

**BAGAMOYO SUGAR LIMITED**  
**P.O. Box 2517**  
**Dar es Salaam**  
**Annual Report 2022**

**BAGAMOYO SUGAR LIMITED**

**P.O. Box 2517, Dar es Salaam**

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

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**BAGAMOYO SUGAR LIMITED**

**P.O. Box 2517, Dar es Salaam**

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

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**CORPORATE INFORMATION**

**Board of Directors**

<u>Name</u>	<u>Nationality</u>
Mr. Said Salim Awadh Bakhresa	Tanzanian
Mr. Abubakar Said Salim Bakhresa	Tanzanian

**Registered Office of the Company**

Plot No. 1, Block No. 75, House No. 1  
Ilala CBD, Kariakoo, Livingstone Road  
P.O. Box 2517,  
Dar es Salaam,  
Tanzania.

**Auditors**

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

**Company Secretary**

Ali Saleh Karama,  
Plot No. 20, Kariakoo,  
P.O. Box 2517, Dar es Salaam,  
Tanzania.

**Bankers**

TADB Development Bank  
NBC Bank Ltd.  
ABSA Bank Ltd.  
NMB Bank Plc  
CRDB Bank Plc  
TCB Commercial Bank

**BAGAMOYO SUGAR LIMITED**  
**P. O. BOX 2517, DAR ES SALAAM**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022**

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The Members,

The Directors have pleasure in submitting their report together with the financial statements for the year ended 31<sup>st</sup> December, 2022 which discloses the state of affairs of the Company. The financials have been prepared for the year ending on 31<sup>st</sup> December, 2022.

**1. DIRECTORS**

The Directors of the Company at the date of this report, all of whom have served since 1<sup>st</sup> December, 2016, unless otherwise stated are:

<u>Name</u>	<u>Nationality</u>	<u>Position</u>
Mr. Said Salim Awadh Bakhresa	Tanzanian	Director
Mr. Abubakar Said Salim Bakhresa	Tanzanian	Director

In accordance with the Company's Articles of Association, the Directors are not required to retire by rotation.

**2. COMPANY SHAREHOLDING**

As at 31<sup>st</sup> December, 2022 the Company had 2,000 shares of Tzs 1,000,000 each. The shareholders are listed below:

<b>Name of Shareholder</b>	<b>No. of Shares</b>
Said Salim Awadh Bakhresa	500
Abubakar Said Salim Bakhresa	500
Said Salim Bakhresa & Co Ltd.	1000
<b>Total</b>	<b>2,000</b>

**3. PRINCIPLE ACTIVITIES**

The principal activity of the Company is to manufacture & trade in sugar and sugar related products.

**4. CORPORATE GOVERNANCE**

The Board of Directors consists of two Directors. All of the Directors are involved in day-to-day operations of the Company. The Board takes overall responsibility for the Company including responsibility of identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is meeting at regular intervals. The Board delegates the day-to-day management of the business to the Managing Director, the Director and the senior management.

Senior management is invited to attend the board and management meetings and facilitates the effective control of all the Company's operational activities, as a medium of communication and coordination between all the various business units.

The Company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

**5. RISK MANAGEMENT AND INTERNAL CONTROL**

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operations control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding: -

- The efficiency and effectiveness of operations;
- The safeguarding of Company's Assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behavior towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's internal control system is designed to provide the Board with reasonable assurance that the procedures in place are operating efficiently.

The Board assessed the internal control systems throughout the financial year ended 31<sup>st</sup> December, 2022 and is of the opinion that they met accepted criteria.

The Board carries risk and internal control assessment through Board Meetings and Management meetings, on a regular basis.

**6. SOLVENCY**

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on going concern basis. The Board of Directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

**7. RESULTS AND DIVIDEND**

The financial results are set out at Page No.9-12 of this report. The Directors do not recommend any dividend for this period.

**8. STATUTORY PAYMENTS**

Payments of all statutory dues such as Pay as You Earn, National Social Security Fund, Skills & Development levy and VAT were made in time.

**9. RELATED PARTY DISCLOSURE**

Related Party Transactions are all carried out at 'Arm Length' price.

**10. AUDITORS**

The auditors, M/s Baker Tilly DGP & Co, have expressed their willingness to continue in office as auditors and are eligible for re-appointment.

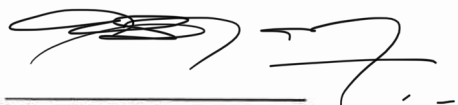
**BAGAMOYO SUGAR LIMITED  
P. O. BOX 2517, DAR ES SALAAM  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022**

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**11. ACKNOWLEDGEMENTS**

Your Directors wish to place on records, their sincere thanks and deep sense of appreciation for the overwhelming co-operation and assistance received from the Government of Tanzania, the Tanzania Revenue Authority, Tanzania Port Authority, various other Government and Semi Government organizations, the bankers of the Company and last but not the least the employees of the Company. The management looks forward for the continued support from all for the coming future.

**BY ORDER OF THE BOARD**



**DIRECTOR**

**Name:** ABUBAKAR SAID SALIM BAKHRESA

**Dated:** 26th June 2023

**DIRECTOR**

**Name:**

**Dated:**

**BAGAMOYO SUGAR LIMITED**  
**P. O. BOX 2517, DAR ES SALAAM**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Companies Act requires the Directors 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 its profit or loss. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of their profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

**BY ORDER OF THE BOARD**



\_\_\_\_\_  
**DIRECTOR**

**Name:** ABUBAKAR SAID SALIM BAKHRESA

**Dated:** 26th June 2023

\_\_\_\_\_  
**DIRECTOR**

**Name:**

**Dated:**

**BAGAMOYO SUGAR LIMITED**  
**P. O. BOX 2517, 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 power conferred under the Auditors and Accountants (Registration) Act 33 of 1972, as amended by Act No. 2 of 1995, require 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 Statement of Directors' Responsibilities on an earlier page.

I, CPA Markus A. Hemed, 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 the applicable accounting standard and statutory requirements. I thus confirm that the financial statements give a true and fair view position of Bagamoyo Sugar Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed: 

NBAA Membership No.: 8049  
Dated: 26th June 2023

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF  
BAGAMOYO SUGAR LIMITED**

Office 10-2, Level 10, IT Plaza,  
Garden Avenue / Ohio Street,  
P. O. Box - 1314, Dar es Salaam  
Tanzania

T: +255 653 222 299, +255 768 222 299

info@bakertilly.co.tz  
www.bakertilly.co.tz

**Opinion**

We have audited the financial statements of Bagamoyo Sugar 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 period 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 period 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.

