595,096 | (80,004) |
| - Effect of prior year under provision in current tax | - | 1,114,760 |
| Effective current tax | <u>1,144,160</u> | <u>3,712,070</u> |

The Company is required to comply with the tax legislation provisions by self-assessment. The Company's current tax affairs have been cleared with Tanzania Revenue Authority up to the year of income 2022.

B. CURRENT TAX (PAYABLE)/ RECEIVABLE

| | 2024 TZS'000 | 2023 TZS'000 |
|--------------------------|------------------|-----------------|
| Opening balance | 866,443 | 1,593,917 |
| Charge for the year | (1,744,266) | (7,163,647) |
| Withholding tax credits | 222,566 | - |
| Tax paid during the year | 469,832 | 6,436,173 |
| | <u>(185,425)</u> | <u>866,443</u> |

20. (LOSS)/PROFIT PER SHARE

Earnings per share is calculated by dividing the (loss)/profit (before other comprehensive income) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The earnings per share is calculated as follows:

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

20. (LOSS)/PROFIT PER SHARE (CONTINUED)

| | 2024 | 2023 |
|---|-----------------------|----------------------|
| (Loss)/profit attributable to ordinary shareholders (TZS'000) | (156,987) | 3,950,279 |
| Number of ordinary shares outstanding during the year | 68,309,005 | 68,309,005 |
| (Loss)/profit per share | <u>TZS (2)</u> | <u>TZS 58</u> |

21. RELATED PARTY TRANSACTIONS

SBC Tanzania Limited is a 99.9% subsidiary of Tanzania Bottling Company S.A. (originally established in Panama and continued into the British Virgin Islands on 15 February 2022).

MAK Holdings Ltd "MAK" (incorporated in Bermuda) owns 100% shares of Tanzania Bottling Company S.A. MAK is itself fully owned by Continental Beverages SAL (Offshore) (incorporated in Lebanon). Consequently, the ultimate controlling party of SBC Tanzania Limited is Continental Beverages SAL (Offshore).

Financing transactions

During the year, there were no financing transactions with related parties (2023: the Board resolved to repurchase 1 share of TZS 1,000 held by Mr. Prabir Kumar Bhowmick).

Trading transactions

SBC Kenya Limited – (Sister company)

| | 2024 | 2023 |
|-------------------------------|----------------|----------------|
| Nature of transaction | TZS 000 | TZS 000 |
| Sales of finished goods (PET) | 266,903 | 922,227 |
| Sales of concentrates | 14,677 | 66,545 |
| Purchases of concentrates | (126,523) | - |

Continental Beverage SAL (Offshore) – (Ultimate controlling party)

| | 2024 | 2023 |
|------------------------------|----------------|----------------|
| Nature of transaction | TZS 000 | TZS 000 |
| Purchase of concentrates | (63,949,742) | (44,558,217) |
| Purchase of spare parts | - | (144,583) |

SBC Beverage Ghana – (Sister company)

| | 2024 | 2023 |
|------------------------------|----------------|----------------|
| Nature of transaction | TZS 000 | TZS 000 |
| Sales of used glasses | - | 110,134 |

The sales to and purchases from related parties are made on the normal course of business which result in balances due to or due from the respective related parties. Outstanding balances at the year-end are unsecured.

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

21. RELATED PARTY TRANSACTIONS (CONTINUED)

| | 2024 TZS'000 | 2023 TZS'000 |
|--|-------------------|-------------------|
| Amount due from related parties: (See Note 9) | | |
| SBC Beverages Ghana Limited | 854,008 | 776,908 |
| SBC Kenya Limited | - | 5,250,479 |
| | <u>854,008</u> | <u>6,027,387</u> |
| Amount due to related parties: (See Note 13) | | |
| Continental Beverages SAL (Offshore) | 23,868,087 | 29,825,542 |
| New Age Beverages Limited | - | 17,639 |
| Tanzania Bottling Company, S.A. | 4,722,941 | 4,331,928 |
| | <u>28,591,028</u> | <u>34,175,109</u> |
| | 2024 | 2023 |
| Directors' remuneration | TZS'000 | TZS'000 |
| Mr. Avinash Jha | 439,643 | 401,783 |
| Mr. Ziad El-Khalil | 162,109 | 155,036 |
| | <u>601,752</u> | <u>556,819</u> |

Directors' remuneration includes salaries and short-term non-cash benefits. Apart from the Directors above, the remaining Directors did not receive any remuneration (2023: NIL).

