

**BNBM BUILDING MATERIALS INDUSTRY (TANZANIA)
LIMITED**
P.O. Box 31299,
Dar es Salaam,
Annual Report 2023

BNBM BUILDING MATERIALS INDUSTRY (TANZANIA) LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

TABLE OF CONTENTS

Sr. No.	Particulars	Page No.
1	Corporate Information	1
2	Director's Report & Director's Responsibility Statement	2 & 3
3	Declaration of Head of Accounting/Finance	4
4	Independent Auditor's Report	5 & 6
5	Statement of Profit or Loss and Other Comprehensive Income	7
6	Statement of Financial Position	8
7	Statement of Changes in Equity	9
8	Statement of Cash Flows	10
9	Significant Accounting Policies	11 to 16
10	Notes to the Financial Statements	17 to 23

BNBM BUILDING MATERIALS INDUSTRY (TANZANIA) LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

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 2023

DIRECTORS REPORT

1. The Directors have pleasure in submitting their report together with the financial statements for the year ended 31st December, 2023 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, 2023. 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: 26/06/2024

.....
DIRECTOR

**BNBM BUILDING MATERIALS INDUSTRY (TANZANIA) LIMITED
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023**

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 2023. 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: Zhang Kuolong

Dar Es Salaam
Date: 26/06/2024

Director
Name: _____

Dar Es Salaam
Date:

BNBM BUILDING MATERIAL INDUSTRY (TANZANIA) LIMITED
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023
DECLARATION OF HEAD OF ACCOUNTING/FINANCE

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, AKEN MWITAVU hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st December 2023 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 2603

Date: 26/6/ 2024

**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 2023, 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 2023 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.

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

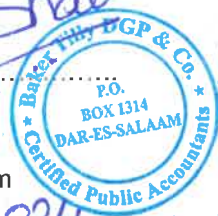
As required by the Companies Act, 2002, we report to you, based on our audit, that:

- 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 : 26/06/2024

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 2023

PARTICULARS	NOTE	2023 Tzs '000	2022 Tzs '000
Revenue		29,014,811	17,593,890
Cost of sales	3	<u>24,484,473</u>	<u>14,441,517</u>
Gross profit		4,530,338	3,152,374
Other income	4	<u>2,738</u>	<u>174,040</u>
		4,533,075	3,326,414
Less: Expenses			
Administrative expenses	5	(1,102,728)	(972,324)
Selling and distribution expenses	6	(173,537)	(141,232)
Financial expenses	7	<u>(1,427,154)</u>	<u>(137,438)</u>
		(2,703,419)	(1,250,994)
Profit / (Loss) before tax		1,829,656	2,075,420
Less : Tax expense / credit	8	<u>(861,132)</u>	<u>(3,288,198)</u>
Profit / (Loss) after tax		<u>968,524</u>	<u>(1,212,778)</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: 26/06/2024

 Director
 Dated:

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

STATEMENT OF FINANCIAL POSITION AS ON 31ST DECEMBER 2023

	NOTE	31st December 2023 Tzs '000	31st December 2022 Tzs '000
Non-current assets			
Property, plant and equipment	16	18,426,802	21,609,915
Intangible assets	17	2,183,922	1,296,388
Deferred tax assets	8	417,641	32,340
		<u>21,028,364</u>	<u>22,938,643</u>
Current assets			
Inventories	9	6,390,930	5,637,316
Trade and other receivables	10	3,878,636	4,352,386
Cash and cash equivalents	11	3,517,884	4,003,637
Current tax	15	-	416,603
		<u>13,787,450</u>	<u>14,409,941</u>
Total assets		<u>34,815,814</u>	<u>37,348,584</u>
Equity			
Share capital	12	22,801,236	22,801,236
Retained earnings		270,496	(630,724)
		<u>23,071,732</u>	<u>22,170,512</u>
Non-current liabilities			
Deferred tax liabilities	8	4,461,792	3,563,076
		<u>4,461,792</u>	<u>3,563,076</u>
Current liabilities			
Trade and other payables	13	7,131,447	11,554,560
Provisions	14	73,126	60,436
Current tax	15	77,718	-
		<u>7,282,290</u>	<u>11,614,996</u>
Total equity and liabilities		<u>34,815,814</u>	<u>37,348,584</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: 26/06/2024