**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 judgement 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 : 26th June 2023

**BAGAMOYO SUGAR LIMITED**  
**P.O. Box 2517, Dar es Salaam**

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

<b>PARTICULARS</b>	<b>NOTE</b>	<b>2022 TZS</b>	<b>2021 TZS</b>
Revenue		39,743,229,021	19,017,679,546
Change in fair value of standing canes		6,395,026,054	4,962,416,505
Cost of sales	6	<u>(32,335,970,299)</u>	<u>(14,289,003,864)</u>
Gross profit		13,802,284,777	9,691,092,187
Other income	7	<u>110,625,851</u>	<u>20,857,578</u>
		13,912,910,628	9,711,949,765
<u>Less: Expenses</u>			
Administrative expenses	8	(6,786,703,434)	(2,543,692,315)
Selling and distribution expenses	9	(164,215,697)	-
Financial expenses	10	<u>(13,178,657,865)</u>	<u>(879,576,869)</u>
		(20,129,576,996)	(3,423,269,184)
Profit / (loss) before depreciation		<u>(6,216,666,368)</u>	6,288,680,581
Less: Depreciation		<u>(9,047,991,296)</u>	<u>(727,915,154)</u>
Profit / (loss) before tax		(15,264,657,665)	5,560,765,426
Less: Tax (expense) / credit	11	<u>4,562,384,075</u>	<u>(1,897,514,282)</u>
<b>Profit / (loss) after tax</b>		<b><u>(10,702,273,590)</u></b>	<b><u>3,663,251,144</u></b>

The significant accounting policies on pages 13 to 21 and the notes on pages 22 to 31 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 & 8.

The financial statements on Pages 9 to 31 were approved by the Board of Directors and signed on behalf by:

  
 Director  
 Name: ABUBAKAR SAID SALIM BAKHRESA  
 Dated: 26th June 2023

\_\_\_\_\_  
 Director  
 Name: \_\_\_\_\_  
 Dated: \_\_\_\_\_

STATEMENT OF FINANCIAL POSITION AS ON 31ST DECEMBER 2022

PARTICULARS	NOTE	31st December 2022 TZS	31st December 2021 TZS
<b>Non current assets</b>			
Property, plant & equipment	24	240,371,980,215	35,055,959,940
Intangible assets	25	17,760,321	26,639,149
Capital work-in-progress		-	149,775,453,943
Deferred tax assets	11	21,513,831,831	5,671,105,603
Other non-current assets	12	-	2,160,164,576
		<u>261,903,572,367</u>	<u>192,689,323,211</u>
<b>Current assets</b>			
Inventories	13	10,157,495,871	4,396,812,389
Consumable biological assets - Standing canes	14	15,163,474,724	8,786,649,103
Trade and other receivables	15	11,423,486,264	39,408,384,649
Cash and cash equivalents	16	1,171,156,714	13,498,178,015
		<u>37,915,613,573</u>	<u>66,090,024,156</u>
<b>Total assets</b>		<u><b>299,819,185,940</b></u>	<u><b>258,779,347,367</b></u>
<b>Equity</b>			
Share capital	17	2,000,000,000	2,000,000,000
Retained earnings		<u>(11,824,284,650)</u>	<u>(1,122,011,061)</u>
		(9,824,284,650)	877,988,939
<b>Non current liabilities</b>			
Long term liabilities	18	135,614,681,552	84,740,535,216
Borrowings	19	120,081,714,535	112,910,844,581
Deferred tax liabilities	11	16,650,005,919	5,568,379,911
		<u>272,346,402,006</u>	<u>203,219,759,709</u>
<b>Current liabilities</b>			
Trade and other payables	20	9,306,328,103	6,390,016,842
Provisions	21	1,528,880,375	1,127,758,897
Bank overdraft	22	7,872,479,784	5,250,425,566
Borrowings	19	18,582,949,079	41,899,957,974
Current tax	23	6,431,243	13,439,441
		<u>37,297,068,584</u>	<u>54,681,598,719</u>
<b>Total equity and liabilities</b>		<u><b>299,819,185,940</b></u>	<u><b>258,779,347,367</b></u>

The significant accounting policies on pages 13 to 21 and the notes on pages 22 to 31 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 & 8.

The financial statements on Pages 9 to 31 were approved by the Board of Directors and signed on behalf by:

  
 Director  
 Name: ABUBAKAR SAID SALIM BAKHRESA  
 Dated: 26th June 2023

Director  
 Name: \_\_\_\_\_  
 Dated: \_\_\_\_\_

**BAGAMOYO SUGAR LIMITED**  
**P.O. Box 2517, Dar es Salaam**

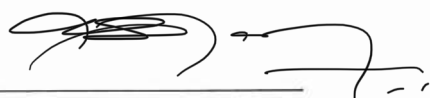
**STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2022**

Particulars	Share capital	Retained earnings	Total
	TZS	TZS	TZS
<b><u>Year ended 31st December 2021</u></b>			
As at start of the year	2,000,000,000	(4,785,262,205)	(2,785,262,205)
Net profit / (loss)	-	3,663,251,144	3,663,251,144
<b>At the end of the year</b>	<b><u>2,000,000,000</u></b>	<b><u>(1,122,011,061)</u></b>	<b><u>877,988,939</u></b>
<b><u>Year ended 31st December 2022</u></b>			
As at start of the year	2,000,000,000	(1,122,011,061)	877,988,939
Net profit / (loss)	-	(10,702,273,590)	(10,702,273,590)
<b>At the end of the year</b>	<b><u>2,000,000,000</u></b>	<b><u>(11,824,284,650)</u></b>	<b><u>(9,824,284,650)</u></b>

The significant accounting policies on pages 13 to 21 and the notes on pages 22 to 31 form an integral part of these financial statements.

