

**WATERCOM (T) LIMITED**  
**P.O. Box 20831,**  
**Dar es Salaam**  
**Annual Report 2022**

**WATERCOM (T) LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

**TABLE OF CONTENTS**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page No.</b>
1	Corporate Information	1
2	Director's Report & Director's Responsibility Statement	2 to 4
3	Declaration of Head of Finance	5
4	Independent Auditor's Report	6 & 7
5	Statement of Profit or Loss and Other Comprehensive Income	8
6	Statement of Financial Position	9
7	Statement of Changes in Equity	10
8	Statement of Cash Flows	11
9	Significant Accounting Policies	12 to 18
10	Notes to the Financial Statements	15 to 27

**WATERCOM (T) LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

**CORPORATE INFORMATION**

**Board of Directors**

<u>Name</u>	<u>Nationality</u>
Mr. Said Edha Nahdi	Tanzanian
Mr. Ameir Munif Nahdi	Tanzanian
Mr. Khalid Munif	Tanzanian

**Registered Office of the Company**

Plot No. 4004/4005/4006  
Kisarawe II Area, Kigamboni  
P.O Box 20831,  
Dar Es Salaam  
Tanzania

**Auditors**

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

**Company Secretary**

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

**Bankers**

CRDB Bank PLC  
KCB Bank  
ABSA Bank  
NMB Bank Plc

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022**

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**DIRECTORS REPORT**

1. The Directors have pleasure in submitting their report together with the audited Financial Statements for the year ended 31<sup>st</sup> December 2022, which disclose the state of affairs of the company.

**2. Principal Activities**

The company's principal activity continued to be that of manufacturing packaged drinking water for sale in domestic market.

Apart from above, there have been no major significant changes in the company's activities.

**3. Factors Affecting the Solvency of the Company**

The company's position as shown on page Nos: 9 of these financial statements is satisfactory.

**4. Administrative Efficiency**

Payments of all statutory dues such as Pay as you earn, National Social Security Fund, Skills & Development Levy, Workers Compensation Fund and VAT were made in time.

**5. Dividends**

The Directors of the company do not recommend any dividends for the year (2022: NIL).

**6. Related Party Transactions**

The company had related transactions with its associated companies and directors. All these transactions were carried out at an arms length.

**7. Directors**

The Directors of the company at the date of this report all of whom have served the board from 1<sup>st</sup> January 2022 were:

<u>Name</u>	<u>Nationality</u>	<u>Position Held</u>
Mr. Ameir Munif Nahdi	Tanzanian	Director
Mr. Khalid Munif Nahdi	Tanzanian	Director
Mr. Said Edha Nahdi	Tanzanian	Director

**8. Corporate Governance**

The Directors believe that high standard of corporate governance directly influence the confidence of the organization's stakeholders and investors. The Directors recognize the importance of integrity, transparency and responsibility.

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022

**9. Company Shareholding**

As at 31<sup>st</sup> December 2022 the company had three shareholders and there is no any change in the shareholding structure compared to previous year.

Directors as at 31<sup>st</sup> December 2022 are listed below:

**Ordinary Shares of T.shs 1,000/= each**

	<b>2022</b>	<b>2021</b>
	<b><u>No. of shares</u></b>	<b><u>No. of shares</u></b>
Mr. Ameir Munif Nahdi	3,334	3,334
Mr. Khalid Munif Nahdi	3,333	3,333
Mr. Said Edha Nahdi	3,333	3,333
<b>Totals</b>	<b><u>10,000</u></b>	<b><u>10,000</u></b>

**10. Auditors**

The external auditors, M/S BakerTilly DGP & Co have expressed their willingness to continue in office and will be recommended for re-appointment at the forthcoming Annual General Meeting.

**By order of the Board**



Director  
Name: Said E. Nahdi  
Dar Es Salaam  
Date: 20/12/2022



Director  
Name: Khalid Munif Nahdi  
Dar Es Salaam  
Date: 20/12/2022

WATERCOM (T) LIMITED  
P. O. Box 20831, Dar es Salaam

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022

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STATEMENT OF DIRECTOR'S RESPONSIBILITY

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 year ended 31<sup>st</sup> December 2022. 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.

The company's net current assets position is negative. There is no substantial concern over the going concern assertion of the company, keeping in view the support extended by the Directors and related parties.



Director  
Name: Said Edha Nahdi  
Dar Es Salaam  
Date: 20/12/2023



Director  
Name: Khalid Mungu Nahdi  
Dar Es Salaam  
Date: 20/12/2023

**WATERCOM (T) LIMITED**  
**P. O. Box 20831, Dar es Salaam**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022**

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**DECLARATION OF THE HEAD OF ACCOUNTING AND 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, NTULI GILBERT NOA being the ACCOUNTANT of Watercom (T) Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31<sup>st</sup> December 2022 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 Watercom (T) Limited on that date and that they have been prepared based on properly maintained financial records.