22. LEASES

i. Right-of-Use Assets

| | Residential TZS'000 | Depot TZS'000 | Vehicles TZS'000 | Total TZS'000 |
|---------------------------------|------------------------|------------------|---------------------|-------------------|
| 31 March 2024 | | | | |
| Cost | | | | |
| As at 1 April 2023 | 4,243,654 | 1,237,883 | 24,688,466 | 30,170,003 |
| Additions | 1,286,123 | 291,343 | 7,980,500 | 9,557,966 |
| Adjustment | - | - | (230,235) | (230,235) |
| As at 31 March 2024 | <u>5,529,777</u> | <u>1,529,226</u> | <u>32,438,731</u> | <u>39,497,734</u> |
| Accumulated Depreciation | | | | |
| As at 1 April 2023 | 3,075,464 | 946,568 | 15,583,338 | 19,605,370 |
| Charge for the year | 1,112,995 | 302,499 | 5,140,381 | 6,555,875 |
| As at 31 March 2024 | <u>4,188,459</u> | <u>1,249,067</u> | <u>20,723,719</u> | <u>26,161,245</u> |
| Carrying amount | <u>1,341,318</u> | <u>280,159</u> | <u>11,715,012</u> | <u>13,336,489</u> |
| 31 March 2023 | | | | |
| Cost | | | | |
| As at 1 April 2022 | 3,119,758 | 1,230,022 | 22,529,718 | 26,879,498 |
| Additions | 1,123,896 | 7,861 | 2,158,748 | 3,290,505 |
| As at 31 March 2023 | <u>4,243,654</u> | <u>1,237,883</u> | <u>24,688,466</u> | <u>30,170,003</u> |
| Accumulated Depreciation | | | | |
| As at 1 April 2022 | 2,170,469 | 704,655 | 11,599,776 | 14,474,900 |
| Charge for the year | 904,995 | 241,913 | 3,983,562 | 5,130,470 |
| As at 31 March 2023 | <u>3,075,464</u> | <u>946,568</u> | <u>15,583,338</u> | <u>19,605,370</u> |
| Carrying amount | <u>1,168,190</u> | <u>291,315</u> | <u>9,105,128</u> | <u>10,564,633</u> |

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

22. LEASES (CONTINUED)

ii. Lease Liabilities

| | Land TZS'000 | Residential TZS'000 | Depot TZS'000 | Vehicles TZS'000 | Total TZS'000 |
|----------------------------|-----------------|------------------------|------------------|---------------------|-------------------|
| As at 1 April 2023 | 453,711 | 907,593 | 356,882 | 10,564,591 | 12,282,777 |
| Additions | 16,062 | 1,286,123 | 291,343 | 7,980,500 | 9,574,028 |
| Interest expense | 40,649 | 60,311 | 25,550 | 1,106,484 | 1,232,994 |
| Payments | (41,226) | (1,290,837) | (344,233) | (7,189,670) | (8,865,966) |
| Adjustment | - | 150,464 | (64,806) | 340,573 | 426,231 |
| Exchange gain | - | (56,140) | - | (236,144) | (292,284) |
| As at 31 March 2024 | 469,196 | 1,057,514 | 264,736 | 12,566,334 | 14,357,780 |
| Represented by: | | | | | |
| Non-current | 427,970 | 154,287 | 115,761 | 7,044,447 | 7,742,465 |
| Current | 41,226 | 903,227 | 148,975 | 5,521,887 | 6,615,315 |
| As at 31 March 2024 | 469,196 | 1,057,514 | 264,736 | 12,566,334 | 14,357,780 |
| 1 April 2022 | 453,925 | 926,489 | 667,007 | 14,064,512 | 16,111,933 |
| Additions | - | 1,123,896 | 7,861 | 2,158,748 | 3,290,505 |
| Interest expense | 39,651 | 44,675 | 37,679 | 974,117 | 1,096,122 |
| Payments | (39,865) | (1,086,591) | (251,462) | (6,080,815) | (7,458,733) |
| Adjustment | - | (96,818) | (104,203) | (636,019) | (837,040) |
| Exchange gain | - | (4,058) | - | 84,048 | 79,990 |
| As at 31 March 2023 | 453,711 | 907,593 | 356,882 | 10,564,591 | 12,282,777 |
| Represented by: | | | | | |
| Non-current | 412,485 | 201,277 | 68,931 | 5,775,480 | 6,458,173 |
| Current | 41,226 | 706,316 | 287,951 | 4,789,111 | 5,824,604 |
| At 31 March 2023 | 453,711 | 907,593 | 356,882 | 10,564,591 | 12,282,777 |

