

VILLAGE SUPERMARKET LIMITED

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



MHASIBU CONSULTANTS
CERTIFIED PUBLIC ACCOUNTANTS AND AUDITORS,
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DAR ES SALAAM

VILLAGE SUPERMARKET LIMITED

AUDITOR'S REPORT

Introduction

We have audited the financial statements of the Company set out on pages 5 to 13 which comprise the statement of financial position as at 31 December 2023 and the statement of comprehensive income for the year then ended, statement of changes in equity for the year then ended, statement of cash flows for the year then ended and notes to the financial statements, which include a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Village Supermarket Ltd as at 31st December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, CAP 212 Act No. 12 of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements of the current period. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters. In this regard there were none to report.

Other information

The directors are responsible for the other information. The other information comprises directors' report but does not include the Company financial statements and our auditor's report thereon.

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

In connection with our audit of the Company's financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Company's financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, 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.

VILLAGE SUPERMARKET LTD

Responsibilities of the directors for the Company's financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, CAP 212 Act No. 12 of 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. The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Company's financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Companies Act, CAP 212 Act No. 12 of 2002 and for no other purposes.

Report on Other Legal and Regulatory Requirements

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



JOHN M. LYANGA
MANAGING PARTNER
MHASIBU CONSULTANTS



DATE: 18TH JUNE, 2024

VILLAGE SUPERMARKET LTD

DIRECTOR'S REPORT

1. Introduction

The Board of Directors has pleasure in presenting their report and the audited financial statements for the year ended 31st December, 2023.

2. Directors

The following are the Directors of the company

Names	Nationality
Mr. Abdul Jamani	Canadian
Mrs. Jamila Jamani	Canadian
Mrs. Nazira Jamani	Canadian

3. Results for the year

The company operating results for the year ended 31st December, 2023 are shown on statement of profit or loss and other comprehensive income set out on page 7 of these financial statements.

4. Subsequent Events

There are no material events that have occurred subsequent to 31st December, 2023 which warrant disclosure in or adjustments to the financial statements.

5. Solvency of the Company

The board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The board of directors has reasonable expectation that Village Supermarket Limited has adequate resources to continue in operational existence for the foreseeable future.

6. Corporate Governance

The directors believe that high standards of corporate governance directly influence the Village Supermarket Ltd performance. The Directors recognize the importance of integrity, transparency, responsibility and accountability.

7. Auditors

Mhasibu Consultants have expressed their willingness to continue as Auditors of the Village Supermarket Ltd.

By Order of the Board

.....
Abdul Jamani

DIRECTOR



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DIRECTOR'S REPORT

STATEMENT OF DIRECTORS RESPONSIBILITY FOR THE YEAR ENDED 31ST DECEMBER, 2023

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results of the company for that year. The directors are also required to ensure the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. It is also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards for Small and Medium Sized Entities. To the best of their knowledge and belief, the directors confirm that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

.....
A. Samsoni
DIRECTOR

18TH JUNE, 2024

.....
DATE



VILLAGE SUPERMARKET LTD

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2023

		31.12.2023	31.12.2022
ASSETS	NOTE	TZS	TZS
NON CURRENT ASSETS			
Property and Equipment	2	1,212,805,469	1,366,074,028
		<u>1,212,805,469</u>	<u>1,366,074,028</u>
CURRENT ASSETS			
Inventory		1,366,454,828	1,716,454,828
Receivable and Prepayments	3	4,652,331,600	4,652,331,600
Cash and Cash Equivalents	4	410,670,599	177,660,085
TOTAL CURRENT ASSETS		<u>6,429,457,027</u>	<u>6,546,446,513</u>
TOTAL ASSETS		<u>7,642,262,496</u>	<u>7,912,520,541</u>
EQUITY AND LIABILITIES			
Share Capital		525,000,000	525,000,000
Retained Deficit		(379,476,411)	(524,120,889)
TOTAL EQUITY		<u>145,523,589</u>	<u>879,111</u>
NON CURRENT LIABILITIES			
Loan	5	2,087,870,639	2,853,461,432
TOTAL LIABILITIES		<u>2,087,870,639</u>	<u>2,853,461,432</u>
CURRENT LIABILITIES			
Payables and Accruals	6	5,009,537,115	4,914,596,374
Taxation		3,935,054	10,462,686
Bank Overdraft	7	395,396,098	133,120,938
TOTAL CURRENT LIABILITY		<u>5,408,868,268</u>	<u>5,058,179,998</u>
TOTAL LIABILITY		<u>7,496,738,906</u>	<u>7,911,641,430</u>
TOTAL EQUITY AND LIABILITIES		<u>7,642,262,496</u>	<u>7,912,520,541</u>