Signed by: N. Gilbert  
Position: \_\_\_\_\_  
NBAA Membership No.: GA 9453  
Date: 20<sup>th</sup> Dec 2023

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
WATERCOM (T) LIMITED****Opinion**

We have audited the financial statements of Watercom (T) Limited, which comprise the Statement of Financial Position as at 31<sup>st</sup> December 2022, 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 31<sup>st</sup> December 2022 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 matter**

We draw attention to:

1. Inventories have been valued and verified by the management.

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

**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.

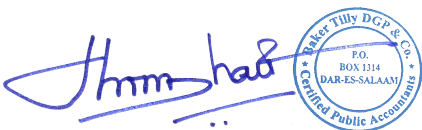
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **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 : **22nd December 2023**

**WATERCOM (T) LIMITED**  
P.O Box 20831, Dar Es Salaam

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER 2022**


PARTICULARS	NOTE	2022 Tzs'000	2021 Tzs'000
Revenue		175,137,198	65,592,059
Cost of sales		<u>163,915,056</u>	<u>57,487,138</u>
Gross profit		11,222,141	8,104,921
Other income	4	<u>290,906</u>	<u>182,668</u>
		11,513,047	8,287,589
<u>Less: Expenses</u>			
Administrative expenses	5	(13,111,853)	(6,645,816)
Selling and distribution expenses	6	(12,755,101)	(3,749,935)
Financial expenses	7	<u>(3,129,651)</u>	<u>(3,917,507)</u>
		(28,996,605)	(14,313,258)
Profit / (Loss) before tax		(17,483,558)	(6,025,669)
Less : Tax expense / credit	8	<u>(8,982,463)</u>	<u>1,480,087</u>
<b>Profit / (Loss) after tax</b>		<u><b>(26,466,021)</b></u>	<u><b>(4,545,582)</b></u>
<b>Other comprehensive income / (loss)</b>			
Impairment of financial assets		(38,373)	(8,486)
<b>Total comprehensive income / (loss)</b>		<u><b>(26,504,394)</b></u>	<u><b>(4,554,068)</b></u>

The significant accounting policies on pages 12 to 18 and the notes on pages 15 to 27 form an integral part of these financial statements.


Report of the Independent Auditor's on page 6 & 7.

The financial statements on Pages 8 to 27 were approved by the Board of Directors and signed on behalf by:

Director  
Dated:

  
Said Etha Nabdi  
20/12/2023

Director  
Dated:

  
Khalid Muminif Nabdi  
20/12/2023

**WATERCOM (T) LIMITED**  
**P.O Box 20831, Dar Es Salaam**


**STATEMENT OF FINANCIAL POSITION AS ON 31ST DECEMBER 2022**


	NOTE	31st December 2022 Tzs'000	31st December 2021 Tzs'000
<b>Non current assets</b>			
Property, plant and equipment	16	229,695,663	223,274,117
Intangible assets	17	385	770
Capital work-in-progress		24,248,736	6,588,728
Deferred tax assets	8	10,532,196	13,471,414
		<u>264,476,980</u>	<u>243,335,029</u>
<b>Current assets</b>			
Inventories	9	34,194,613	44,481,931
Trade and other receivables	10	21,999,816	12,247,451
Cash and cash equivalents	11	6,261,326	1,491,984
Current tax	15	-	-
		<u>62,455,755</u>	<u>58,221,366</u>
<b>Total assets</b>		<b><u>326,932,737</u></b>	<b><u>301,556,395</u></b>
<b>Equity</b>			
Share capital	12	10,000	10,000
Revaluation reserve		124,147,638	124,318,362
Retained earnings		(55,507,893)	(28,006,007)
Share application money		1,990,000	1,990,000
		<u>70,639,745</u>	<u>98,312,355</u>
<b>Non current liabilities</b>			
Deferred tax liabilities	8	14,660,332	9,492,774
		<u>14,660,332</u>	<u>9,492,774</u>
<b>Current liabilities</b>			
Trade and other payables	13	238,874,049	192,149,984
Provisions	14	1,621,615	1,239,973
Current tax	15	1,136,995	361,309
		<u>241,632,659</u>	<u>193,751,266</u>
<b>Total equity and liabilities</b>		<b><u>326,932,736</u></b>	<b><u>301,556,395</u></b>

The significant accounting policies on pages 12 to 18 and the notes on pages 15 to 27 form an integral part of these financial statements.

Report of the Independent Auditor's on page 6 & 7.