Amounts recognised in the statement of profit or loss and other comprehensive income:

| | 2024 TZS'000 | 2023 TZS'000 |
|---|------------------|------------------|
| Depreciation expense of right-of-use assets | 6,555,875 | 5,130,470 |
| Interest expense on lease liabilities | 1,256,727 | 1,096,122 |
| | 7,812,602 | 6,226,592 |

Amounts recognised in the statement of cash flows:

| | 2024 TZS'000 | 2023 TZS'000 |
|--|------------------|------------------|
| Payment of lease liability – Principal | 7,632,972 | 6,362,611 |
| Payment of lease liability – Interest | 1,232,994 | 1,096,122 |
| | 8,865,966 | 7,458,733 |

23. CAPITAL COMMITMENTS

The Directors confirm that the Company has a capital commitment of TZS 14.48 billion towards its Mbeya PET project as at 31 March 2024 (2023: NIL).

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

24. CONTINGENT LIABILITIES

As at 31 March 2024, the Company was a defendant in several lawsuits. The Directors and legal counsel are of the view that no material liabilities are expected to crystalize from these lawsuits. The value of contingencies as at 31 March 2024 amounted to TZS 462 Million (2023: TZS 543 Million).

25. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. This note presents information about the Company's exposure to financial risks, its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

a. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. About 98% of the Company's sales are for cash, therefore, the Company's exposure to credit risk is very low.

To manage the level of credit risk, the Company focuses on customer satisfaction as a key performance indicator. It also maintains a short credit period for a select few customers. Due to the nature of the Company's activities, credit risk concentrations are high and as such close monitoring of credit relationships is carried out.

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the financial reporting date was:

| | Carrying amount | |
|------------------------------|-------------------|-------------------|
| | 2024 | 2023 |
| | TZS'000 | TZS'000 |
| Bank balance* | 50,122,686 | 14,717,496 |
| Trade receivable** | 702,561 | 870,478 |
| Due from related parties *** | 854,008 | 6,027,387 |
| Deposits | 105,262 | 98,440 |
| Staff debtors | 38,418 | 55,129 |
| Other debtors | 71,403 | 47,620 |
| | <u>51,894,338</u> | <u>21,816,550</u> |

* The Bank balance excluded the physical cash held at the year end.

** The remaining trade and other receivables do not qualify to be financial assets, hence excluded in the credit risk analysis.

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Credit risk (Continued)

** Due from related parties balance amounting to TZS 854,008,000 is past due more than 90 days. However, Management considers these related party balances to have a low credit risk, the amounts are due from companies that are within the same group and there is no historical loss over the past 10 years on amounts due from related parties. Management believes the ECL for the related party receivables to be insignificant.