Note 1 to 11 forms part of these financial statements



DIRECTOR



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STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER, 2023

INCOME	NOTE	2023	2022
		TZS	TZS
Income	8	28,036,773,827	25,892,493,738
Less: Cost of Sales	9	<u>21,212,356,837</u>	<u>19,840,819,022</u>
Gross profit		<u>6,824,416,990</u>	<u>6,051,674,716</u>
OPERATING EXPENSES:			
Administrative Costs	10	5,875,167,173	5,198,863,516
Finance Costs	11	503,139,457	463,716,383
Depreciation		<u>182,993,515</u>	<u>202,666,229</u>
Total Operating Expenses		<u>6,561,300,144</u>	<u>5,865,246,128</u>
Profit Before Tax		263,116,846	186,428,587
Prior year tax		39,537,314	177,040,815
Corporation Tax		<u>78,935,054</u>	<u>55,462,686</u>
PROFIT AFTER TAX		<u>144,644,478</u>	<u>(46,074,914)</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER, 2023

Description	Share Capital	Retained Earnings	Total
	TZS	TZS	TZS
As at 31st December, 2023			
As at 1st January, 2023	525,000,000	(524,120,889)	879,111
Loss for the Year	-	144,644,478	<u>144,644,478</u>
AS AT 31ST DECEMBER, 2023	<u>525,000,000</u>	<u>(379,476,411)</u>	<u>145,523,589</u>
As at 31st December, 2022			
As at 1st January, 2022	525,000,000	(478,045,975)	46,954,025
Loss for the Year	-	(46,074,914)	<u>(46,074,914)</u>
AS AT 31ST DECEMBER, 2022	<u>525,000,000</u>	<u>(524,120,889)</u>	<u>879,111</u>



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NOTES FORMING FINANCIAL STATEMENTS

NOTE: 1.0 SIGNIFICANT ACCOUNTING POLICIES.

(a) BASIS OF PREPARATION.

These financial statements have been prepared in accordance with and comply with, International Financial Reporting Standard and the Companies Act, 2002. The financial statements are prepared under the historical cost convention.

(b) PROPERTY, PLANT AND EQUIPMENT.

All items of property, plant and equipment are initially recorded at cost. Cost comprises of expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliable. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequently, items of plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a reducing balance method and calculated separately for each part of an item of property, plant and equipment with a cost that is significant in relation the total cost of the item.

Applicable depreciation rates are as follow: -

Description	Rate
Motor Vehicles	25.00%
Furniture and Fittings	12.50%
Plant & Machinery	12.50%
Office Equipment	12.50%

Major renovation are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. No depreciation is charged if the residual value of an item is equal to or greater than its carrying value.

(c) IMPAIRMENT OF ASSETS.

An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level of which there are separately identifiable cash flows (Cash-generating units).



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Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

(c) CURRENT ASSETS HELD FOR SALE.

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale include only assets available for immediate sale in their present condition in respect of which there is a high probability that a sale will have been completed within one year from the date of reclassification.

(d) FINANCIAL ASSETS.

Financial assets comprise of loan and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and that are not quoted in an active market. These are classified as non-current assets if their maturities are greater than 12 months. Loans and receivables with maturities of 12 months or less are included in trade and other receivable in the balance sheet.