The financial statements on Pages 8 to 27 were approved by the Board of Directors and signed on behalf by:

  
 Director Said Fatih Nalohi  
 Dated: 20/12/2023

  
 Director Khalid Muif Nalohi  
 Dated: 20/12/2023

WATERCOM (T) LIMITED  
P.O Box 20831, Dar Es Salaam

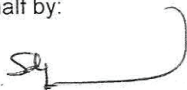
STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2022


Particulars	Share capital	Revaluation reserve	Retained earnings	Total
	Tzs'000	Tzs'000	Tzs'000	Tzs'000
<b>Year ended 31st December 2021</b>				
As at start of the year	10,000	-	(19,789,971)	(19,779,971)
Revaluation increase/(decrease)	-	124,489,086	-	124,489,086
Transfer of revaluation depreciation fr	-	(170,724)	-	(170,724)
Prior year adjustments	-	-	(3,661,965)	(3,661,965)
	10,000	124,318,362	(23,451,936)	100,876,426
Net profit / (loss)	-	-	(4,554,068)	(4,554,068)
<b>At the end of the year</b>	<b>10,000</b>	<b>124,318,362</b>	<b>(28,006,005)</b>	<b>96,322,358</b>
<b>Year ended 31st December 2022</b>				
As at start of the year	10,000	124,318,362	(28,006,005)	96,322,357
Transfer of revaluation depreciation fr	-	(170,724)	-	(170,724)
Prior year adjustments	-	-	(997,494)	(997,494)
	10,000	124,147,638	(29,003,499)	95,154,139
Net profit / (loss)	-	-	(26,504,394)	(26,504,394)
<b>At the end of the year</b>	<b>10,000</b>	<b>124,147,638</b>	<b>(55,507,893)</b>	<b>68,649,745</b>

The significant accounting policies on pages 12 to 18 and the notes on pages 15 to 27 form an integral part of these financial statements.

Report of the Independent Auditor's on page 6 & 7.

The financial statements on Pages 8 to 27 were approved by the Board of Directors and signed on behalf by:

  
 Director **Said Edhy Nahdi**  
 Dated: **20/12/2023**

  
 Director **Khalid Mung'ala Nahdi**  
 Dated: **20/12/2023**

**WATERCOM (T) LIMITED**  
**P.O Box 20831, Dar Es Salaam**

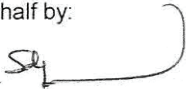
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2022**


PARTICULARS	2022 Tzs'000	2021 Tzs'000
<b><u>Cash flows from operating activities</u></b>		
Profit / (Loss) before tax	(17,483,558)	(6,025,669)
<u>Adjustment for:</u>		
Depreciation and amortisation	13,155,225	11,479,037
Profit / loss on sale of fixed assets	-	-
Impairment of financial assets	(38,373)	-
Prior period adjustment	(997,494)	(3,674,885)
	(5,364,200)	1,778,483
<u>Movements in working capital:</u>		
(Increase)/ decrease in inventories	10,287,318	(23,817,698)
(Increase)/ decrease in trade and other receivables	(9,752,365)	(2,241,541)
Increase/ (decrease) in trade and other payables	47,105,707	62,943,206
Cash generated from operations	42,276,460	38,662,450
Less: Taxes paid	(100,000)	(80,100)
<b>Net cash generated by operating activities (A)</b>	<b>42,176,460</b>	<b>38,582,350</b>
<b><u>Cash flow from investing activities</u></b>		
Payments of purchase of property, plant and equipment	(19,747,110)	(43,290,713)
cash paid for purchase of WIP	(17,660,008)	0
<b>Net cash (used in) / generated by investing activities (B)</b>	<b>(37,407,118)</b>	<b>(43,290,713)</b>
<b><u>Cash flow from financing activities</u></b>		
Proceed from issue of equity share capital	-	1,990,000
<b>Net cash (used in) / generated by financing activities (C)</b>	<b>-</b>	<b>1,990,000</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>4,769,342</b>	<b>(2,718,366)</b>
Cash and cash equivalents at the beginning of the year	1,491,984	4,210,350
<b>Cash and cash equivalents at the end of the year</b>	<b>6,261,326</b>	<b>1,491,984</b>

The significant accounting policies on pages 12 to 18 and the notes on pages 15 to 27 form an integral part of these financial statements.

Report of the Independent Auditor's on page 6 & 7.

The financial statements on Pages 8 to 27 were approved by the Board of Directors and signed on behalf by:

  
 Director Said Fella Nahels  
 Dated: 20/12/2023

  
 Director Khalid Muniq Nahels  
 Dated: 20/12/2023

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022**

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**1. GENERAL INFORMATION**

Watercom (T) Limited is incorporated in Tanzania under the Companies Ordinance as a limited liability company and it is domiciled in Tanzania. The principal activities of the company are disclosed in the Directors Report.

The address of its registered office is:  
P O Box 20831,  
Plot No.4004/4005/4006, Kisarawe II, Kigamboni,  
Dar es Salaam -Tanzania

**2. ADOPTION OF NEW AND REVISED STANDARDS & INTERPRETATIONS.**

**a) Standards, Amendments to the standards and Interpretations effective in the year 2020**

The following standards, amendments and new interpretations issued by the IFRIC and are mandatory for the accounting periods beginning on or after 1<sup>st</sup> January 2020:

- IFRS 9 - Financial Instruments
- IFRS 15 - Revenue from Contracts with Customers
- IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40 - Transfers of Investment Property
- Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IAS 28 - Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
- Amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters

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.