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Director  
Name: ABUBAKAR SAID SALIM BAKHRESA  
Dated: 26th June 2023

Director  
Name: \_\_\_\_\_  
Dated: \_\_\_\_\_

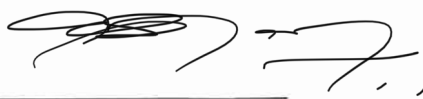
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2022**

PARTICULARS	2022 TZS	2021 TZS
<b>Cash flows from operating activities</b>		
Profit / (loss) before tax	(15,264,657,665)	5,560,765,426
<u>Adjustment for:</u>		
Depreciation	11,153,995,044	727,915,154
(Profit) / loss on sale of fixed assets	-	25,796,490
Other non-cash adjustments	151,422,719,114	-
	<u>147,312,056,494</u>	<u>6,314,477,071</u>
<u>Movements in working capital:</u>		
(Increase) / decrease in inventories	(5,760,683,482)	(4,116,643,005)
(Increase) / decrease in trade and other receivables	30,145,062,962	(28,037,349,127)
Increase / (decrease) in trade and other payables	2,916,311,260	(1,293,032,004)
(Increase) / decrease in biological assets - growing cane	(6,376,825,621)	(8,786,649,103)
Increase / (decrease) in provisions	401,121,478	554,493,518
Cash generated from operations	168,637,043,090	(35,364,702,650)
Less: Taxes paid	(205,724,342)	(81,815,171)
<b>Net cash generated by operating activities (A)</b>	<b>168,431,318,748</b>	<b>(35,446,517,821)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(218,108,401,661)	(12,238,097,136)
Capital work-in-progress	-	(66,183,696,074)
Proceed from disposal of property, plant and equipment	-	1,027,500
<b>Net cash used in investing activities (B)</b>	<b>(218,108,401,661)</b>	<b>(78,420,765,710)</b>
<b>Cash flow from financing activities</b>		
Increase / (decrease) in long term loan	50,874,146,336	22,824,572,960
Increase/ (decrease) in bank overdraft	2,622,054,218	5,250,425,566
Proceed from/(repayment of) borrowings	(16,146,138,941)	99,066,854,844
<b>Net cash generated by financing activities (C)</b>	<b>37,350,061,613</b>	<b>127,141,853,369</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(12,327,021,301)</b>	<b>13,274,569,839</b>
Cash and cash equivalents at the beginning of the year	13,498,178,015	223,608,176
<b>Cash and cash equivalents at the end of the year</b>	<b>1,171,156,714</b>	<b>13,498,178,015</b>

The significant accounting policies on pages 13 to 21 and the notes on pages 22 to 31 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 & 8.

The financial statements on Pages 9 to 31 were approved by the Board of Directors and signed on behalf by:



Director  
Name: ABUBAKAR SAID SALIM BAKHRESA  
Dated: 26th June 2023

Director  
Name: \_\_\_\_\_  
Dated: \_\_\_\_\_

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

**1. GENERAL INFORMATION**

Bagamoyo Sugar Limited is incorporated in Tanzania under the Companies Act, 2002 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:

Plot No. 1, Block No. 75, House No. 1,  
Ilala CBD, Kariakoo, Livingstone Road  
P.O. Box 2517,  
Dar es Salaam,  
Tanzania.

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

**A. Standards, Amendments to the standards and Interpretations effective in the year 2022**

The following standards, amendments and new interpretations issued by the IFRIC and are mandatory for the accounting periods beginning on or after 1st January 2022:

- Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter) – IFRS 1
- Amendments to IFRS 3: Business Combinations - Reference to the Conceptual Framework
- Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) – IFRS 9
- Amendments to IFRS 16 Leasing – Lease liability in a Sale and Leaseback (Effective from 1<sup>st</sup> January 2022)
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to IAS 37: Provisions, Contingent Liabilities, Contingent Assets - Amended by Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements) – IAS 41 (Effective from 1<sup>st</sup> January 2022)

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

Details of the impact standards are given below. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the company's activities or require accounting which is consistent with the company's current accounting policies.

**B. Standards, Amendments to the standards and Interpretations effective in the year 2022**

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,

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Amendments of interpretations from an early date. The management does not foresee any major change in the accounting policies of the Company due to such amendments.

- Amendments to IFRS 4: Insurance contracts - deferral of IFRS 9
- Amendments to IFRS 9: Financial Instruments – Application of amendments with the first application of IFRS 17
- Amendments to IAS 1: Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Presentation of Financial Statements – Non-current Liabilities with Covenants
- Amendments to IAS 12: Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IFRS 17 Insurance Contracts
- Annual Improvements 2018–2020

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.

### **3. SUMMARY OF ACCOUNTING POLICIES**

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

#### **A. BASIS OF PREPARATION**

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 (Tzs). 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 year 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(U).

#### **B. REVENUE RECOGNITION**

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

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**C. 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.

**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 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.

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 written down value method to allocate the cost of each asset to its residual value over the estimated useful life as follows:

<b>Assets</b>	<b>Rate (%)</b>
Irrigational Equipment	10.00
Bulk Water System	02.50
Sugar Plant & Machinery	04.00
Sugar Packing Machine	06.67
Electrical Transmission Infrastructure	02.50
Plant, Machinery & Equipment	15.00
Earthmoving & Farming Equipment	20.00
Building	04.00
Computer & IT Equipment	33.33
Motor Vehicles Class I	25.00
Motor Vehicles Class II	25.00
Furniture, Fixtures & Office Equipment	12.50
Intangible Assets	33.33
Harvesting and Loading Equipment	20.00
Land Development, Roads, Drainages, Bridges & Culverts	05.00

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All 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.

Land Development, Roads, Drainages, Bridges and Culverts:

As per International Accounting Standard IAS 16 any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Directly attributable costs include:

- Costs of employee benefits arising directly from the construction or acquisition of the item of PPE
- Costs of site preparation
- Initial delivery and handling costs
- Installation and assembly costs
- Cost of testing whether the asset is functioning properly, and
- Professional fees.

Land Development cost includes but not limited to following:

- Cost of preparing the land for its intended purpose right from Bush Clearing, root picking, ribbing, Harrowing and land levelling etc.,
- Cost of conducting the Soil profile study, Topographical survey of land, designing of roads and drainages, culverts & bridges based on the outcome of the above studies.
- Cost of laying of roads as per the design and constructing the bridges and culverts across the drainages to establish complete infrastructure which will make the land suitable for Cultivation of Sugar cane as well as mobilization of sugar canes from Field to Factory for Processing.
- Cost of application of Gypsum to amend the soil, which shall fit for cultivation of Sugar cane.
- The comprises of Various components, Professional fees, Material, Equipment hire charges, Salaries & Wages, Depreciation capitalized during the period, borrowing cost incurred during the execution period.