The Company holds cash and bank balances of TZS 50.12 billion as at 31 March 2024 (2023: TZS 14.72 Billion) with reputable financial institutions in Tanzania. Credit rating data for cash at banks are not available in the local market hence unrated.

| Impairment losses | 2024 | 2024 | 2023 | 2023 |
|----------------------------|-----------------------|-----------------|-----------------------|-----------------|
| | TZS'000 | TZS'000 | TZS'000 | TZS'000 |
| | Gross carrying amount | Loss allowance | Gross carrying amount | Loss allowance |
| Not past due | 62,928 | - | 12,542 | - |
| Past due 0-30 days | 500,941 | (24,607) | 680,517 | (14,295) |
| Past due 30-60 days | 72,370 | (3,555) | 98,064 | (2,060) |
| Past due 60-90 days | 99,365 | (4,881) | 97,764 | (2,054) |
| Past due more than 90 days | 16,957 | (16,957) | 80,112 | (80,112) |
| | 752,561 | (50,000) | 968,999 | (98,521) |

| Movement in allowance for impairment: | 2024 | 2023 |
|---------------------------------------|---------------|---------------|
| | TZS'000 | TZS'000 |
| Balance at 1 April | 98,521 | 143,011 |
| Impairment release | (48,521) | (44,490) |
| Balance at 31 March | 50,000 | 98,521 |

Management believes that the amounts that are neither past due nor impaired will be collectible in full.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. All liquidity policies and procedures are subject to review and approval by the Board of Directors. The following are contractual maturities of financial liabilities at the reporting date:

SBC TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Liquidity risk (continued)

| As at 31 March 2024 | Carrying amount TZS'000 | Total contractual cashflows TZS'000 | On demand TZS'000 | Due within one year TZS'000 | Due between one year and five years TZS'000 |
|--|----------------------------|--|----------------------|--------------------------------|--|
| Non-derivative financial liabilities: | | | | | |
| Borrowings | (31,640,180) | (47,181,028) | - | (9,000,161) | (38,180,867) |
| Trade creditors | (55,117,869) | (55,117,869) | - | (55,117,869) | - |
| Due to related party | (28,591,027) | (28,591,027) | - | (28,591,027) | - |
| Other payables | (10,869,815) | (10,869,815) | - | (10,869,815) | - |
| Customer deposits | (6,130,682) | (6,130,682) | - | (6,130,682) | - |
| Bank overdrafts | (63,114,287) | (63,114,287) | (63,114,287) | - | - |
| Lease liabilities | (14,357,780) | (15,480,664) | - | (6,723,567) | (8,757,097) |
| Total financial liabilities | (209,821,640) | (226,485,372) | (63,114,287) | (116,433,121) | (46,937,964) |
| Financial assets: | | | | | |
| Bank balance | 50,122,686 | 50,122,686 | 50,122,686 | - | - |
| Trade receivable | 702,561 | 702,561 | 702,561 | - | - |
| Due from related parties | 854,008 | 854,008 | 854,008 | - | - |
| Deposits | 105,262 | 105,262 | 105,262 | - | - |
| Staff debtors | 38,418 | 38,418 | 38,418 | - | - |
| Other debtors | 71,403 | 71,403 | 71,403 | - | - |
| Total financial assets | 51,894,338 | 51,894,338 | 51,894,338 | - | - |
| Liquidity Gap | (157,927,302) | (174,591,034) | (11,219,949) | (116,433,121) | (46,937,964) |

| As at 31 March 2023 | Carrying amount TZS'000 | Total contractual cashflows TZS'000 | On demand TZS'000 | Due within one year TZS'000 | Due between one year and five years TZS'000 |
|--|----------------------------|--|----------------------|--------------------------------|--|
| Non-derivative financial liabilities: | | | | | |
| Borrowings | (11,703,267) | (13,024,560) | - | (6,478,426) | (6,546,134) |
| Trade creditors | (23,280,495) | (23,280,495) | - | (25,387,941) | - |
| Due to related party | (34,175,109) | (34,175,109) | - | (34,175,109) | - |
| Other payables | (9,262,686) | (9,262,686) | - | (9,262,686) | - |
| Customer deposits | (6,168,839) | (6,168,839) | - | (6,168,839) | - |
| Bank overdrafts | (32,439,678) | (32,439,678) | (32,439,678) | - | - |
| Lease liabilities | (12,282,776) | (13,917,539) | - | (6,321,890) | (7,595,649) |
| Total financial liabilities | (129,312,850) | (132,268,906) | (32,439,678) | (87,794,891) | (14,141,783) |
| Financial assets: | | | | | |
| Bank balance | 14,717,496 | 14,717,496 | 14,717,496 | - | - |
| Trade receivable | 870,478 | 870,478 | 870,478 | - | - |
| Due from related parties | 6,027,387 | 6,027,387 | 6,027,387 | - | - |
| Deposits | 98,440 | 98,440 | 98,440 | - | - |
| Staff debtors | 55,129 | 55,129 | 55,129 | - | - |
| Other debtors | 47,620 | 47,620 | 47,620 | - | - |
| Total financial assets | 21,816,550 | 21,816,550 | 21,816,550 | - | - |
| Liquidity Gap | (107,496,300) | (110,452,356) | (10,623,128) | (87,794,891) | (14,141,783) |