- IFRS 16 – Leases (effective from 1<sup>st</sup> January 2019)
- IFRS 17 – Insurance Contracts (effective from 1<sup>st</sup> January 2021)
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation (effective from 1<sup>st</sup> January 2020)
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures (effective from 1<sup>st</sup> January 2020)
- Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs (*Part of Annual Improvements to IFRS Standards 2015 - 2017 Cycle*) (effective from 1<sup>st</sup> January 2020)
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement (effective from 1<sup>st</sup> January 2020)
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate of Joint Venture (effective period yet to be determined)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022**

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- IFRIC 23 – Uncertainty over Income Tax Treatments (effective from 1<sup>st</sup> January 2020)

**3.SUMMARY OF ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below.

**3.1 BASIS OF PREPARATION**

The financial statements have been prepared on a going concern basis.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are presented in the functional currency, Tanzania Shillings (TShs). The policies set out below have been consistently applied to all the years presented except for those relating to the classification and measurement of financial instruments.

The Financial Statements are made for the period ended on 31<sup>st</sup> December 2022.

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. The areas involving a high degree of judgement or complexity, on where assumptions and estimates are significant to the financial statement are disclosed in Note 3.2

**3.2 REVENUE RECOGNITION**

Revenue is recognised when the goods are sold and is represented net of VAT.

**3.3 FOREIGN CURRENCY TRANSLATION**

**(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

Foreign currency transactions are translated into Tanzania Shillings using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into Tanzania Shillings at rates ruling at that date. Foreign exchange gains and 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 recognised in the profit and loss account.

**3.4 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 recognised 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022**

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The company has adopted cost model for the valuation of assets as provided in IAS 16, Property, Plant and Equipment.

Depreciation is calculated using the Reducing Balance method to allocate the cost of each asset to its residual value over the estimated useful life as follows:

	<b>Rate (%)</b>
Buildings	5.00
Motor Vehicles (Class II)	37.50
Saloon Cars	25.00
Air Conditioners	12.50
Plant & Machinery	12.50
Generator	12.50
Office & Factory equipment	12.50
Furniture, Fixture and Fittings	12.50
Computer & Office equipment	37.50

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 profit and loss account during the financial period 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 profit and loss account.

### **3.5 INTANGIBLE ASSETS**

The company has accounting software license and capitalized it on the basis of the cost incurred to acquire and bringing it to use. The costs are amortized using straight line method over the expected useful life of ten years. Costs incurred for updating or maintaining the computer software programs are recognized as an expense as and when incurred.

### **3.6 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022**

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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 recognised immediately in 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.

**3.7 OPERATING & FINANCE LEASES**

The company is having no finance lease transaction during the period. The company has operating lease agreement during the period. Operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

There is no future commitments arising out of operating lease agreements as on the date of balance sheet since all such agreements requires payments to be made in advance and the same have been disclosed under deposits and advance.

**3.8 INVENTORIES**

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the open market less applicable selling expenses. Stores and consumables are stated at cost less any provision for obsolescence.

**3.9 ACCOUNTS RECEIVABLE**

Receivables are initially recognised at fair value and subsequently measured at their amortised costs using effective interest method. A provision for impairment 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 receivables. The amount of the provision is the difference between the carrying amount and the expected cash flows discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

**3.10 CASH AND CASH EQUIVALENTS**

Cash & Cash equivalents comprise of cash held by the company and current accounts operated with banks for companies normal trade transactions. The carrying amount of these assets approximates their fair value.

**3.11 BORROWINGS**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs are expensed in the period they accrue unless they can be related, with certainty, to fixed assets construction projects in which case they are capitalised as part of the asset's cost.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022**

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**3.12 DEFERRED INCOME TAXES**

Income tax expense is the aggregate of the charge to the profit and loss account 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 substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that directors consider that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is recognised as income tax benefit or expense in the year in which it arises.

**3.13 TAXATION**

Income tax expense is the aggregate of the charge to the profit and loss account 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.

**3.14 EMPLOYEES BENEFITS**

The Company has defined benefits contributions plans. Under defined contribution plan, the Company contributions to publicly administered pension plan (NSSF) on a mandatory basis. The Company has no further payment obligations once the contributions have been paid.

**3.15 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, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

**1 FINANCIAL RISK MANAGEMENT**

The Companies activities expose it to a variety of financial risks: foreign currency risk, credit risk, commodity price fluctuation risk and cash flow 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 on behalf of the Board of Directors.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022**

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**Credit risk**

The Company has no significant concentrations of credit risk. It has policies in place to ensure that the sales of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via strictly credit terms.

**Foreign currency risk**

As and when the 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\$"). As a result, it is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. The company is generally dealing in local currency and thus, it is not much exposed to foreign currency risk.

**Interest rates and liquidity 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. The company has availed long term and short term funding from the banks. The interest rates are dependent upon the market conditions and are subject to change. The said change can affect the profitability of the company. However, the management keeps a close watch on the developments in the market and accordingly takes steps to minimize the risk.

**2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

**a) Critical accounting estimates and assumptions**

**Property, plant and equipment.**

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment and their residual values. The rates used are set out in Note 3.4 above.

**b) Critical judgement in applying the entity's accounting policies.**

In the process of applying the Company's accounting policies, management has made judgement in determining whether assets are impaired or not.