Accordingly, the above cost relating to Land Development, Roads, Drainages, Bridges and Culverts has been classified as part of Property Plant & Equipment.

#### **E. INTANGIBLE ASSETS**

An intangible asset is recognized when:

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

Amortization is provided to write down the intangible assets.

#### **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 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. LEASES**

The Company recognizes all lease liabilities and corresponding right of use assets, with the exception of short-term (12 months or fewer) and low value leases, on the balance sheet. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease. The Company leases property under operating lease and

- Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- Recognizes depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

#### **H. 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.

#### **I. 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

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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.

**J. CASH AND CASH EQUIVALENTS**

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

**K. 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.

**L. 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 the 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.

**M. 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

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payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004.

**N. EMPLOYEES BENEFITS**

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

**O. 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 recognized as a separate asset but only when the reimbursement is virtually certain.

**P. INVESTMENTS**

Investments are stated at cost. Provision is made where in the opinion of Directors; there is a permanent diminution in value. Permanent diminution is recognized as an expense in the period in which it is identified.

**4. 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.

**A. 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.

**B. 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.

**C. 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

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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.

## **5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes risk management in note 4.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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. Property, Plant & Equipment**

Critical estimates are made by directors in determining the fair values and the depreciation rates for property, plant & equipment and their residual values. The rates used are set out in note 3.3.

### **B. Critical Judgments in Applying the Entity's Accounting Policies**

In the process of applying the company's accounting policies, management has made judgements in determining whether assets are impaired.

### **C. Biological assets**

The biological process starts with preparation of land for planting, seedlings and ends with the harvesting of crops.

**(i) Bearer biological assets**

Bearer biological assets, included in property, plant and equipment are depreciated over their useful life. The actual life of the bearer plants is assessed annually, taking into account the life cycle of the ratoons, yields, estimated price of sugar and a discount rate. The carrying amount of bearer biological assets at December 31, 2022 is TZS 3,054,407,149/- (2021: TZS 3,665,288,579/-).

Bearer plant represents all cost associated with seed cane development (Cane roots) that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16 measured using Cost model. The Bearer Plant will be amortized over the period of 7 years from the commercial exploitation of the seed canes (cane roots). The Bearer Plant will be tested for impairment every year and the impact thereof will be given to the carrying amount and the profit and loss.

**(ii) Consumable biological assets - Standing canes**

For Standing crop, where biological transformation has taken place since the initial cost was incurred such biological assets are measured at cost i.e., the total expenses incurred on such plantation up to the balance sheet date.

An entity shall recognize a biological asset or agriculture produce when and only when:

- The entity controls the asset as a result of past events;
- It is probable that future economic benefits associated with the asset will flow to the entity; and
- The fair value or cost of the asset can be measured reliably

The fair value of consumable biological assets has been arrived at by discounting the present value of expected net cash flows from standing canes at the relevant market determined pre-tax rate. At December 31, 2022, consumable biological assets amounted to TZS 15,163,474,724 /- (2021: TZS 8,786,649,103/-).

The expected cash flows from standing canes have been computed by estimating the expected crop and the sugar extraction rate and the forecasts of sugar prices which will prevail in the coming year for standing canes. The harvesting costs and other direct expenses are based on the yearly budgets of the Company.

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

	2022	2021
	TZS	TZS
<b>6 Cost of sales</b>		
Cost of goods sold	20,482,323,417	14,289,003,864
<b>Add: Direct costs</b>		
Workshop and mechanical expenses	7,352,731,427	-
Cane haulage expenses	1,830,545,720	-
Depreciation	2,106,003,748	-
Other direct costs	564,365,986	-
	<u>11,853,646,882</u>	<u>-</u>
<b>Total</b>	<u><u>32,335,970,299</u></u>	<u><u>14,289,003,864</u></u>
<b>7 Other income</b>		
Other income	110,625,851	20,857,578
<b>Total</b>	<u><u>110,625,851</u></u>	<u><u>20,857,578</u></u>
<b>8 Administrative expenses</b>		
Audit fees	10,000,000	6,894,000
Salaries and wages - Admin	2,502,484,483	1,166,031,833
NSSF contribution - Admin	1,231,755,315	110,048,682
SDL cost	283,774,370	43,932,250
Workers' compensation fund	41,711,637	8,786,449
NHIF contribution - Admin	48,343,423	37,620,347
Electricity and water expenses	112,910,338	78,357,134
Fuel and vehicle expenses	15,333,579	54,554,793
General insurance expenses	336,125,426	243,452,455
License fees	67,851,457	152,133,732
Loss on disposal of property, plant and equipments	-	25,796,490
Rent - others	237,868,750	135,714,777
Professional and legal fees	79,153,413	18,000,000
Repairs and maintenance	477,378,184	165,030,945
Printing and stationery expenses	23,788,654	68,862,478
Staff welfare expenses	444,387,026	29,462,962
Stamp duty	1,188,606	1,868,393
Cleaning expenses	253,345,012	56,456,364
Telephone expenses	22,555,228	20,031,689
Internet expenses	78,224,003	50,537,120
Recruitment expenses	260,313,175	33,296,025
Miscellaneous expenses	16,123,026	13,422,579
Travelling expenses	242,088,330	23,400,818
<b>Total</b>	<u><u>6,786,703,434</u></u>	<u><u>2,543,692,315</u></u>
<b>9 Selling and distribution expenses</b>		
Promotion expenses	164,215,697	-
<b>Total</b>	<u><u>164,215,697</u></u>	<u><u>-</u></u>