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Market risk

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates (not relating to changes in the obligor's / issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i. Foreign currency risk

The Company is exposed to currency risk on transactions that are denominated in a currency other than the functional currency of the Company. The foreign currencies in which the Company transacts are: US Dollars (USD) and Euro (Euro).

To manage the foreign exchange risk, the Company maintains bank accounts in foreign denominated currencies mainly US dollars to facilitate transactions in foreign currency. The Company also negotiates with its bankers to get favorable exchange rates when converting foreign currencies to the Tanzanian Shillings.

To manage the foreign currency risk during the year the Company has also entered into forward contracts with NBC and ABSA Bank to hedge against foreign currency risks as at 31 March 2024, the impact of these derivatives amounts to TZS 144 million, which has been deemed immaterial and therefore has not been recognized in these financial statements.

Exposure to currency risk for foreign denominated amounts in the following classes of financial instruments; disclosure around market risk also relates to sensitivity analysis of the type of market risk – currency risk, showing how the income profit or loss and equity would have been affected by reasonably possible changes in the relevant risk variable at the year-end date.

2024

| Balances denominated in | USD equivalent TZS'000 | EURO equivalent TZS'000 | Total equivalent TZS'000 |
|--|---------------------------------------|--|---|
| Cash and bank balances | 941,331 | 155,295 | 1,096,626 |
| Due from related party | 854,008 | - | 854,008 |
| Trade payables (including related party) | (28,591,027) | - | (28,591,027) |
| Bank overdrafts | (60,779,616) | - | (60,779,616) |
| Lease liabilities | (1,812,739) | - | (1,812,739) |
| Net exposure | (89,388,043) | 155,295 | (89,232,748) |

2023

| Balances denominated in | USD equivalent TZS'000 | EURO equivalent TZS'000 | Total equivalent TZS'000 |
|--|---------------------------------------|--|---|
| Cash and bank balances | 157,015 | - | 157,015 |
| Due from related party | 6,027,387 | - | 6,027,387 |
| Trade payables (including related party) | (25,662,286) | (3,558,510) | (29,220,796) |
| Bank overdrafts | (30,723,563) | - | (30,723,563) |
| Lease liabilities | (4,284,455) | - | (4,284,455) |
| Net exposure | (54,485,902) | (3,558,510) | (58,044,412) |

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Market risk (Continued)

i. Foreign currency risk (continued)

The following exchange rates applied during the year:

| | Closing | | Average | |
|-----|---------|-------|---------|-------|
| | 2024 | 2023 | 2024 | 2023 |
| | TZS | TZS | TZS | TZS |
| USD | 2,605 | 2,392 | 2,583 | 2,363 |
| EUR | 3,057 | 2,661 | 2,875 | 2,507 |

Sensitivity analysis

A 10 percent strengthening/weakening of the Tanzanian Shilling against the following currencies would have increased/decreased profit or loss and equity by amounts shown below. This analysis assumes that all other variables, in particular interest and inflation rates, remain constant and ignores any impact of forecast sales and purchases.

| | 2024 | | 2023 | |
|-----|-----------------------------|----------------------------|-----------------------------|----------------------------|
| | Effect on Profit before Tax | Effect on Profit after Tax | Effect on Profit before Tax | Effect on Profit after Tax |
| | TZS'000 | TZS'000 | TZS'000 | TZS'000 |
| USD | 8,938,804 | 6,257,163 | 5,448,590 | 3,814,013 |
| EUR | (15,529) | (10,871) | 355,851 | 249,096 |

i. Interest rate risk

The Company has a minimal exposure to interest rate risk as most of the borrowings are at fixed interest rates.

d) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Operational risk (Continued)

- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

e) Capital management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2017.