**c) Going Concern**

The financial statements have been prepared on the going concern basis, on the assumption that the company will continue its activities for the foreseeable future and the shareholders will extend their support as and when required.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

	<b>2022</b>	<b>2021</b>
	<b>Tzs'000</b>	<b>Tzs'000</b>
<b>3 Cost of sales</b>		
Opening stock of raw materials	15,220,664	13,073,963
Add: Purchases	111,314,363	47,920,884
Less: Closing stock of raw materials	<u>(30,346,756)</u>	<u>(15,220,664)</u>
Cost of material consumption	96,188,271	45,774,183
<b>Add: Direct costs</b>		
Salaries and wages - direct	1,388,890	1,400,347
Clearing and forwarding charges	2,354,137	761,631
Custom processing fees	25,937	50,174
Excise duty	14,603,225	10,810,016
Depreciation	9,294,617	8,435,684
wharfage Charges	1,655,356	642,836
Chemical cost	205,259	64,580
Fuel and Power expenses - direct	5,895,230	5,892,986
Water extraction charges	-	514,183
Repairs and maintenance - direct	2,383,616	3,219,107
RDL-expenses	655,897	576,016
Import duties expense	3,613,342	875,896
Government chemist laboratory expense	209,297	135,604
Tanzania atomic energy commission expenses	<u>28,571</u>	<u>4,892</u>
	42,313,374	33,383,952
Add : Opening stock of finished goods	29,261,268	7,590,270
Less: Closing stock of finished goods	<u>3,847,857</u>	<u>29,261,267</u>
<b>Total cost of sales</b>	<b><u>163,915,056</u></b>	<b><u>57,487,138</u></b>
<b>4 Other income</b>		
Interest income on related parties	290,906	182,668
<b>Total</b>	<b><u>290,906</u></b>	<b><u>182,668</u></b>
<b>5 Administrative expenses</b>		
Amortisation of intangibles	385	385
Audit fees	6,250	6,468
Salaries and wages - Admin	1,697,533	754,033
Depreciation	3,860,223	3,042,968
Fines and penalties	-	671
General insurance expenses	14,145	36,932
Cleaning expenses	632,784	179,097
Dues, rates, fees and license charges	41,945	129,391
NSSF / PPF contribution - Admin	308,642	215,438
Rent - others	541,800	527,700
Professional and legal fees	51,031	20,000
Repairs and maintenance - Indirect	5,120,831	889,761
SDL cost	123,457	86,175
Printing and stationery expenses	-	51,222
Security expenses	261,185	221,747
Staff welfare expenses	221,014	47,991
Stamp duty	-	2,741
Office expenses	3,478	-
Telephone and internet expenses	33,385	40,601

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

	2022 Tzs'000	2021 Tzs'000
Transportation and travelling expenses	103,240	340,366
WCF contribution expenses	16,722	17,080
NHIF employer contribution	73,803	20,429
Equipment hiring expenses	-	14,620
<b>Total</b>	<b>13,111,853</b>	<b>6,645,816</b>
<b>6 Selling and distribution expenses</b>		
City service levy charges	481,602	164,346
Sales and distribution expense	131,809	85,205
Power and fuel expenses-other	11,823,348	3,460,559
Transport and Travelling expenses	318,342	39,825
<b>Total</b>	<b>12,755,101</b>	<b>3,749,935</b>
<b>7 Financial expenses</b>		
Bank charges	839,823	793,155
Interest expense on related parties	2,292,010	2,835,110
Other finance cost	-	21
Foreign exchange loss / (gain) - unrealised	(2,182)	289,221
<b>Total</b>	<b>3,129,651</b>	<b>3,917,507</b>
<b>8 Tax expenses</b>		
Current tax	875,686	327,960
Deferred tax	8,106,777	(1,808,047)
<b>Total</b>	<b>8,982,463</b>	<b>(1,480,087)</b>
<b>Reconciliation of tax expenses:</b>		
Net profit as per statement of profit or loss	(17,483,558)	(6,025,669)
Tax @ 30 % (2021: 30%)	(5,245,067)	(1,807,701)
Adjustment for:		
Alternate minimum tax	875,686	327,960
Disallowed expenses		(346)
Others	13,351,844	-
<b>Tax expenses as per books</b>	<b>8,982,463</b>	<b>(1,480,087)</b>

**Break-up of deferred tax:**

Particulars	At start of the year	Charge to statement of profit or loss	Charged to equity	At end of the year
	Tzs'000	Tzs'000	Tzs'000	Tzs'000
<b>Deferred tax liabilities</b>				
Property, plant and equipment				
- accelerated capital allowance	(27,802,735)	5,218,776	-	(22,583,959)
- revaluation	37,295,509	(51,217)	-	37,244,291
	9,492,774	5,167,559	-	14,660,332
<b>Deferred tax asset</b>				
Tax losses carried forward	(13,384,648)	2,852,452	-	(10,532,196)
Unrealised foreign exchange loss	(86,766)	86,766	-	-
	(13,471,414)	2,939,218	-	(10,532,196)
<b>Net deferred tax liability / (asset)</b>	<b>(3,978,640)</b>	<b>8,106,777</b>	<b>-</b>	<b>4,128,136</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