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

	2022	2021	
	TZS	TZS	
<b>10 Financial expenses</b>			
Bank charges	63,046,556	93,242,504	
Bank interest	400,379,864	-	
Interest on loan from banks	7,278,668,517	855,529,934	
Interest on loan from others	5,311,840,225	692,873,526	
Foreign exchange loss / (gain) - realised	20,639,662	(199,373,392)	
Foreign exchange loss / (gain) - unrealised	(151,050,753)	(1,175,523,494)	
Loan processing and facility fees	190,323,919	531,008,382	
Bank commission and fees	64,809,873	81,819,409	
<b>Total</b>	<b>13,178,657,865</b>	<b>879,576,869</b>	
<b>11 Tax expenses</b>			
Current tax	198,716,145	95,088,398	
Deferred tax	(4,761,100,220)	1,802,425,884	
<b>Total</b>	<b>(4,562,384,075)</b>	<b>1,897,514,282</b>	
<b>Reconciliation of tax expenses:</b>			
Net profit as per statement of profit or loss	(15,264,657,665)	5,560,765,426	
Tax @ 30 %	(4,579,397,299)	1,668,229,628	
Adjustment for:			
Minimum alternate tax	198,716,145	95,088,398	
Effect of disallowances under tax laws			
Others	(181,702,921)	134,196,256	
<b>Tax expenses as per books</b>	<b>(4,562,384,075)</b>	<b>1,897,514,282</b>	
<b>Break-up of deferred tax:</b>			
	<b>At start of the year</b>	<b>Charge to statement of profit or loss</b>	<b>At end of the year</b>
	TZS	TZS	TZS
<u>Deferred tax liabilities</u>			
Property, plant and equipment			
- accelerated capital allowance	5,215,722,863	11,388,967,830	16,604,690,693
Unrealised foreign exchange gain	352,657,048	(307,341,822)	45,315,226
	5,568,379,911	11,081,626,008	16,650,005,919
<u>Deferred tax asset</u>			
Tax losses carried forward	(5,671,105,603)	(15,842,726,228)	(21,513,831,831)
	(5,671,105,603)	(15,842,726,228)	(21,513,831,831)
<b>Net deferred tax liability / (asset)</b>	<b>(102,725,692)</b>	<b>(4,761,100,220)</b>	<b>(4,863,825,912)</b>
<b>12 Other non-current assets</b>			
Capital advances		-	2,160,164,576
		-	<b>2,160,164,576</b>

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

	2022	2021
	TZS	TZS
<b>13 Inventories</b>		
Fertilizer & irrigation materials	947,992,427	1,408,012,399
Civil materials & consumables	1,768,417,924	1,930,404,247
Workshop spares & consumables	1,757,312,630	1,058,395,743
Closing stock of work-in-progress	79,373,884	-
Closing stock of raw materials and consumables	172,963,559	-
Closing stock of finished goods	5,431,435,447	-
	<u>10,157,495,871</u>	<u>4,396,812,389</u>

**14 Consumable biological assets - Standing canes**

The carrying value of standing cane is reconciled as follows:

Carrying value at the beginning of year	8,786,649,103	-
Addition during the year	7,056,254,885	3,824,232,598
Cane consumed during the year	(7,074,455,317)	-
Change in fair value	6,395,026,054	4,962,416,505
Carrying value at the end of year	<u>15,163,474,724</u>	<u>8,786,649,103</u>

The fair value of standing cane is determined using inputs that are unobservable, using the best information available in the circumstances and therefore fall into the level 3 fair value category.

The following are the key assumptions in the valuation of standing cane:

Expected area to harvest the following season (ha)	2,006	1,208
Estimated yield (tons cane/ha)	150	120
Average maturity of cane at 31st December	30%	35%

A 1% change in sucrose content and sucrose price could increase or decrease the fair value of the standing cane to the following values:

	2022	
	+1%	-1%
Fair valuation - Based on Sucrose Content	13,442,796,741	10,754,237,393
Fair valuation - Based on Sugar Price	15,315,109,471	15,011,839,977

**15 Trade and other receivables**

Advance to employees	55,392,727	5,500,000
Advance to suppliers	2,764,995,244	4,044,807,531
Security deposit	15,560,167	92,578,067
Other receivables	-	7,397,202
Prepaid expenses	82,276,018	213,425,185
Trade debtors	298,045,455	-
VAT receivable	8,205,653,817	7,071,771,664
Due from associate companies and related parties	-	27,972,905,000
Goods in transit	1,562,836	-
	<u>11,423,486,264</u>	<u>39,408,384,649</u>

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

	2022	2021
	TZS	TZS
<b>16 Cash and cash equivalents</b>		
Cash in hand - TSH	74,275,714	75,966,427
Cash in hand - USD	653,447	1,362,714
Bank account - TSH	934,213,428	13,276,922,652
Bank accounts - USD	162,014,125	143,926,222
	<u>1,171,156,714</u>	<u>13,498,178,015</u>
<b>17 Share capital</b>		
<u>Authorised capital</u>		
10,000 shares of Tzs 1,000,000/- each	<u>10,000,000,000</u>	<u>10,000,000,000</u>
<u>Issued and paid up share capital</u>		
2,000 shares of Tzs 1,000,000/- each	<u>2,000,000,000</u>	<u>2,000,000,000</u>
	<u>2,000,000,000</u>	<u>2,000,000,000</u>
<b>18 Long term liabilities</b>		
Due to associate companies and related parties	132,008,773,988	79,557,386,663
Long term creditors	3,605,907,564	5,183,148,553
	<u>135,614,681,552</u>	<u>84,740,535,216</u>
<b>19 Borrowings</b>		
<b>Non current - Secured</b>		
Long term loan from banks	120,081,714,535	112,910,844,581
	<u>120,081,714,535</u>	<u>112,910,844,581</u>
<b>Current - Secured</b>		
Short term loan from banks	18,582,949,079	41,899,957,974
	<u>18,582,949,079</u>	<u>41,899,957,974</u>
	<u>138,664,663,614</u>	<u>154,810,802,555</u>

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

	2022	2021
	TZS	TZS

**Security details:**

The above loan from Tanzania Agricultural Development Bank Limited has been secured against:

- 1) All assets debenture creating a first ranking charge over the assets of the company to cover TZS 70.0 Billion principle loan amount plus interest & other charges as accrued thereon and to be shared proportionately with other lenders.
- 2) First ranking legal mortgage over the Farm no.3565/1 with CT No.156361 MG located at Makurunge Village, Bagamoyo District registered in the name of Bagamoyo Sugar Limited to cover TZS 70.0 Billion principle loan amount plus interest & other charges as accrued thereon and to be shared proportionately with other lenders.
- 3) Personal guarantee by company shareholders namely: Mr.Said Salim Awadh Bakhresa and Mr.Abubakar Said Salim Awadh Bakhresa to cover TZS 70.0 Billion principle loan amount plus interest & other charges as accrued thereon.
- 4) Irrevocable corporate guarantee from SSB & Co. Limited to cover full loan amount of TZS 70.0 Billion.
- 5) The outstanding loan towards Principal is TZS 70.0 Billion (Previous year 2021: TZS 57.9 Billion).