The capital structure of the Company consists of debt, which includes borrowings (Note 12) and bank overdraft (Note 10), less bank and cash balances and equity attributable to equity holders, comprising issued paid up capital and retained earnings.

There are no externally imposed capital requirements.

Gearing ratio

The gearing ratio at the end of the year was as follows:

| | 2024 TZS'000 | 2023 TZS'000 |
|--|--------------------|--------------------|
| Borrowings | 31,640,180 | 11,703,266 |
| Bank overdrafts | 63,114,287 | 32,439,678 |
| Cash and bank balances | (50,582,403) | (15,040,928) |
| Net borrowings | 44,172,064 | 29,102,016 |
| Equity (including revaluation reserves) | 142,326,872 | 115,116,884 |
| Net debt to equity ratio | 0.31 | 0.25 |

26. ACCOUNTING CLASSIFICATION AND FAIR VALUES

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1:

Inputs that are quoted market prices (unadjusted) in active markets for identical instruments. The Company does not have financial instruments under level 1.

Level 2:

Inputs other than quoted prices included within level 1 that are observable either directly or indirectly or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. These are financial assets and liabilities that are not measured at fair value, but their fair value does not differ from their carrying value materially due to their short-term nature.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

26. ACCOUNTING CLASSIFICATION AND FAIR VALUES (CONTINUED)

Level 3:

Inputs that are unobservable. This category includes instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on their valuation. The Company does not have financial instruments under this level.

The following table below shows the carrying amounts and fair value of financial assets and financial liabilities:

| | Financial assets at amortized cost TZS'000 | Financial liabilities at amortized cost TZS'000 | Total TZS'000 |
|---|--|---|--------------------|
| 2024 | | | |
| Financial assets not measured at fair value | | | |
| Trade and other receivables * | 4,928,096 | - | 4,928,096 |
| Cash and bank balances | 50,582,403 | - | 50,582,403 |
| | <u>55,510,499</u> | <u>-</u> | <u>55,510,499</u> |
| Financial liabilities not measured at fair value | | | |
| Borrowings | - | 31,640,180 | 31,640,180 |
| Trade and other payables ** | - | 100,709,393 | 100,709,393 |
| Bank overdraft | - | 63,114,287 | 63,114,287 |
| | <u>-</u> | <u>195,463,860</u> | <u>195,463,860</u> |
| | | | |
| | Financial assets at amortized cost TZS'000 | Financial liabilities at amortized cost TZS'000 | Total TZS'000 |
| 2023 | | | |
| Financial assets not measured at fair value | | | |
| Trade and other receivables * | 9,491,901 | - | 9,491,901 |
| Cash and bank balances | 15,040,928 | - | 15,040,928 |
| | <u>24,532,829</u> | <u>-</u> | <u>24,532,829</u> |
| Financial liabilities not measured at fair value | | | |
| Borrowings | - | 11,703,266 | 11,703,266 |
| Trade and other payables ** | - | 72,887,133 | 72,887,133 |
| Bank overdraft | - | 32,439,678 | 32,439,678 |
| | <u>-</u> | <u>117,030,077</u> | <u>117,030,077</u> |

* Trade and other receivables excluding prepayments.

** Trade and other payables excluding VAT, excise duty and provision for leave pay.

The Company has not disclosed the fair value of financial instruments such as short-term receivables and payables because their carrying amounts are a reasonable approximation of the fair value hence, they are presented under "financial assets not measured at fair value". Borrowings have rates of interest close to market rates hence its fair value does not differ materially from its carrying amount.