	2022 Tzs'000	2021 Tzs'000
<b>9 Inventories</b>		
Closing stock of raw materials	30,346,756	15,220,664
Closing stock of finished goods	3,847,857	29,261,267
	<b>34,194,613</b>	<b>44,481,931</b>
<b>10 Trade and other receivables</b>		
Advance to suppliers	8,758,120	3,585,642
Interest receivable	1,393,171	1,102,265
Trade debtors	4,819,719	2,239,023
VAT receivable	47,857	18,310
Unclaimed VAT Input.	82,944	15,623
Due from associate companies and related parties	6,282,868	4,633,078
Import duties claimable	701,539	701,539
	<b>22,086,218</b>	<b>12,295,480</b>
Impairment of accounts receivable	(86,402)	(48,029)
	<b>21,999,816</b>	<b>12,247,451</b>

**Basis for impairment of financial assets**

i) Trade receivables are non-interest bearing and generally on 31 day terms. Day sales outstanding for 2022 was 31 days (2021:31 days)

ii) Other receivables are non interest bearing have an average term of 30-180 days.

iii) For terms and conditions of related amount due to related parties refer to Note 18

As at December 31, the ageing analysis of trade and other receivables was as follows(all balances are in TZS):

	Total	<90 days	90-180	180-1year
At 31 December 2021				
<b><u>Prepayments and Advances</u></b>				
Gross amount (TZS)	8,758,120	8,758,120	-	-
Expected Credit Loss rate (%)		0.05%		
<b>Expected Credit Loss (TZS)</b>	<b>4,379</b>	4,379	-	-
<b><u>Related party balances</u></b>				
Gross amount (TZS)	6,282,868	6,282,868		
Expected Credit Loss rate (%)		0.50%		
<b>Expected Credit Loss (TZS)</b>	<b>31,414</b>	31,414		
<b><u>Trade and other receivables</u></b>				
Gross amount (TZS)	4,819,719	3,373,803	963,944	481,972
Expected Credit Loss rate (%)		0.5%	2%	3%
<b>Expected Credit Loss (TZS)</b>	<b>50,607</b>	16,869	19,279	14,459

	2022 Tzs	2021 Tzs
At 1 January	48,027	39,543
Charge for the year	38,373	8,484
At 31 December	<b>86,400</b>	<b>48,027</b>

The allowance for expected credit losses/ impairment is made up as follows;

Trade receivables	82,021	38,128
Other receivables	4,379	1,415
	<b>86,400</b>	<b>39,543</b>

**WATERCOM (T) LIMITED**  
**P.O Box 20831, Dar Es Salaam**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

	2022	2021
	Tzs'000	Tzs'000
<b>11 Cash and cash equivalents</b>		
Cash in hand	46,621	11,654
Cash at banks	6,214,705	1,480,330
	<b>6,261,326</b>	<b>1,491,984</b>
<b>12 Share capital</b>		
<u>Authorised capital</u>		
10,000 shares of Tzs 1,000/- each	10,000	10,000
Issued and paid up share capital	10,000	10,000
10,000 shares of Tzs 1,000/- each	<b>10,000</b>	<b>10,000</b>
<b>13 Trade and other payables</b>		
Trade creditors	129,074,304	101,512,391
Other payables	463,054	1,358,063
Assessment tax payable	1,513,402	3,339,136
Interest payable on related parties	14,200,818	12,118,227
Advance from customers	16,724	187,789
Due to associate companies and related parties	93,596,716	73,632,781
Withholding tax payable	9,031	1,597
	<b>238,874,049</b>	<b>192,149,984</b>
<b>14 Provisions</b>		
NSSF / PPF payable	66,429	39,300
SDL and PAYE payable	37,179	19,015
WCF payable	1,661	1,179
City service levy payable	150,485	53,868
Audit fees payable	16,598	12,947
Excise duty payable	1,349,263	1,113,664
	<b>1,621,615</b>	<b>1,239,973</b>
<b>15 Current tax</b>		
Tax Balance b/f	361,309	126,369
Adjustment of the 2020 tax liability on TRA assessment.	-	(12,920)
Provision for tax current year tax	875,686	327,960
Advance tax paid	(100,000)	(80,100)
	<b>1,136,995</b>	<b>361,309</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