(e) OPERATING LEASES –T/RENTED PREMISES.

Lease agreements that do not transfer substantially all risks and rewards of ownership to the company as the lessee are classified as operating leases.

(f) INVENTORIES

Inventories are stated at the lower of costs or net realizable value. Cost is determined using first-in- out (FIFO) method.

PROVISIONS.

Provisions are recognized when the company has a present legal or constructive obligation as result of past events, it is probable that an outflow of resources will be required to settle the obligation, and reliable estimate of the amount can be made. Where the company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

FOREIGN CURRENT TRANSACTIONS.

(i) Functional and Presentation Currency.

The financial statements are presented in Tanzania shillings, which is the Company functional and presentation currency.

(ii) Transaction and Balances.

Transactions in foreign currency during the year are converted into Tanzania Shillings at rates ruling at the date of transaction. Monetary assets and liabilities



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denominated in foreign currency at the balance sheet date are restated in Tanzania Shillings using the rate ruling at the balance sheet date. Exchange gains and losses are dealt with the income statement in the year in which they arise.

(j) **COMPUTER SOFTWARE.**

Acquired Computer Software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs of acquiring software that is regarded as an integral part of same identifiable hardware are recognized as part of the cost of the hardware. Costs of acquiring other software are recognized as intangible assets and re amortized over their estimated useful lives.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Other costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding three years).

(k) **REVENUE RECOGNITION.**

Profit comprises the fair value of the sale of services, net of value added tax, rebates and discounts.

(i) **Other Services.**

Sales of service are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(l) **TRADE RECEIVABLES.**

Trade receivables are recognized initially at original invoice amount which is fair value at transaction date. Subsequently trade receivables other than short-term receivables are measured at amortized cost using the effective interest methods less allowance for impairment. Short-term receivables are measured at cost less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate, or where more appropriate, at the interest rate that the company would have to pay to finance such receivables. The amount of the provision is recognized in the income statement.



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(m) **CASH AND CASH EQUIVALENTS.**

Cash comprise of cash on hand and demand deposits with banks. Cash equivalents comprise of investments in money market instruments with maturity periods of three months or less. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

(n) **FINANCIAL RISK MANAGEMENT.**

Credit Risk.

The Company's principal financial assets are bank balances and cash, ad trade and other receivables. The company's credit risk is primarily attributable to its trade receivables.

The amounts presented in the balance sheet are net of allowances for doubtful receivables estimated by the management based on the long outstanding balances and the assessment of the current of the current economic environment.

Foreign Currency Risk.

As a result of bank balances (favorable and unfavorable) denomination in the United States Dollar, the company's financial position and results can be affected by movement in exchange rates between Tanzanian Shillings (TZS) and United States Dollars (US\$). The company does not consider that there is a significant downside risk on holding these foreign currency balances arising form exchange rate movements. Consequently, no specific financial risk management measures have been initiated.



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NOTE 2: PROPERTY, AND EQUIPMENT

PARTICULARS	PLANT & MACHINERY	MOTOR VEHICLE	FURNITURE & FITTINGS	OFFICE EQUIPMENT	TOTAL
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
YEAR 2023					
COST					
As at 1st January, 2023	127,332,958	39,442,180	924,657,662	274,641,228	1,366,074,028
Additions	-	28,706,955	-	1,018,000.00	29,724,955
AS AT 31ST DECEMBER, 2023	127,332,958	68,149,135	924,657,662	275,659,228	1,395,798,983
DEPRECIATION					
Charge for the year	15,916,620	17,037,284	115,582,208	34,457,403	182,993,515
AS AT 31ST DECEMBER, 2023	15,916,620	17,037,284	115,582,208	34,457,403	182,993,515
CARRYING AMOUNT AT 31.12.2023	111,416,338	51,111,852	809,075,454	241,201,824	1,212,805,469