Director

Dated:

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

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2023

Particulars	Share capital	Retained earnings	Total
	Tzs '000	Tzs '000	Tzs '000
Year ended 31st December 2022			
As at start of the year	22,801,236	603,258	23,404,494
Prior year adjustments	-	(21,204)	(21,204)
	<u>22,801,236</u>	<u>582,054</u>	<u>23,383,291</u>
Net profit / (loss)	-	(1,212,778)	(1,212,778)
At the end of the year	<u>22,801,236</u>	<u>(630,724)</u>	<u>22,170,512</u>
Year ended 31st December 2023			
As at start of the year	22,801,236	(630,724)	22,170,512
Prior year adjustments	-	(67,304)	(67,304)
	<u>22,801,236</u>	<u>(698,028)</u>	<u>22,103,208</u>
Net profit / (loss)	-	968,524	968,524
At the end of the year	<u>22,801,236</u>	<u>270,496</u>	<u>23,071,732</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: 26/06/2024

Director

Dated:

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2023

PARTICULARS	2023 Tzs '000	2022 Tzs '000
Cash flows from operating activities		
Profit / (Loss) before tax	1,829,656	2,075,420
Adjustment for:		
Depreciation and amortisation	3,231,544	2,247,174
Profit / loss on sale of fixed assets	92,740	-
Prior period adjustment	(67,304)	(21,204)
Unrealised forex exchange (gain) / loss	1,392,138	107,800
	6,478,774	4,409,191
Movements in working capital:		
(Increase)/ decrease in inventories	(753,614)	(3,969,103)
(Increase)/ decrease in trade and other receivables	890,353	1,449,529
Increase/ (decrease) in trade and other payables	(4,410,424)	(102,693)
Cash generated from operations	2,205,089	1,786,923
Less: Taxes paid	(270,000)	(480,000)
Net cash generated by operating activities (A)	1,935,089	1,306,923
Cash flow from investing activities		
(Transfer) / (Payments) of purchase of property, plant and equip	(188,271)	(21,662,181)
Payments of purchase of intangibles	(905,821)	-
Proceed from disposal of property, plant and equipment	65,388	-
Net cash (used in) / generated by investing activities (B)	(1,028,704)	(2,343,575)
Cash flow from financing activities		
Proceed from issue of equity share capital	-	-
Net cash (used in) / generated by financing activities (C)	-	-
Net increase in cash and cash equivalents (A+B+C)	906,385	(1,036,651)
Cash and cash equivalents at the beginning of the year	4,003,637	5,148,088
Effect of exchange rate changes on the cash and cash equivalents held in foreign currencies	(1,392,138)	(107,800)
Cash and cash equivalents at the end of the year	3,517,884	4,003,637

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: 26/06/2024

Director

Dated:

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 2023

The following standards, amendments and new interpretations issued by the IFRIC and are mandatory for the accounting periods beginning on or after 1st January 2023:

- Amendments to IFRS 9: Financial Instruments – Application of amendments with the first application of IFRS 17 (Effective from 1st January 2023)
- IFRS 17: Insurance Contracts (Effective from 1st January 2023)
- Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) (Effective from 1st January 2023)
- Amendment to IFRS 17: Insurance Contracts - Amended by Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Effective from 1st January 2023)
- Amendments to IAS 1: Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (Effective from 1st January 2023)
- Amendments to IAS 12: Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective for annual periods beginning on or after 1st January 2023)

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 or 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 IAS 1: Presentation of Financial Statements - Amended by Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7: Amended by Supplier Finance Arrangements
- Amendments to IAS 12: Income Taxes - International Tax Reform — Pillar Two Model Rules
- IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2: Climate-related Disclosures

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 2023. 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.