**16 a) Property, plant & equipment**

Particulars	Land	Building	Plant and machinery	Office furnitures and equipments	Factory equipment	Computers and accessories	Motor vehicles Class I	Motor vehicles Class II	Total
	Tzs'000	Tzs'000	Tzs'000	Tzs'000	Tzs'000	Tzs'000	Tzs'000	Tzs'000	Tzs'000
<b>Cost</b>									
Balances at 1st January 2021	545,361	15,166,854	52,023,417	1,344,560	5,638,581	4,278	1,544,038	5,971,158	82,238,247
Additions	-	680,856	45,937,593	17,913	1,140,332	-	-	3,014,542	50,791,236
Balances at 31st December 2021	545,361	15,847,710	97,961,010	1,362,473	6,778,913	4,278	1,544,038	8,985,700	133,029,483
Balances at 1st January 2022	545,361	15,847,710	97,961,010	1,362,473	6,778,913	4,278	1,544,038	8,985,700	133,029,483
Additions	-	1,014,980	2,986,356	8,208,497	329,333	17,062	15,890	7,174,992	19,747,110
Balances at 31st December 2022	545,361	16,862,690	100,947,366	9,570,970	7,108,246	21,340	1,559,928	16,160,692	152,776,593
<u>Comprising:</u>									
Cost									
Revaluation	545,361	16,862,690	100,947,366	9,570,970	7,108,246	21,340	1,559,928	16,160,692	152,776,593
<b>Accumulated depreciation</b>									
Balances at 1st January 2021	-	1,629,925	16,163,838	397,674	1,155,937	3,965	870,102	2,373,635	22,595,076
Depreciation for the year	-	696,652	8,435,684	119,884	642,360	117	252,726	1,331,229	11,478,652
Disposals	-	-	-	-	-	-	-	-	-
Balances at 31st December 2021	-	2,326,577	24,599,522	517,558	1,798,297	4,082	1,122,828	3,704,864	34,073,728
Balances at 1st January 2022	-	2,326,577	24,599,522	517,558	1,798,297	4,082	1,122,828	3,704,864	34,073,728
Depreciation for the year	-	701,431	9,294,617	447,635	631,916	1,673	159,443	1,918,125	13,154,840
Disposals	-	-	-	-	-	-	-	-	-
Balances at 31st December 2022	-	3,028,008	33,894,139	965,193	2,430,213	5,755	1,282,271	5,622,989	47,228,568
<b>Carrying value</b>									
Balances at 31st December 2022	545,361	13,834,682	67,053,227	8,605,777	4,678,033	15,585	277,657	10,537,703	105,548,025
Balances at 31st December 2021	545,361	13,521,133	73,361,488	844,915	4,980,616	196	421,210	5,280,836	98,955,755

**WATERCOM (T) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2022**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**16 b) Property, Plant & Equipments (Revaluations)**

S/No	Particulars	COST OR VALUATIONS			DEPRECIATION			NET BLOCK		
		As At 1.1.2022	Additions	Disposal	As At 31.12.2022	As At 1.1.2022	Charge for the Year	As At 31.12.2022	As At 31.12.2022	As At 31.12.2021
		Tshs'000'	Tshs'000'	Tshs'000'	Tshs'000'	Tshs'000'	Tshs'000'	Tshs'000'	Tshs'000'	Tshs'000'
1	APARTMENT NO 4A FOURTH FLOOR LOCATED ON PLOT NO 35 EX-DAYA AREA IN ILALA CITY,	243,000	-	-	243,000	-	-	-	243,000	243,000
2	APARTMENT NO 6B (SIXTH FLOOR) LOCATED ON PLOT NO 35 EX-DAYA AREA IN ILALA CITY,	243,000	-	-	243,000	-	-	-	243,000	243,000
3	PLOTS NO 1 & 2 MAGOGONI BEACH AREA, KIGAMBONI-BUILDINGS	2,257,892	-	-	2,257,892	112,895	112,895	225,790	2,032,102	2,144,997
	PLOTS NO 1 & 2 MAGOGONI BEACH AREA, KIGAMBONI-LAND	9,697,000	-	-	9,697,000	-	-	-	9,697,000	9,697,000
4	PLOT NO 3 BLOCK "L" KIBADA UNGINDONI AREA IN TEMEKE MUNICIPALITY- BUILDINGS	18,600	-	-	18,600	-	-	-	18,600	18,600
	PLOT NO 3 BLOCK "L" KIBADA UNGINDONI AREA IN TEMEKE MUNICIPALITY- LAND	209,360	-	-	209,360	-	-	-	209,360	209,360
5	PLOT NO 89 BLOCK "D" TEMEKE USALAMA AREA IN TEMEKE- BUILDINGS	76,360	-	-	76,360	6,109	6,109	12,218	64,142	70,251
	PLOT NO 89 BLOCK "D" TEMEKE USALAMA AREA IN TEMEKE- LAND	46,500	-	-	46,500	-	-	-	46,500	46,500
6	PLOT NO 281 & 282 block "10" KIBADA AREA IN KIGAMBONI-BUILDINGS	199,600	-	-	199,600	19,960	19,960	39,920	159,680	179,640
	PLOT NO 281 & 282 block "10" KIBADA AREA IN KIGAMBONI-LAND	2,697,198	-	-	2,697,198	-	-	-	2,697,198	2,697,198
7	PLOT NO 2053 BLOCK "D" KIBADA KIZIZA AREA IN KIGAMBONI - BUILDINGS	70,800	-	-	70,800	14,160	14,160	28,320	42,480	56,640
	PLOT NO 2053 BLOCK "D" KIBADA KIZIZA AREA IN KIGAMBONI- LAND	1,769,360	-	-	1,769,360	-	-	-	1,769,360	1,769,360
8	PLOT NO 2109 BLOCK "G" MJI MWEMA AREA IN KIGAMBONI - BUILDINGS	44,000	-	-	44,000	17,600	17,600	35,200	8,800	26,400
	PLOT NO 2109 BLOCK "G" MJI MWEMA AREA IN KIGAMBONI - LAND	173,400	-	-	173,400	-	-	-	173,400	173,400
7	PLOT NO 94 BLOCK "W" MAGOMENI AREA IN KINONDONI	146,416	-	-	146,416	-	-	-	146,416	146,416
8	PLANT AND MACHINERY ON FARMS NO 4004, 4005 & 4006 KISARAWE II, KIGAMBONI MUNICIPALITY	106,596,600	-	-	106,596,600	-	-	-	106,596,600	106,596,600
	<b>Total</b>	<b>124,489,086</b>	<b>-</b>	<b>-</b>	<b>124,489,086</b>	<b>170,724</b>	<b>170,724</b>	<b>341,448</b>	<b>124,147,638</b>	<b>124,318,362</b>

