

**BNBM BUILDING MATERIALS INDUSTRY (TANZANIA)
LIMITED**
P.O. Box 31299,
Dar es Salaam,
Annual Report 2021

BNBM BUILDING MATERIALS INDUSTRY (TANZANIA) LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

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CORPORATE INFORMATION

Board of Directors

<u>Name</u>	<u>Nationality</u>
Mr. Zhou Jianzhong	Chinese
Mr. Zhang Yuepeng	Chinese

Registered Office of the Company

Plot No. 1 Block No.D
Zegereni Kibaha Coast Region
P.O. Box 31299,
Dar Es Salaam
Tanzania

Auditors

Baker Tilly DGP & Co.,
Certified Public Accountants
P. O. Box 1314,
Dar Es Salaam
Tanzania

Company Secretary

Zhang Fei
P. O. Box 31299,
Dar Es Salaam
Tanzania

Bankers

Stanbic Bank
CRDB Bank Plc
NMB Bank


BNBM BUILDING MATERIALS INDUSTRY (TANZANIA) LIMITED
P. O. BOX 31299, DAR ES SALAAM
ANNUAL REPORT AND FINANCIAL STATEMENTS


FOR THE YEAR ENDED 31ST DECEMBER 2021

DIRECTORS REPORT

1. The Directors have pleasure in submitting their report together with the financial statements for the year ended 31st December, 2021 which discloses the state of affairs of the company.
2. **Principal Activities**
The principal activities of the company are manufacturing of Gypsum Board and Gypsum Plaster.
3. **Financial results**
The profit for the year and appropriation there of are set out in the financial statements attached herewith.
4. **Directors Responsibility**
As Directors, it is our responsibility to prepare the financial statements for each financial year that gives a true and fair view of the state of affairs of the company at the end of financial year. We are also responsible for keeping proper accounting records in line with the provisions of the Companies Act 2002 for taking reasonable steps to safeguards the assets of the company and to prevent and detect any fraud or other irregularities.
We confirm that suitable accounting policies have been used and applied consistently; reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31st December, 2021. We also confirm that the applicable accounting standards have been followed and the financial statements have been prepared on a going concern basis.
5. **Dividends**
The Directors have not recommended dividend during the year.
6. **Directors**
The directors who served the company during the year were as shown on page 1 of these financial statements.
7. **Employee benefits**
The company has defined contribution plan, the company contributes to publicly administered pension plans NSSF on a mandatory basis. The company has no further payment obligations once the contributions have been paid.
8. **Auditors**
The external auditors, M/s. Baker Tilly DGP & Co have expressed their willingness to continue in office and will be recommended for re-appointment at the forthcoming Annual General Meeting.
9. **Acknowledgements**
Directors wish to place on record their deep sense of appreciation for the overwhelming co-operation and assistance received from the government; TRA and bankers of the company.

BY ORDER OF THE BOARD


.....
DIRECTOR
Place: DAR-ES-SALAAM
Date: 02/05/2022


.....
DIRECTOR
12/05/2022

BNBM BUILDING MATERIALS INDUSTRY (TANZANIA) LIMITED
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2021

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Directors are required under the Companies Act supplemented by International Financial Reporting Standards, to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. The auditors are responsible for reporting on these financial statements.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the period ended 31st December 2021. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 2002. They are also responsible for safeguarding the assets of the company and, hence, for taking reasonable steps for prevention and detection of fraud or other irregularities.


No matters have come to the attention of Directors to indicate that the company will not remain a going concern for at least the ensuing financial year.

Approved by the Board of Directors and signed on its behalf by:-



Director
Name: ZHOU JIANZHONG

Dar Es Salaam
Date: 12/05/2022



Director
Name: ZHANG YUFENG

Dar Es Salaam
Date: 12/05/2022

BNBM BUILDING MATERIAL INDUSTRY (TANZANIA) LIMITED
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2021

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

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under paragraph of Responsibilities of the Authorized Representatives on an earlier page.