BNBM BUILDING MATERIALS INDUSTRY (TANZANIA) LIMITED
P.O. BOX 31299 - DAR ES SALAAM
SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER 2023

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.

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

	2023 Tzs '000	2022 Tzs '000
3 Cost of sales		
Opening stock	5,637,316	1,668,213
Add: Purchases	20,082,483	14,601,991
Less: Closing stock	(6,390,930)	(5,637,316)
Cost of material consumption	<u>19,328,869</u>	<u>10,632,888</u>
Add: Direct costs		
<u>Employee Cost for Factory Kibaha-1 and 2</u>		
Casual Labour Charges	62,587	41,304
NHIF for Fatory Kibaha-1	6,418	5,290
NSSF for Factory Kibaha- 1 and 2	76,896	72,463
SDL for Factory Kibaha- 1 and 2	29,111	28,985
Wages and Allowance Kibaha Factory-1 and 2	706,370	683,326
WCF for Factory Kibaha-1 and 2	3,650	3,843
Depreciation	3,136,903	2,149,754
Analysis and Test Cost	1,050	1,188
Electricity and water expenses	862,529	670,754
Security Cost for Kibaha Factory	85,059	53,965
Repairs and maintenance - direct	161,601	24,357
Human resource cost for Kibaha	15,400	35,100
Safety and Health Protection Expenses	8,030	38,300
	<u>5,155,604</u>	<u>3,808,629</u>
Total cost of sales	<u>24,484,473</u>	<u>14,441,517</u>
4 Other income		
Other income	-	174,040
Profit on sale of fixed assets	2,738	-
Total	<u>2,738</u>	<u>174,040</u>
5 Administrative expenses		
Amortisation of intangibles	18,288	14,654
Audit fees	12,000	10,000
<u>Employee Cost for Office</u>		
Salaries for Office	342,237	275,767
NSSF / PPF contribution - Admin	34,224	27,577
WCF cost	1,906	1,609
SDL cost	12,551	11,031
NHIF Cost	2,693	1,549
Depreciation	76,353	82,766
Donations	6,830	6,177
Electricity expenses	6,632	9,500
Dues, rates, fees and license charges	58,082	29,847
Loss on sale of fixed assets	95,478	-
Rent - office	65,550	53,124
Motor vehicle charges	35,829	24,512

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

	2023	2022
	Tzs '000	Tzs '000
Consultancy charges	16,116	23,582
Printing and stationery expenses	-	287
Stamp duty	736	531
Office expenses	20,939	25,678
Telephone & Internet expenses	13,888	14,948
Transportation and travelling expenses	173,615	272,094
Visa and permit expenses	104,762	76,982
Land rent	2,910	1,459
Postage and courier expenses	1,110	8,650
Total	1,102,728	972,324

6 Selling and distribution expenses

Advertising expenses	40,036	17,737
City service levy charges	87,499	53,328
Business development expenses	20,067	11,597
Transportation for sale	25,935	58,570
Total	173,537	141,232

7 Financial expenses

Bank charges	35,016	29,638
Foreign exchange loss / (gain)	1,392,138	107,800
Total	1,427,154	137,438

8 Tax expenses

Current tax	347,718	218,731
Deferred tax	513,415	3,069,467
Total	861,132	3,288,198

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	3,563,076	898,716	4,461,792
	3,563,076	898,716	4,461,792
<u>Deferred tax asset</u>			
Unrealised foreign exchange loss	(32,340)	(385,301)	(417,641)
	(32,340)	(385,301)	(417,641)
Net deferred tax liability / (asset)	3,530,736	513,415	4,044,151