YEAR 2023					
COST					
As at 1st January, 2022	145,523,380	9,589,574	1,056,751,614	313,875,689	1,525,740,257
Additions	-	43,000,000	-	-	43,000,000
AS AT 31ST DECEMBER, 2022	145,523,380	52,589,574	1,056,751,614	313,875,689	1,568,740,257
DEPRECIATION					
Charge for the year	18,190,423	13,147,393.41	132,093,952	39,234,461	202,666,229
AS AT 31ST DECEMBER, 2022	18,190,423	13,147,393	132,093,952	39,234,461	202,666,229
CARRYING AMOUNT AT 31.12.2022	127,332,958	39,442,180	924,657,662	274,641,228	1,366,074,028



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	2023	2022
	TZS	TZS
NOTE: 3 RECEIVABLES AND PREPAYMENTS		
Trade debtors	-	-
Deposit, prepayment and advances	4,652,331,600	4,652,331,600
TOTAL	4,652,331,600	4,652,331,600
NOTE: 4 CASH AND CASH EQUIVALENTS		
Cash in hand	6,664,930	32,576,930
Cash at Bank	404,005,669	145,083,155
TOTAL	410,670,599	177,660,085
NOTE:5 LOAN		
Unsecured Loan	212,904,582	212,904,582
Bank loan (Term Loan)	1,874,966,057	2,640,556,850
	2,087,870,639	2,853,461,432
NOTE: 6 PAYABLES AND ACCRUALS		
Trade payables	4,825,280,788	4,743,091,236
Accrued charges	184,256,327	171,505,138
TOTAL	5,009,537,115	4,914,596,374
NOTE:7 BANK OVERDRAFT		
Diamond Trust Bank overdraft	395,396,098	133,120,938
	395,396,098	133,120,938
NOTE: 8 INCOME		
Sales Income	28,036,773,827	25,892,493,738
TOTAL	28,036,773,827	25,892,493,738
NOTE: 9 COST OF SALES		
Opening stock	1,716,454,828	3,015,220,260
Add: Purchases	20,862,356,837	18,542,053,590
Cost of goods available for sale	22,578,811,665	21,557,273,850
Less: Closing stock	1,366,454,828	1,716,454,828
COST OF SALES	21,212,356,837	19,840,819,022



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NOTES TO THE FINANCIAL STATEMENTS

NOTE:10 ADMINISTRATIVE EXPENSES

Accountancy & secretarial fees	10,242,675	3,000,000
Advertising	35,000,000	22,379,000
Bank charges	50,792,898	27,110,128
City service levy	81,725,363	68,558,403
Commission expenses	167,954,571	205,490,033
Consultancy & professional fees	24,485,100	12,884,746
Directors Fees	300,000,000	400,000,000
Electricity & water	731,500,366	702,138,228
Godown / Building Rent & Maintenance	1,010,708,300	761,331,800
Immigration permit expenses	161,076,490	104,307,100
Insurance expenses	13,071,228	28,337,093
Salaries, wages & other related costs	1,299,140,319	1,272,219,560
Skills & development levy	44,296,229	49,397,828
M/Vehicle running expenses	135,148,796	143,729,298
NSSF contribution	114,192,794	110,558,694
License fees	20,384,719	20,590,523
Internet & telephone	30,829,925	25,277,351
Printing, postage & stationery	7,899,338	724,022
Security expenses	160,200,565	122,312,728
Staff welfare	255,183,760	201,106,973
Travelling expenses	479,095,633	233,168,998
Repairs & maintenance	394,457,429	368,522,631
Sales & Marketing expenses	253,393,130	243,609,997
Workmen's compensation	5,907,245	6,820,382
Medical expenses	12,500,000	115,500
Loading & Offloading	75,980,300	65,172,500
TOTAL	5,875,167,173	5,198,863,516

NOTE:11 FINANCE COSTS

Interest expenses - on Over Draft	2,807,676	100,386,264
Interest expenses - on asset finance and overdraft	500,331,781	363,330,119
TOTAL	503,139,457	463,716,383