The term loan from NMB Plc issued to Bagamoyo Sugar Limited has been secured against:

- 1) A first ranking legal mortgage over farm no. 3565/1 with CT No.156361 MG located at Makurunge Village, Bagamoyo District, Coast Region registered in the name of Bagamoyo Sugar Limited to cover USD 5 Million.
- 2) A first ranking fixed and floating debenture over all assets of Bagamoyo Sugar Limited registered to secure USD 6.25 Million amount.
- 3) Directors' guarantee and indemnity executed by Said Salim Awadh Bakhresa and Abubakar Said Salim Bakhresa to secure USD 6.25 Million.
- 4) Irrevocable corporate guarantee from Said Salim Bakhresa & Co. Ltd for USD 6.25 Million.
- 5) Hypothecation of stock of sugarcane, raw sugar, book debtors to be shared proportionate with other banks
- 6) The outstanding loan towards Principal is USD 5 Million (Previous year 2021: USD 5 Million).

The term loan from CRDB Bank Plc issued to Bagamoyo Sugar Limited has been secured against:

- 1) A first ranking legal mortgage over Farm no. 3565/1 with CT No.156361 MG located at Makurunge Village, Bagamoyo District registered in the name of Bagamoyo Sugar Limited.
- 2) A first ranking fixed and floating debenture over all assets of Bagamoyo Sugar Limited registered to secure USD 25.00 Million amount.
- 3) Directors' guarantee and indemnity executed by Said Salim Awadh Bakhresa and Abubakar Said Salim Bakhresa to secure USD 20.00 Million.
- 4) Cession of Book Debts Agreement.
- 5) The outstanding loan towards Principal is Nil (Previous year 2021: USD 15.57 Million).

The loan from CRDB Bank Plc shared by Said Salim Bakhresa Company Limited has been secured against:

- 1) A first ranking legal mortgage over Farm no. 3565/1 with CT No.156361 MG located at Makurunge Village, Bagamoyo District registered in the name of Bagamoyo Sugar Limited.
- 2) A first ranking debenture over all assets of Bagamoyo Sugar Limited registered to secure USD 5.00 Million amount.
- 3) A cross company guarantee executed by Cargo Terminal International Limited and Bagamoyo Sugar Limited to secure TZS 25.00 Billion and USD 5.00 Million.
- 4) Directors' guarantee and indemnity executed by Said Salim Awadh Bakhresa and Abubakar Said Salim Bakhresa to secure TZS 25.00 Billion and USD 5.00 Million.
- 5) The outstanding loan towards Principal is Nil (Previous year 2021: USD 2.65 Million).

The term loan from Absa Bank Tanzania Limited issued to Bagamoyo Sugar Limited has been secured against:

- 1) Joint and Several Guarantee and Indemnity for USD 8,000,000 issued by Said Salim Bakhresa and Abubakar Said Salim Bakhresa.
- 2) Corporate Guarantee and Indemnity for USD 8,000,000 issued by Said Salim Bakhresa & Company Limited.
- 3) Debenture over Bagamoyo Sugar Limited's Fixed and Floating Present and Future assets to be registered and stamped to cover USD 10,000,000 to be shared in pari passu with CRDB, TADB and NBC.
- 4) First priority Legal Mortgage over certificate of occupancy registered under Title No. 156361, Farm No. 3565/1, Makurunge at Bagamoyo District, to be stamped to cover USD 10,000,000 and shared in pari passu with CRDB, TADB and NBC.

The outstanding loan is USD 8.00 Million (Previous year 2021: Nil).

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

	2022	2021
	TZS	TZS

The term loan from NBC Bank Ltd issued to Bagamoyo Sugar Limited has been secured against:

- 1) A first ranking legal mortgage over Farm no. 3565/1 with CT No.156361 MG located at Makurunge Village, Bagamoyo District registered in the name of Bagamoyo Sugar Limited.
- 2) A first ranking fixed and floating debenture over all assets of Bagamoyo Sugar Limited registered to secure USD 15.00 Million amount.
- 3) Directors' guarantee and indemnity executed by Said Salim Awadh Bakhresa and Abubakar Said Salim Bakhresa to secure USD 15.00 Million.
- 4) Cession of Book Debts Agreement.
- 5) The outstanding loan towards Principal is USD 12 Million (Previous year 2021: USD 12 Million).

The loan from Standard Chartered borrowed by Azam Marine Company Limited for Bagamoyo Sugar Ltd has been secured against:

- 1) A first ranking mortgage over properties located on Plot no. 46/4, Enemy Property lot no. 20 on Survey plan no. E1/159b/5847 annexed to Certificate of Right of Occupancy 17506 & 17507 owned by Bakhresa Food Products Ltd.
- 2) A Corporate Guarantee by Kilimanjaro Fast Ferries Limited, KFF Marine Services Limited & Said Salim Bakhresa & Co Ltd.
- 3) The outstanding loan towards Principal is USD 4.7 million (Previous year 2021: USD 6.3 Million).

**NOTE:**

During the previous year 2021, Tanzania Agricultural Development Bank (TADB) has taken over the existing CRDB term loans of USD 20 Million and USD 5 Million facility and converted it into new term loan with longer tenor. Accordingly, TADB has issued a new term loan of TZS 70 Billion which includes roll over of existing TZS 15 Billion loan and take over of total outstanding CRDB loans of TZS 42.9 Billion equivalent to USD 2.6 Million out of USD 5 Million and USD 15.6 Million out of USD 20 Million facility plus undrawn portion of USD 20 Million facility i.e. TZS 12.06 Billion. Later on, in the current financial year 2022, that TZS amount has been exchanged with the USD. Both CRDB loans were closed during the month of January 2022.