27. RESTATEMENT

During the year Directors noted errors in the 2020 financial statements and the errors have been corrected by restating each of the affected financial statement items for prior periods. Errors noted includes:

- Incorrect accounting of lease hold land rent as rent expenses contrary to the requirement of IFRS 16 which required it to be accounted for as leased balance.
- Differences noted between the recorded leasehold land balance and leasehold land balance as per revaluation report. In 2020 the entity performed revaluation of fixed assets (leasehold land, building and plant and machinery) however, the leasehold balance was incorrectly recorded in the books of accounts. Due to the error noted the following were the impact

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

27. RESTATEMENT (CONTINUED)

- Leasehold land was introduced into the books of account, and its introduction impact the revaluation surplus.
- Revaluation surplus recognized have impact on the deferred tax, hence we have also restated the deferred tax balance.
- Land rents were directly recognized under expenses, which is contrary to the requirement of IFRS 16 hence we have also restated and reclassified them from expenses to the lease model.

The errors have been corrected by restating each of the affected financial statement line items in the prior periods. The following tables summarize the impact on the Company's financial statements.

Statement of Financial Position

| | Impact of correction of error | | |
|--|---|---|--------------------------------|
| | As previously reported TZS'000 | Reported adjustments TZS'000 | As restated TZS'000 |
| As at 1 April 2022 | | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 88,477,057 | 55,114,113 | 143,591,170 |
| Bottles and crates | 27,975,144 | - | 27,975,144 |
| Intangible asset | 313,826 | - | 313,826 |
| Right-of-use assets | 12,404,598 | - | 12,404,598 |
| Deferred tax asset | 4,459,751 | (4,459,751) | - |
| | <u>133,630,376</u> | <u>50,654,362</u> | <u>184,284,738</u> |
| Current assets | | | |
| Inventories | 41,923,945 | - | 41,923,945 |
| Trade and other receivables | 33,577,760 | - | 33,577,760 |
| Current tax receivable | 1,593,917 | - | 1,593,917 |
| Cash and bank balances | 4,157,882 | - | 4,157,882 |
| | <u>81,253,504</u> | <u>-</u> | <u>81,253,504</u> |
| TOTAL ASSETS | <u>214,883,880</u> | <u>50,654,362</u> | <u>265,538,242</u> |
| EQUITY | | | |
| Equity attributable to equity holders | | | |
| Share capital | 68,309,006 | - | 68,309,006 |
| Revaluation reserve | 7,347,031 | 37,801,385 | 45,148,416 |
| Retained earnings | (2,196,126) | (94,690) | (2,290,816) |
| | <u>73,459,911</u> | <u>37,706,695</u> | <u>111,166,606</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Loans and borrowings | 13,805,244 | - | 13,805,244 |
| Deferred tax liability | - | 12,493,742 | 12,493,742 |
| Lease liabilities | 8,477,628 | 453,926 | 8,931,554 |
| | <u>22,282,872</u> | <u>12,947,668</u> | <u>35,230,540</u> |
| Current liabilities | | | |
| Loans and borrowings | 7,411,659 | - | 7,411,659 |
| Trade and other payables | 82,198,627 | - | 82,198,627 |
| Bank overdrafts | 22,350,430 | - | 22,350,430 |
| Lease liabilities | 7,180,380 | - | 7,180,380 |
| | <u>119,141,096</u> | <u>-</u> | <u>119,141,096</u> |
| TOTAL LIABILITIES | <u>141,423,968</u> | <u>12,947,668</u> | <u>154,371,636</u> |
| TOTAL EQUITY AND LIABILITIES | <u>214,883,879</u> | <u>50,654,363</u> | <u>265,538,242</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

27. RESTATEMENT (CONTINUED)

Statement of Financial Position (Continued)