I, ALLEN MWITAVA being the ACCOUNTANT of BNBM Building Material Industry (Tanzania) Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st December 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of BNBM Building Material Industry (Tanzania) Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: 

NBAA Membership No.: ACPA

Date: 14/5/ 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BNBM BUILDING MATERIALS INDUSTRY (TANZANIA) LIMITED****Opinion**

We have audited the financial statements of BNBM Building Materials Industry (Tanzania) Limited, which comprise the Statement of Financial Position as at 31st December 2021, and 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and 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 The National Board of Accountants and Auditors (Code of Ethics) By - Laws, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the matter

On 11 March 2020, the World Health Organization declared Corona virus (COVID-19) outbreak a pandemic in recognition of its rapid spread across the globe. COVID-19 affects the company in certain uncertainties for the future financial position and performance of the Company. Uncertainties related to the potential effects of COVID-19 are relevant to understanding our audit of the financial statements. Our audits assess and challenge the reasonableness of estimates made by the company, the related disclosures and the appropriateness of the going concern assumption in the financial statements. The appropriateness of the going concern assumption depends on the assessment of the future economic environment and the company's future prospects and performance. The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of this report its effects are subject to levels of uncertainty. An audit cannot predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to COVID-19.

Our report is not modified in respect of the above matter.

Other information

The directors are responsible for the other information. The other information comprises the Director's Report as required by the Companies Act, 2002, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report thereon.

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

Responsibilities of the directors for the 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, 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 financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identify and assess the risks of material 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 disclosure made by the directors.

Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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.

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

Report on other legal and regulatory requirements

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books;
- iii) the director's report is consistent with the financial statements;
- iv) information specified by the law regarding director's remuneration and transactions with the Company is disclosed; and
- v) the Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.

For Baker Tilly DGP & Co.
Certified Public Accountants,



Kailas K. Bhattbhatt
Partner



Place : Dar es Salaam

Date : 14/05/2022

BNBM BUILDING MATERIALS INDUSTRY (TANZANIA) LIMITED
P.O. Box 31299, Dar Es Salaam

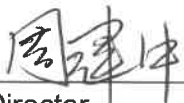
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2021


PARTICULARS	NOTE	2021 Tzs '000	2020 Tzs '000
Revenue		10,659,716	2,973,323
Cost of sales	3	<u>8,195,079</u>	<u>2,985,924</u>
Gross profit		2,464,637	(12,601)
<u>Less: Expenses</u>			
Administrative expenses	4	(862,025)	(634,689)
Selling and distribution expenses	5	(38,159)	(16,478)
Financial expenses	6	<u>(49,178)</u>	<u>64,034</u>
		(949,362)	(587,133)
Profit / (Loss) before tax		1,515,275	(599,734)
Less : Tax expense / credit	7	<u>(303,745)</u>	<u>(113,780)</u>
Profit / (Loss) after tax		<u>1,211,530</u>	<u>(713,514)</u>

The significant accounting policies on pages 11 to 16 and the notes on pages 17 to 23 form an integral part of these financial statements.

Report of the Independant Auditor's on page 5 & 6.

The financial statements on Pages 7 to 23 were approved by the Board of Directors and signed on behalf by:


 Director
 Dated: 12/05/2022


 Director
 Dated: 12/05/2022

BNBM BUILDING MATERIALS INDUSTRY (TANZANIA) LIMITED
P.O. Box 31299, Dar Es Salaam


STATEMENT OF FINANCIAL POSITION AS ON 31ST DECEMBER 2021

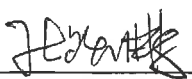
	NOTE	31st December 2021 Tzs '000	31st December 2020 Tzs '000
Non current assets			
Property, plant and equipment	16	2,180,254	2,309,960
Intangible assets	17	1,311,042	1,325,696
Capital work-in-progress		19,318,607	18,134,550
		<u>22,809,902</u>	<u>21,770,206</u>
Current assets			
Inventories	8	1,668,213	1,897,309
Trade and other receivables	9	5,801,844	3,944,536
Cash and cash equivalents	10	5,148,088	4,068,132
Current tax	14	155,404	50,250
		<u>12,773,549</u>	<u>9,960,227</u>
Total assets		<u>35,583,452</u>	<u>31,730,434</u>
Equity			
Share capital	11	22,801,236	19,352,933
Retained earnings		603,258	(588,195)
		<u>23,404,494</u>	<u>18,764,737</u>
Non current liabilities			
Deferred tax liabilities	7	461,269	487,370
		<u>461,269</u>	<u>487,370</u>
Current liabilities			
Trade and other payables	12	11,668,538	12,452,388
Provisions	13	49,151	25,939
		<u>11,717,689</u>	<u>12,478,327</u>
Total equity and liabilities		<u>35,583,452</u>	<u>31,730,434</u>