The revaluation on the company's assets was done on and reports issued on 31 December 2021 by an independent valuer M/S COSWIL CONSULT LIMITED. These assets which were revalued were Land and buildings. The basis for revaluation was replacement cost method for all the assets.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

17 Intangible Assets

Particulars	Software Tzs'000	Total Tzs'000
<b><u>Cost</u></b>		
Balances at 1st January 2021	3,850	3,850
Balances at 31st December 2021	<u>3,850</u>	<u>3,850</u>
Balances at 1st January 2022	3,850	3,850
Balances at 31st December 2022	<u>3,850</u>	<u>3,850</u>
<b><u>Accumulated depreciation</u></b>		
Balances at 1st January 2021	2,695	2,695
Amortisation for the year	385	385
Balances at 31st December 2021	<u>3,080</u>	<u>3,080</u>
Balances at 1st January 2022	3,080	3,080
Amortisation for the year	385	385
Balances at 31st December 2022	<u>3,465</u>	<u>3,465</u>
<b><u>Carrying value</u></b>		
<b>Balances at 31st December 2022</b>	<b><u>385</u></b>	<b><u>385</u></b>
<b>Balances at 31st December 2021</b>	<b><u>770</u></b>	<b><u>770</u></b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

**18 Related party disclosure**

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

In Tanzania

- 1) Oilcom (T) Limited
- 2) AI - Hushoom Investment (T) Ltd
- 3) Milkcom Diaries Ltd

**Transactions:**

**2022**

**2021**

**Tzs'000**

**Tzs'000**

**Trading:**

**Purchases**

- |                       |            |           |
|-----------------------|------------|-----------|
| 1) Oilcom (T) Limited | 12,009,720 | 6,592,117 |
|-----------------------|------------|-----------|

**Expenses**

- |                                    |         |         |
|------------------------------------|---------|---------|
| 1) Oilcom (T) Limited              | 77,760  | 578,983 |
| 2) AI - Hushoom Investment (T) Ltd | 747,761 | 983,231 |

**Financial:**

Advances received

- |                                    |            |            |
|------------------------------------|------------|------------|
| 1) Oilcom (T) Limited              | 29,898,205 | 41,975,533 |
| 2) AI - Hushoom Investment (T) Ltd | 3,082,490  | 2,159,525  |
| 3) Milkcom Diaries Ltd             | 11,370     | 1,408,173  |

**Repayment of advance**

- |                                    |            |            |
|------------------------------------|------------|------------|
| 1) Oilcom (T) Limited              | 11,572,803 | 21,214,098 |
| 2) AI - Hushoom Investment (T) Ltd | 2,677,950  | 2,854,358  |
| 3) Milkcom Diaries Ltd             | 1,474,989  | 1,619,726  |

**Outstanding balances:**

**Due to associate company**

**Trading:**

- |                       |           |           |
|-----------------------|-----------|-----------|
| 1) Oilcom (T) Limited | 3,733,831 | 2,916,655 |
| Subtotal              | 3,733,831 | 2,916,655 |

**Financial:**

- |                                    |            |            |
|------------------------------------|------------|------------|
| 1) Oilcom (T) Limited              | 88,358,369 | 70,032,976 |
| 2) AI - Hushoom Investment (T) Ltd | 1,504,516  | 683,159    |
| Subtotal                           | 89,862,885 | 70,716,135 |

Total	93,596,716	73,632,790
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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

	<b>31st December 2022</b>	<b>31st December 2021</b>
<b><u>Financial:</u></b>		
<b>Due from associate company</b>		
1) Milkcom Diaries Ltd	5,818,122	4,354,503
	<b><u>5,818,122</u></b>	<b><u>4,354,503</u></b>

**19** Contingent liabilities and commitments

The management does not anticipate any contingent liabilities as at 31st December 2022.

**20** Previous year's figure have been regrouped / rearranged wherever necessary to make them comparable