| | Impact of correction of error | | |
|--|--------------------------------------|------------------------------------|---------------------------|
| | As previously reported TZS'000 | Reported adjustments TZS'000 | As restated TZS'000 |
| As at 31 March 2023 | | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 80,887,931 | 54,235,274 | 135,123,205 |
| Intangible asset | 136,589 | - | 136,589 |
| Bottles and crates | 29,353,273 | - | 29,353,273 |
| Right-of-use assets | 10,564,633 | - | 10,564,633 |
| Deferred tax asset | 7,911,328 | (7,911,328) | - |
| | <u>128,853,754</u> | <u>46,323,946</u> | <u>175,177,700</u> |
| Current assets | | | |
| Inventories | 52,041,606 | - | 52,041,606 |
| Trade and other receivables | 14,286,567 | - | 14,286,567 |
| Current tax receivable | 866,443 | - | 866,443 |
| Cash and bank balances | 15,040,928 | - | 15,040,928 |
| | <u>82,235,544</u> | <u>-</u> | <u>82,235,544</u> |
| TOTAL ASSETS | <u>211,089,298</u> | <u>46,323,946</u> | <u>257,413,244</u> |
| EQUITY | | | |
| Equity attributable to equity holders | | | |
| Share capital | 68,309,005 | - | 68,309,005 |
| Revaluation reserve | 5,897,458 | 36,923,003 | 42,820,461 |
| Retained earnings | 4,082,351 | (94,933) | 3,987,418 |
| | <u>78,288,814</u> | <u>36,828,070</u> | <u>115,116,884</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Loans and borrowings | 5,986,635 | - | 5,986,635 |
| Deferred tax liability | - | 9,042,164 | 9,042,164 |
| Lease liabilities | 6,045,687 | 412,486 | 6,458,173 |
| | <u>12,032,322</u> | <u>9,454,650</u> | <u>21,486,972</u> |
| Current liabilities | | | |
| Loans and borrowings | 5,716,631 | - | 5,716,631 |
| Trade and other payables | 76,828,475 | - | 76,828,475 |
| Bank overdrafts | 32,439,678 | - | 32,439,678 |
| Lease liabilities | 5,783,378 | 41,226 | 5,824,604 |
| | <u>120,768,162</u> | <u>41,226</u> | <u>120,809,388</u> |
| TOTAL LIABILITIES | <u>132,800,484</u> | <u>9,495,876</u> | <u>142,296,360</u> |
| TOTAL EQUITY AND LIABILITIES | <u>211,089,298</u> | <u>46,323,946</u> | <u>257,413,244</u> |

SBC TANZANIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)**

27. RESTATEMENT (CONTINUED)

Statement of profit or loss and other comprehensive income

| | Impact of correction of error | | |
|--|-------------------------------|----------------------|--------------------|
| | As previously reported | Reported adjustments | As restated |
| For the year ended 31 March 2023 | | | |
| | TZS'000 | TZS'000 | TZS'000 |
| Revenue | 406,231,243 | - | 406,231,243 |
| Cost of sales | (285,067,491) | - | (285,067,491) |
| Gross profit | 121,163,752 | - | 121,163,752 |
| Other operating income | 5,284,345 | - | 5,284,345 |
| Distribution expenses | (84,363,831) | - | (84,363,831) |
| Administration expenses | (28,274,343) | (838,974) | (29,113,317) |
| Impairment release | 44,490 | - | 44,490 |
| Operating profit/(loss) before financing costs | 13,854,413 | (838,974) | 13,015,439 |
| Exchange (loss)/gain | (1,194,824) | - | (1,194,824) |
| Finance cost | (4,118,615) | (39,651) | (4,158,266) |
| Profit/(loss) before taxation | 8,540,974 | (878,625) | 7,662,349 |
| Tax (expense)/credit | (3,712,070) | - | (3,712,070) |
| Profit/(loss) for the year | 4,828,904 | (878,625) | 3,950,279 |
| Other Comprehensive income: | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Revaluation of property, plant and equipment | - | - | - |
| Deferred tax on revaluation | - | - | - |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | 4,828,904 | (878,625) | 3,950,279 |

Statement of Cash flows

| | As previously reported | Reported adjustments | As restated |
|--|------------------------|----------------------|-------------------|
| | TZS'000 | TZS'000 | TZS'000 |
| For the year ended 31 March 2023 | | | |
| | | | Restated* |
| Net cash generated from operating activities | 46,638,977 | 39,876 | 46,678,853 |
| Net cash generated from financing activities | (18,428,918) | (39,865) | (18,468,783) |
| Effect of foreign exchange | 1,091,161 | (11) | 1,091,150 |
| | 29,301,220 | - | 29,301,220 |

28. SUBSEQUENT EVENTS

The Directors are not aware of any material events or circumstances that have arisen between the accounting date and the date of signing of these financial statements that require adjustments or additional disclosure in the financial statements.