The significant accounting policies on pages 11 to 16 and the notes on pages 17 to 23 form an integral part of these financial statements.

Report of the Independent Auditor's on page 5 & 6.

The financial statements on Pages 7 to 23 were approved by the Board of Directors and signed on behalf by:

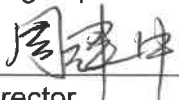

 Director
 Dated: 12/05/2022


 Director
 Dated: 12/05/2022


STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2021

Particulars	Share capital	Retained earnings	Total
	Tzs '000	Tzs '000	Tzs '000
Year ended 31st December 2020			
As at start of the year	15,906,549	168,427	16,074,976
Issue of shares	3,446,384	-	3,446,384
Prior year adjustments	-	(43,109)	(43,109)
	<u>19,352,933</u>	<u>125,318</u>	<u>19,478,251</u>
Net profit / (loss)	-	(713,514)	(713,514)
At the end of the year	<u>19,352,933</u>	<u>(588,195)</u>	<u>18,764,737</u>
Year ended 31st December 2021			
As at start of the year	19,352,933	(588,195)	18,764,737
Issue of shares	3,448,303	-	3,448,303
Prior year adjustments	-	(20,077)	(20,077)
	<u>22,801,236</u>	<u>(608,272)</u>	<u>22,192,964</u>
Net profit / (loss)	-	1,211,530	1,211,530
At the end of the year	<u>22,801,236</u>	<u>603,258</u>	<u>23,404,494</u>

The significant accounting policies on pages 11 to 16 and the notes on pages 17 to 23 form an integral part of these financial statements.



Director
Dated: 12/05/2022



Director
Dated: 12/05/2012

BNBM BUILDING MATERIALS INDUSTRY (TANZANIA) LIMITED
P.O. Box 31299, Dar Es Salaam

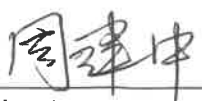
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2021


PARTICULARS	2021 Tzs '000	2020 Tzs '000
<u>Cash flows from operating activities</u>		
Profit / (Loss) before tax	1,515,275	(599,734)
Adjustment for:		
Depreciation and amortisation	284,301	309,553
Prior period adjustment	(20,077)	(43,109)
Unrealised forex exchange (gain) / loss	25,471	(73,963)
	<u>1,804,970</u>	<u>(407,253)</u>
<u>Movements in working capital:</u>		
(Increase)/ decrease in inventories	229,096	208,345
(Increase)/ decrease in trade and other receivables	(1,857,306)	(1,731,497)
Increase/ (decrease) in trade and other payables	(760,638)	12,235,381
Cash generated from operations	(583,878)	10,304,976
Less: Taxes paid	(435,000)	(50,250)
Net cash generated by operating activities (A)	(1,018,878)	10,254,726
<u>Cash flow from investing activities</u>		
Payments of purchase of property, plant and equipment	(139,941)	(70,367)
Additions to CWIP	(1,184,057)	(16,848,714)
Net cash (used in) / generated by investing activities (B)	(1,323,998)	(16,919,081)
<u>Cash flow from financing activities</u>		
Proceed from issue of equity share capital	3,448,303	3,446,384
Net cash (used in) / generated by financing activities (C)	3,448,303	3,446,384
Net increase in cash and cash equivalents (A+B+C)	1,105,427	(3,217,972)
Cash and cash equivalents at the beginning of the year	4,068,132	7,286,104
Effect of exchange rate changes on the cash and cash equivalents held in foreign currencies	(25,471)	-
Cash and cash equivalents at the end of the year	5,148,088	4,068,132

The significant accounting policies on pages 11 to 16 and the notes on pages 17 to 23 form an integral part of these financial statements.