**20 Trade and other payables**

Trade creditors	8,460,596,142	6,369,406,840
VAT payable	202,180,506	-
Other expense payable	15,312,655	6,248,751
Advance from customers	628,238,800	5,561,251
Advance rent received	-	8,800,000
	<b>9,306,328,103</b>	<b>6,390,016,842</b>

**21 Provisions**

NSSF payable	179,992,311	116,267,474
PAYE payable	137,154,579	87,287,862
Professional fees payable	137,687,979	-
Withholding tax payable	1,030,982,859	883,285,408
Salary payable	-	20,720,497
Audit fees payable	10,000,000	6,894,000
SDL payable	29,545,581	10,406,792
WCF payable	3,517,066	2,896,864
	<b>1,528,880,375</b>	<b>1,127,758,897</b>

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

	2022	2021
	TZS	TZS
<b>22 Bank overdraft</b>		
Bank overdraft - USD	7,872,479,784	5,250,425,566
	<u>7,872,479,784</u>	<u>5,250,425,566</u>

The working capital loan from CRDB Bank Plc issued to Bagamoyo Sugar Limited has been secured against:

- 1) A first ranking legal mortgage over LO no. 352047 with CT No.84771 located at Plot no. 58/1, Mabibo, Kinondoni Municipality registered in the name of Said Salim Bakhresa & Co. Ltd.
- 2) A first ranking legal mortgage over LO no. 171862 with CT No. 102541 located at Plot no. 2046/2, Block 3 situated at Kurasini in Dar es Salaam city registered in the name of Cargo Terminal International Limited.
- 3) A first ranking legal mortgage over LO no. 331838 with CT No. 78672 located at Plot no. 2047, Block 3 situated at Kurasini in Dar es Salaam city registered in the name of Cargo Terminal International Limited.
- 4) A first ranking legal mortgage over LO no. 271771 with CT No. 102230 located at Plot no. 2048, Block 3 situated at Kurasini in Dar es Salaam city registered in the name of Cargo Terminal International Limited.
- 5) A first ranking legal mortgage over LO no. 331856 with CT No. 104184 located at Plot no. 2049, Block 3 situated at Kurasini in Dar es Salaam city registered in the name of Cargo Terminal International Limited.
- 6) A first ranking legal mortgage over LO no. 271272 with CT No. 102232 located at Plot no. 2050, Block 3 situated at Kurasini in Dar es Salaam city registered in the name of Cargo Terminal International Limited.
- 7) A first ranking legal mortgage over LO no. 907273 with CT No. 176669 located at Plot no. 2002, Block 1 situated at Kurasini in Temeke municipality registered in the name of Said Salim Bakhresa & Co. Ltd.
- 8) A first ranking legal mortgage over LO no. 748531 with CT No. 156361MG located at Farm no. 3565/1, Makurunge at Bagamoyo district, Coast Region registered in the name of Bagamoyo Sugar Limited.
- 9) A first ranking fixed and floating debenture over all the assets of the Bagamoyo Sugar Limited to secure USD 3,500,000 plus interest, costs and other charges thereon.
- 10) A cross company guarantee executed by Cargo Terminal International Limited and Said Salim Bakhresa & Company Limited to secure USD 3,500,000 plus, interest, costs and other charges thereon.
- 11) Directors' guarantee executed by Said Salim Awadh Bakhresa and Abubakar Said Salim Bakhresa to secure USD 3,500,000 plus interest, costs and other charges thereon.

The outstanding loan is USD 3.41 Million (Previous year 2021: USD 2.28 Million).

**23 Current tax**

Provision for tax current year	198,716,145	95,088,398
Advance tax paid	(191,260,990)	(80,688,957)
Withholding tax receivable	(1,023,912)	(960,000)
	<u>6,431,243</u>	<u>13,439,441</u>

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

24 Property, plant & equipment

Particulars	Land	Land Development, Roads, Drainages, Bridges and Culverts	Building	Bearer Plants	Irrigational Equipment	Earthmoving & Farming Equipment	Plant Machinery and Equipments	Computer & IT Equipment & Electric Line & Equipments	Harvesting and Loading Equipment	Furniture, Fixtures & Office Equipment	Motor Vehicles class I	Motor Vehicles Class II	Total
	TZS			TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
<b>Cost</b>													
Balances at 1st January 2021	356,247,690	-	-	3,851,413,499	12,309,569	18,204,038,008	4,902,131,376	204,829,616	-	259,446,332	1,579,577,594	5,397,911,763	34,767,905,446
Additions	-	-	4,409,341,272	762,454,510	4,345,787,516	1,340,892,631	450,939,854	50,936,467	326,449,552	323,133,815	83,143,518	145,018,000	12,238,097,136
Disposals / adjustments	-	-	-	-	-	(29,200,337)	-	(4,205,000)	-	-	(2,132,424)	-	(35,537,761)
Transfer to CWIP / Other Classes	-	-	-	(337,698,000)	-	-	-	-	-	-	-	-	(337,698,000)
Balances at 31st December 2021	356,247,690	-	4,409,341,272	4,276,170,009	4,358,097,085	19,515,730,302	5,353,071,230	251,561,083	326,449,552	582,580,147	1,660,588,688	5,542,929,763	46,632,766,821
Balances at 1st January 2022	356,247,690	-	4,409,341,272	4,276,170,009	4,358,097,085	19,515,730,302	5,353,071,230	251,561,083	326,449,552	582,580,147	1,660,588,688	5,542,929,763	46,632,766,821
Additions*	-	42,120,074,966	39,676,419,502	-	48,819,946,906	11,156,570,736	67,403,628,939	7,033,399,433	720,645,900	718,997,737	188,308,295	270,409,248	218,108,401,661
Transfer from CWIP / Other Classes	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at 31st December 2022	356,247,690	42,120,074,966	44,085,760,774	4,276,170,009	53,178,043,991	30,672,301,038	72,756,700,168	7,284,960,516	1,047,095,452	1,301,577,884	1,848,896,983	5,813,339,011	264,741,168,482
<b>Comprising:</b>													
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	356,247,690	-	-	4,276,170,009	53,178,043,991	30,672,301,038	72,756,700,168	7,284,960,516	1,047,095,452	1,301,577,884	1,848,896,983	5,813,339,011	178,535,332,742
<b>Accumulated depreciation</b>													
Balances at 1st January 2021	-	-	-	-	2,107,567	3,760,102,961	482,534,400	50,814,945	-	33,767,176	492,009,048	886,003,492	5,708,238,590
Depreciation for the year debited to P&L	-	-	483,215	610,881,430	-	-	-	35,009,423	-	52,526,293	15,697,216	-	714,597,577
Depreciation on disposals	-	-	-	-	-	(5,983,918)	-	(2,065,138)	-	-	(664,714)	-	(8,713,771)
Depreciation for the year transferred to CWIP	-	-	-	-	2,211,326	2,993,273,326	702,049,420	25,166,934	28,083,605	-	268,949,715	1,142,949,159	5,162,683,485
Balances at 31st December 2021	-	-	483,215	610,881,430	4,318,892	6,747,392,369	1,184,583,820	108,926,163	28,083,605	86,293,469	775,991,265	2,029,852,651	11,576,806,881
Balances at 1st January 2022	-	-	483,215	610,881,430	4,318,892	6,747,392,369	1,184,583,820	108,926,163	28,083,605	86,293,469	775,991,265	2,029,852,651	11,576,806,881
Depreciation for the year debited to P&L	-	2,106,003,748	976,535,004	610,881,430	1,616,805,844	2,672,961,800	2,144,700,381	164,273,893	133,712,152	109,395,481	135,535,028	474,311,456	11,145,116,216
Depreciation for the year transferred to other classes	-	-	-	-	-	930,880,848	165,552,183	-	-	-	-	550,832,139	1,647,265,171
Balances at 31st December 2022	-	2,106,003,748	977,018,219	1,221,762,860	1,621,124,736	10,351,235,018	3,494,836,384	273,200,056	161,795,757	195,688,950	911,526,293	3,054,996,247	24,369,188,268
<b>Carrying value</b>													
Balances at 31st December 2022	356,247,690	40,014,071,218	43,108,742,555	3,054,407,149	51,556,919,255	20,321,066,020	69,261,863,784	7,011,760,460	885,299,695	1,105,888,934	937,370,690	2,758,342,764	240,371,980,215
Balances at 31st December 2021	356,247,690	-	4,408,858,057	3,665,288,579	4,353,778,192	12,768,337,933	4,168,487,409	142,634,920	298,365,947	496,286,678	884,597,423	3,513,077,112	35,055,959,940