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

	2023 Tzs '000	2022 Tzs '000
9 Inventories		
Closing stock	6,390,930	5,637,316
	6,390,930	5,637,316
10 Trade and other receivables		
Advance to suppliers	1,397,869	1,043,622
Other deposits	-	660,841
Tax paid against objection	50,000	-
VAT receivable	2,014,164	2,624,304
Tax receivable for previous year	416,603	23,620
	3,878,636	4,352,386
11 Cash and cash equivalents		
Cash in hand	3,012	1,958
Cash at banks	3,514,872	4,001,679
	3,517,884	4,003,637
12 Share capital		
<u>Authorised capital</u>		
22,801,235,910 shares of Tzs 1/- each	22,801,236	22,801,236
Issued and paid up share capital		
22,801,235,910 shares of Tzs 1/- each	22,801,236	22,801,236
	22,801,236	22,801,236
13 Trade and other payables		
Trade creditors	6,926,736	11,435,465
WCF and NHIF payables	1,887	1,099
Stamp duty payable	80	-
Advance from customers	202,506	102,812
Withholding tax payable	238	15,184
	7,131,447	11,554,560
14 Provisions		
NSSF payable	19,305	19,014
PAYE payable	11,548	10,902
SDL payable	6,667	3,803
City service levy payable	23,569	16,666
Audit fees payable	12,000	10,000
Workers union fee payable	37	51
	73,126	60,436

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

	2023	2022
	Tzs '000	Tzs '000
15 Current tax		
Balance carried forward	-	(155,334)
Provision for tax current year tax	347,718	218,731
Advance tax paid	(270,000)	(480,000)
	<u>77,718</u>	<u>(416,603)</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

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 2022	1,924,871	904,569	44,997	32,451	327,927	3,234,814
Additions	9,583,069	11,885,213	177,259	16,640	-	21,662,181
Balances at 31st December 2022	11,507,939	12,789,782	222,256	49,091	327,927	24,896,996
Balances at 1st January 2023	11,507,939	12,789,782	222,256	49,091	327,927	24,896,996
Additions	-	78,846	6,339	1,066	102,020	188,271
Disposals	-	(540,177)	-	-	(29,458)	(569,635)
Balances at 31st December 2023	11,507,939	12,328,452	228,595	50,157	400,489	24,515,632
Accumulated depreciation						
Balances at 1st January 2022	308,916	541,722	11,961	19,862	172,101	1,054,561
Depreciation for the year	341,562	1,808,193	17,055	7,277	58,435	2,232,521
Balances at 31st December 2022	650,477	2,349,915	29,015	27,138	230,535	3,287,081
Balances at 1st January 2023	650,477	2,349,915	29,015	27,138	230,535	3,287,081
Depreciation for the year	542,873	2,594,030	24,640	8,388	43,324	3,213,256
Disposals	-	(386,090)	-	-	(25,417)	(411,507)
Balances at 31st December 2023	1,193,351	4,557,855	53,655	35,526	248,443	6,088,830
Carrying value						
Balances at 31st December 2023	10,314,589	7,770,597	174,939	14,631	152,046	18,426,802
Balances at 31st December 2022	10,857,462	10,439,868	193,240	21,953	97,391	21,609,915

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

17 Intangible Assets

Particulars	Right to Use Tzs '000	Software Tzs '000	Total Tzs '000
<u>Cost</u>			
Balances at 1st January 2022	1,350,874	4,347	1,355,221
Additions	-	-	-
Balances at 31st December 2022	1,350,874	4,347	1,355,221
Balances at 1st January 2023	1,350,874	4,347	1,355,221
Additions	905,821	-	905,821
Balances at 31st December 2023	2,256,695	4,347	2,261,042
<u>Accumulated depreciation</u>			
Balances at 1st January 2022	41,353	2,826	44,179
Amortisation for the year	13,784	869	14,654
Balances at 31st December 2022	55,138	3,695	58,833
Balances at 1st January 2023	55,138	3,695	58,833
Amortisation for the year	17,636	652	18,288
Balances at 31st December 2023	72,773	4,347	77,120
<u>Carrying value</u>			
Balances at 31st December 2023	2,183,922	-	2,183,922
Balances at 31st December 2022	1,295,736	652	1,296,388

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

18 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

<u>Outstanding balances:</u>	31st December 2023 Tzs '000	31st December 2022 Tzs '000
<u>Trading:</u>		
Trade payable	6,189,423	10,486,540

19 Contingent liabilities and commitments

The management does not anticipate any contingent liabilities as at 31st December 2023.

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