Report of the Independent Auditor's on page 5 & 6.

The financial statements on Pages 7 to 23 were approved by the Board of Directors and signed on behalf by:


 Director
 Dated: 12/05/2022


 Director
 Dated: 12/05/2022

1. GENERAL INFORMATION

The Company is formed on 8th February 2018 as a limited liability Company. The principal accounting policies applied in the preparation of these financial statements are set out below.

A. ADOPTION OF NEW AND REVISED STANDARDS & INTERPRETATIONS

A. Standards, Amendments to the standards and Interpretations effective in the year 2021

The following standards, amendments and new interpretations issued by the IFRIC and are mandatory for the accounting periods beginning on or after 1st January 2021:

- Interest Rate Benchmark Reform – Phase 2
- Amendments to IFRS 4 Insurance contracts - deferral of IFRS 9
- Amendments to IFRS 16 Leasing - Covid-19 Related Rent Concessions (Effective from 1st April 2021)

The adoption of these standards, amendments and interpretations has not led to any change in the accounting policies of the Company.

B. Standards, Amendments and Interpretations issued, but not yet effective

A number of new standards, amendments to standards and interpretations are effective for forthcoming periods and the Company had not adopted any of these Standards, Amendments of interpretations from an early date. The management does not foresee any major change in the accounting policies of the Company due to such amendments.

- Amendments to IFRS 3 Business Combinations Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities, Contingent Assets Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements 2018–2020
- Amendments to IAS 1 Classification of Liabilities as Current
- Amendments to IAS 1 Disclosure of Accounting policies
- Amendments to IAS 8 Definition of Accounting Estimates
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 17 Insurance Contracts

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

B. BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis. These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs). The financial statements are presented in the functional currency, Tanzanian Shillings (Tzs).

These financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying company's accounting policies. All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and criteria set out in the IFRS. The directors of the Company have given careful consideration to the liquidity of the Company especially in light of the fact that the current liabilities exceeded its current assets as at 31st December 2021. The Company plans to meet the said deficit by generating internal accruals from the expected profits in the future and receiving the continual financial support from the shareholdings of the Company. Having regard to the above, the financial statements have been prepared on a going concern basis.

C. REVENUE RECOGNITION

This section prescribes the treatment which should be applied in accounting for revenue arising from the rendering of services (Manufacturing of gypsum board) and the sale of good. Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the company's activities. Revenue is shown net of value-added tax, reimbursements and discounts. Interest income have been recognized on an accrual basis.

Revenue

- Excludes amounts collected on behalf of third parties such as sales taxes, goods and service taxes, and value added taxes as these are not economic inflows resulting in increases to equity.
- Should be net of trade discounts and volume rebates.
- Excludes the following:
 1. Income arising from the sale of fixed assets which are accounted for in line with the section above on plant, property and equipment.
 2. Grant income which is accounted for in the section above on plant, property and equipment.

D. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are shown initially at cost, less subsequent depreciation and impairment. Cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in 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 group and the cost of the item can be reliably measured.

The management, on the basis of the estimation, when felt necessary undertakes revaluation of the assets and where ever the market price exceeds the realizable value, the assets are stated at realizable value and a reserve is created by the name Revaluation Reserves. Depreciation on such value is charged to revaluation reserve by way of transfer in the Statement of Changes in Equity.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance expenditures are charged to the statement of profit or loss account during the financial year in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain or losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the statement of profit or loss.

E. DEPRECIATION

Depreciation is calculated on the (WDV) method. The following are the principal asset lives:

Asset Category	Rate
1. Buildings and Structures	5%
2. Machine and Equipment	25%
3. Motor Vehicles	37.5%
4. Furniture, fittings and fixtures	12.5%
5. Computers and accessories	37.5%

Intangible asset includes software purchased and capitalized. The Management estimates its useful life as 10 years and accordingly it is amortized on straight line basis over its remaining useful life.

F. IMPAIRMENT OF ASSETS

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

G. FOREIGN CURRENCY TRANSLATION

I. Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency for the entity is the Tanzania Shillings (TZS), which is the Company's presentation currency.