\*Additions during the year include interest cost on borrowings as per IAS 16

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

25 Intangible Assets

Particulars	Software TZS	Total TZS
<b><u>Cost</u></b>		
Balances at 1st January 2021	64,495,200	64,495,200
Balances at 31st December 2021	64,495,200	64,495,200
Balances at 1st January 2022	64,495,200	64,495,200
Balances at 31st December 2022	64,495,200	64,495,200
<b><u>Accumulated depreciation</u></b>		
Balances at 1st January 2021	24,538,474	24,538,474
Amortisation for the year	13,317,577	13,317,577
Balances at 31st December 2021	37,856,051	37,856,051
Balances at 1st January 2022	37,856,051	37,856,051
Amortisation for the year	8,878,828	8,878,828
Balances at 31st December 2022	46,734,879	46,734,879
<b><u>Carrying value</u></b>		
<b>Balances at 31st December 2022</b>	<b>17,760,321</b>	<b>17,760,321</b>
<b>Balances at 31st December 2021</b>	<b>26,639,149</b>	<b>26,639,149</b>

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

26 Disclosure of Related Party Affairs with Parent company

Name of Related Party	Nature of Transaction	Opening Balance 1st January 2022 Dr/(Cr)	Payment made during the year	Loans/Goods/ Services/ received during the year	Amount as 31st December 2022 Dr/(Cr)
Said Salim Bakhresa & Co	Import expenses	(208,672,486)	473,110,337	(264,437,851)	-
Said Salim Bakhresa & Co Ltd.	Transport expenses capitalized	(57,643,000)	700,431,128	(645,910,133)	(3,122,005)
Said Salim Bakhresa & Co Ltd.	Loan from Group Company	(53,748,879,613)	101,789,328,172	(151,846,754,807)	(103,806,306,248)
Said Salim Bakhresa & Co Ltd.	Amount due from Related Party	27,972,905,000	73,857,804,439	(101,830,709,439)	-
<b>Closing Balance</b>		<b>(26,042,290,099)</b>	<b>176,820,674,076</b>	<b>(254,587,812,229)</b>	<b>(103,809,428,253)</b>

Disclosure of Related Party Affairs with Sister companies / Share common structure / Ownship / Management

Name of Related Party	Nature of Transaction	Opening Balance 1st January 2022 Dr/(Cr)	Payment made during the year	Loans/Goods/ Services received during the year	Amount as 31st December 2022 Dr/(Cr)
Azam Polysacks Ltd.	Loan from Group Company	(25,808,507,050)	363,423,276	(2,757,383,966)	(28,202,467,740)
Azam Polysacks Ltd.	Sugar Bags Packing Material	-	633,861,308	(672,907,130)	(39,045,822)
AzamPay Tanzania Ltd.	Sundry Debtors	-	353,394,000	(493,377,000)	(139,983,000)
Tradegent Tanzania Ltd.	Expenses for Protective equipments	(10,596,400)	158,348,920	(147,752,520)	-
Bakhresa Food Products Ltd.	Rent expenses for registered address	-	3,090,000	(3,090,000)	-
United Group Limited	Fuel for Land Development	(174,878,340)	5,013,684,874	(4,822,695,540)	16,110,994
Azam Media Limited	Service Provider	-	236,000	(236,000)	-
Azam TV Limited	Service Provider	-	100,000	(100,000)	-
Azam Marine Company Limited	Intercompany Cash balance	(28,613,087)	175,238,885	-	146,625,798
Coastal Dredging Company (Tanzania) Limited	Fund Transfer	115,548,000	-	(115,548,000)	-
Reliable Property Developers Limited	Equipments Rental	-	115,548,000	(115,548,000)	-
Omar Packaging Industries Ltd.	Packing Material	-	222,135,039	(223,584,102)	(1,449,064)

Interest paid to the related parties

Name of Related Party	2022	2021
	(TZS)	(TZS)
Said Salim Bakhresa & Co Ltd.	6,914,172,744	5,364,517,219
Azam Polysacks Ltd.	2,650,905,897	2,509,747,638
<b>Total</b>	<b>9,565,078,641</b>	<b>7,874,264,857</b>

27 Contingent liabilities and commitments

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

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