II. Transactions and balances

Foreign currency transactions are translated into the Tanzanian Shillings using the exchange rate prevailing at the dates of transactions. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currency, are translated into Tanzanian Shillings at the rates ruling at that date. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of profit or loss.

H. LEASE

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

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

There was no right of use assets during the year.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

There were no lease liabilities during the year.

Short-term leases and leases of low-value assets

- The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of

low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

I CASH AND CASH EQUIVALENTS

Cash & Cash equivalents comprise of current accounts operated with banks for companies' normal trade transactions. The carrying amount of these assets approximates their fair value.

J TAXATION

Income tax expense is the aggregate of the charge to the statement of profit or loss in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that the directors consider that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is recognized as income tax benefit or expense in the year in which it arises.

K PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

2. FINANCIAL RISK MANAGEMENT

The Companies activities expose it to a variety of financial risks: foreign currency risk, credit risk, commodity price fluctuation risk and interest-rate risk. The Company's overall risk management programme seeks to minimize potential adverse effects on the financial performance. Risks management is carried out by the management.

a) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that services are rendered to customers with an appropriate credit history.

b) Foreign currency risk.

When need arises, the Company enters into transactions denominated in foreign currencies (primarily United States Dollars ("US\$")). In addition, the Company has assets and liabilities denominated in United States Dollars ("US\$") and the sales and purchases takes place in United States Dollars ("US\$"). As a result, it is subject to translation exposure from fluctuations in foreign currency exchange rates.

c) Interest rate risk

Fluctuation in interest rates has impact on the operating activities. In the ordinary course of business, the Company receives cash from its operations and is required to fund working capital and capital expenditure requirements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

	2021	2020
	Tzs '000	Tzs '000
3 Cost of sales		
Opening stock	1,897,309	2,105,654
Add: Purchases	6,442,496	1,814,330
Less: Closing stock	<u>(1,668,213)</u>	<u>(1,897,309)</u>
Cost of material consumption	6,671,592	2,022,675
Add: Direct costs		
<u>Employee Cost for Factory Kibaha-1 and 2</u>		
Casual Labour Charges	35,129	8,287
NHIF for Fatory Kibaha-1	6,286	2,178
NSSF for Factory Kibaha- 1 and 2	72,060	55,307
SDL for Factory Kibaha- 1 and 2	28,574	18,588
Wages and Allowance Kibaha Factory-1 and 2	685,468	436,258
WCF for Factory Kibaha-1 and 2	5,474	4,946
Depreciation	202,810	243,480
Analysis and Test Cost	-	1,860
Electricity and water expenses	372,831	115,777
Security Cost for Kibaha Factory	54,600	43,900
Repairs and maintenance - direct	1,935	1,375
Human resource cost for Kibaha	24,000	24,000
Safety and Health Protection Expenses	34,320	7,292
	<u>1,523,487</u>	<u>963,249</u>
Total cost of sales	<u>8,195,079</u>	<u>2,985,924</u>
4 Administrative expenses		
Amortisation of intangibles	14,654	14,654
Audit fees	6,960	6,960
<u>Employee Cost for Office</u>		
Salaries for Office	208,655	201,455
NSSF / PPF contribution - Admin	20,881	20,145
WCF cost	1,623	2,015
SDL cost	8,567	9,065
NHIF Cost	1,017	810
Depreciation	66,837	51,418
Donations	4,401	-
Electricity expenses	14,975	15,906
General insurance expenses	-	2,003
Dues, rates, fees and license charges	20,196	9,100
Rent - office	144,204	43,152
Motor vehicle charges	23,360	13,760
Consultancy charges	4,640	-
Repairs and maintenance - Indirect	-	319
Printing and stationery expenses	9,199	2,175
Accommodation charges	-	186
Stamp duty	1,592	599
Office expenses	11,454	27,091

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

	2021	2020	
	Tzs '000	Tzs '000	
Telephone & Internet expenses	13,489	13,150	
Transportation and travelling expenses	176,876	140,419	
Visa and permit expenses	86,087	58,134	
Land rent	5,292	-	
Postage and courier expenses	17,065	2,173	
Total	862,025	634,689	
5 Selling and distribution expenses			
Advertising expenses	441	1,020	
City service levy charges	31,979	8,920	
Business Development Expenses	2,685	6,538	
Transportation for sale	3,054	-	
Total	38,159	16,478	
6 Financial expenses			
Bank charges	23,707	9,929	
Foreign exchange loss / (gain) - unrealised	25,471	(73,963)	
Total	49,178	(64,034)	
7 Tax expenses			
Current tax	329,846	-	
Deferred tax	(26,101)	(1,015)	
Corporate Tax Assessment 2018-19	-	114,795	
Total	303,745	113,780	
Break-up of deferred tax:			
Particulars	At start of the year	Charge to statement of profit or loss	At end of the year
	Tzs '000	Tzs '000	Tzs '000
<u>Deferred tax liabilities</u>			
Property, plant and equipment			
- accelerated capital allowance	465,181	(3,912)	461,269
Unrealised foreign exchange gain	22,189	(22,189)	-
	487,370	(26,101)	461,269
Net deferred tax liability / (asset)	487,370	(26,101)	461,269
8 Inventories			
Closing stock		1,668,213	1,897,309
		1,668,213	1,897,309

BNBM BUILDING MATERIALS INDUSTRY (TANZANIA) LIMITED
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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

	2021 Tzs '000	2020 Tzs '000
9 Trade and other receivables		
Advance to suppliers	3,080,698	908,854
Trade debtors	351	-
VAT receivable	2,604,848	3,012,062
Tax receivable for previous year	115,947	23,620
	5,801,844	3,944,536
10 Cash and cash equivalents		
Cash in hand	554	5,184
Cash at banks	5,147,534	4,062,948
	5,148,088	4,068,132
11 Share capital		
<u>Authorised capital</u>		
22,801,235,910 shares of Tzs 1/- each	22,801,236	22,400,000
Issued and paid up share capital		
22,801,235,910 shares of Tzs 1/- each	22,801,236	22,400,000
Unpaid share capital	-	(3,047,067)
	22,801,236	19,352,933
12 Trade and other payables		
Trade creditors	11,517,079	12,394,031
WCF and NHIF payables	1,656	1,012
Advance from customers	139,169	57,005
Withholding tax payable	10,634	340
	11,668,538	12,452,388
13 Provisions		
NSSF / PPF payable	19,388	10,752
PAYE payable	8,005	4,759
SDL payable	3,878	2,150
City service levy payable	10,814	1,235
Audit fees payable	6,960	6,960
Workers union fee payable	106	83
	49,151	25,939
14 Current tax		
Balance carried forward	(50,250)	-
Provision for tax current year tax	329,846	-
Advance tax paid	(435,000)	(50,250)
	(155,404)	(50,250)

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

	2021	2020
	Tzs '000	Tzs '000
15 Employee Cost WIP		
NSSF for Factory Kibaha 2	3,042	2,099
SDL for Factory Kibaha 2	1,251	945
Wages for Factory Kibaha 2	30,385	20,992
WCF for Factory Kibaha 2	241	210

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

16 Property, plant & equipment

Particulars	Building	Plant and machinery	Furniture and fixtures	Computers and accessories	Motor vehicles Class I	Total
	Tzs '000	Tzs '000	Tzs '000	Tzs '000	Tzs '000	Tzs '000
Cost						
Balances at 1st January 2020	1,924,871	885,825	27,879	20,569	165,364	3,024,506
Additions	-	12,178	4,585	53,604	70,367	
Balances at 31st December 2020	1,924,871	885,825	40,057	25,154	218,968	3,094,873
Balances at 1st January 2021	1,924,871	885,825	40,057	25,154	218,968	3,094,873
Additions	-	18,745	4,940	7,298	108,959	139,941
Balances at 31st December 2021	1,924,871	904,569	44,997	32,451	327,927	3,234,814
Accumulated depreciation						
Balances at 1st January 2020	134,339	270,008	3,200	8,301	74,166	490,014
Depreciation for the year	89,527	153,954	4,100	4,744	42,575	294,899
Balances at 31st December 2020	223,866	423,962	7,300	13,045	116,741	784,913
Balances at 1st January 2021	223,866	423,962	7,300	13,045	116,741	784,913
Depreciation for the year	85,050	117,760	4,661	6,817	55,360	269,647
Balances at 31st December 2021	308,916	541,722	11,961	19,862	172,101	1,054,561
Carrying value						
Balances at 31st December 2021	1,615,955	362,847	33,036	12,590	155,826	2,180,254
Balances at 31st December 2020	1,701,005	461,862	32,757	12,109	102,227	2,309,960

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

17 Intangible Assets

Particulars	Right to Use Tzs '000	Software Tzs '000	Total Tzs '000
Cost			
Balances at 1st January 2020	1,350,874	4,347	1,355,221
Additions	-	-	-
Balances at 31st December 2020	1,350,874	4,347	1,355,221
Balances at 1st January 2021	1,350,874	4,347	1,355,221
Additions	-	-	-
Balances at 31st December 2021	1,350,874	4,347	1,355,221
Accumulated depreciation			
Balances at 1st January 2020	13,784	1,087	14,871
Amortisation for the year	13,784	869	14,654
Balances at 31st December 2020	27,569	1,956	29,525
Balances at 1st January 2021	27,569	1,956	29,525
Amortisation for the year	13,784	869	14,654
Balances at 31st December 2021	41,353	2,826	44,179
Carrying value			
Balances at 31st December 2021	1,309,520	1,521	1,311,042
Balances at 31st December 2020	1,323,305	2,391	1,325,696

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

17 Related party disclosure

The company has following related parties by virtue of common shareholding / directorship:

Outside Tanzania

- 1) Beijing New Building Materials Public Limited
- 2) Institute of Innovation and Technology Company Limited

Transactions:

	2021 Tzs '000	2020 Tzs '000
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Trading:

Purchases - Import of machine

In Tanzania

- | | | |
|--|---|----------------|
| 1) Beijing New Building Materials Public Limited | - | 10,535,403,719 |
|--|---|----------------|

Outstanding balances:

	31st December 2021 Tzs '000	31st December 2020 Tzs '000
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Trading:

Trade payable	10,535,403,719	10,535,403,719
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18 Contingent liabilities and commitments

The management does not anticipate any contingent liabilities as at 31st December 2021.

- 19** Previous year's figure have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

BNBM BUILDING MATERIALS INDUSTRY (TANZANIA) LIMITED
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COMPUTATION OF TAXABLE INCOME	2021 Tzs '000
Profit / (loss) as per statement of profit or loss	1,515,275
Add:	
Depreciation and amortisation	284,301
Unrealised forex loss - current year	25,471
Unrealised forex gain - previous year	73,963
Donation	4,401
	<u>1,903,411</u>
Less:	
Wear and tear allowance	247,829
Initial allowance	4,686
Taxable income / (loss)	<u>1,650,896</u>
Less: Brought forward of loss	551,410
Taxable income for the year	<u><u>1,099,486</u></u>
Tax on income @ 30%	329,846
Less:	
Advance tax paid	<u>435,000</u>
Net tax payable / (refundable)	<u>(105,154)</u>

Wear and tear schedule

Particulars	Class I	Class II	Class III	Class VI	Class VII	Total
Method of Depreciation	WDV	WDV	WDV	SLM		
Rate	37.50%	25.00%	12.50%	5.00%		
Opening balance at 1st January 2021	70,236	305,126	31,059	1,676,241	2,391	2,085,052
Additions	116,257	-	4,940	-	-	121,197
	<u>186,493</u>	<u>305,126</u>	<u>35,999</u>	<u>1,676,241</u>	<u>2,391</u>	<u>2,206,249</u>
Initial allowance	-	4,686				4,686
Wear and tear	69,935	76,282	4,500	96,244	869	247,829
Closing balance 31st December 2021	<u>116,558</u>	<u>224,158</u>	<u>31,499</u>	<u>1,579,997</u>	<u>1,521</u>	<u>1,953,734</u>