

LYAWERE COMPANY LIMITED
ANNUAL REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2023

LYAWERE COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023

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COMPANY INFORMATION

DIRECTORS	Name	Position	Nationality
	Gasper E. Tesha	Chief Executive Officer	Tanzanian
	Gloria E. Tesha	Executive director	Tanzanian
	Mercy R. Koka	Director	Tanzanian
	Godhelp E. Tesha	Director	Tanzanian
	Diana E. Tesha	Director	Tanzanian

REGISTERED OFFICE : Bains Avenue off Chole Road,
AND PRINCIPAL PLACE OF BUSINESS : Masaki, Msasani Peninsula
: Dar es Salaam
: P.O. Box 6290
: Tanzania

COMPANY SECRETARY : Gasper E Tesha
: Dar es Salaam
: P.O. Box 6290
: Tanzania

INDEPENDENT AUDITOR : Sibe Financial Services
: Certified Public Accountants (Tanzania)
: P.O. Box 62951
: Dar es Salaam

PRINCIPAL BANKERS : Eco Bank
: Dar Es Salaam

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REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements of Lyawere Company Limited (the “Company”) for the year ended 31 December 2023 which disclose the state of affairs of the Company as at that date.

INCORPORATION

Lyawere Company Limited is a limited liability company which was incorporated in the United Republic of Tanzania on 21st April 2012 under the Companies Act, 2002 with certificate of incorporation number 87645 as a company limited by shares.

COMPANY'S VISION

To be the leading provider of end-to-end logistics and supply chain solutions in Tanzania and beyond.

COMPANY'S MISSION

To deliver high-quality, customized and cost-effective services in haulage and logistics, mining and industrial supplies, forwarding, and fuel and gas to our clients across various sectors.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of import and trading oil, haulage and logistics, mining industrial supplies.

FINANCIAL RESULTS

During the year the company had a net profit for the year of TShs 418,139,762 (previous year net loss - TShs 2,091,610,133).

DIVIDEND

The Board of Directors did not declare dividend during the year ended 31st December 2023.

SOLVENCY

The state of affairs of the Company as at 31 December 2023 are set out on page 11 of the financial statements. The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future.

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COMPOSITION OF THE BOARD OF DIRECTORS

The directors who held office during the year and at the date of this report are shown as follows:

Name	Nationality	Position	Age	Appointment
Gaspar E. Tesha	Tanzanian	CEO	39	21.04.2012
Gloria E. Tesha	Tanzanian	Director	37	21.04.2012
Mercy R. Koka	Tanzanian	Director	66	21.04.2012
Godhelp E. Tesha	Tanzanian	Director	41	21.04.2012
Diana E. Tesha	Tanzanian	Director	35	21.04.2012

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

DIRECTOR'S INTEREST

The directors hold a direct interest in the issued and paid up share capital of the company as disclosed below.

CAPITAL STRUCTURE AND SHAREHOLDING

The authorised share capital of the company is 2,000 shares of TShs 1,000,000 each. The issued and fully paid up share capital is 1,000 shares at discount rate of TZS 5,000 each. The shareholders of the company with their respective shareholdings is as follows:

Name of shareholders	2023	2022
	Number of ordinary shares	Number of ordinary shares
Gaspar E. Tesha	400	400
Gloria E. Tesha	100	100
Mercy R. Koka	200	200
Godhelp E. Tesha	200	200
Diana E. Tesha	100	100
	1000	1000

CORPORATE GOVERNANCE

The Board of Lyawere Company Limited consists of 5 Director, Chief Executive Officer, and the other directors who holds an executive position in the Company. The Board takes overall responsibility for the Company, including responsibility for 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 required to meet at least four times a year. The Board delegates the day to day management of the business to Managing Director assisted by senior management. Senior Management is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting 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. During the year the Board of Lyawere Company Limited has the following board sub-committees to ensure a high standard of corporate governance throughout the company.

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 operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the 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 behaviours 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 system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 2023 and is of the opinion that they met accepted criteria.

EMPLOYEES' WELFARE

Management and employees' relationship

There were continued good relation between employees and management for the year 2023. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and trade union.

The company is equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Health and safety

The company has a strong health and safety department which ensure that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

It has certificate of compliance from the Ministry of Home Affairs on fire and safety regulations whose primary objective is to ensure creation and maintenance of ideal work environment which are free from occupational hazards that may cause injuries or illness to all employees.

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Employee benefit plan

The company pays contributions to a publicly administered pension plan on mandatory basis which qualifies to be a defined contribution plan. The company contributes 10% of the employee's salary to National Social Security Fund (NSSF).

RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note..... to these financial statements.

AUDITORS

The company's auditors, Sibe Financial Services have expressed their willingness to start audit engagement in accordance with Section 170 of the Companies Act 2002 and are eligible for re-appointment. A resolution proposing the re-appointment as auditors of the company for the year ended 31 December 2023 will be tabled in the Annual General Meeting.

BY ORDER OF THE BOARD



Gasper E. Tesha
Chief Executive Officer

26th August 2024



Gloria E. Tesha
Executive Director

26th August 2024



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STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are required in terms of the Companies Act of United Republic of Tanzania 2002 to maintain adequate accounting records and are responsible for the content and integrity of the annual report and financial statements and related financial information included in this report. It is their responsibility to ensure that the annual report and financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards and the requirements of the Companies Act 2002. The external auditors are engaged to express an independent opinion on the annual report and financial statements.

The annual report and financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2002 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual report and financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2024 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

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STATEMENT OF DIRECTOR'S RESPONSIBILITIES CONT...

The external auditors are responsible for independently reviewing and reporting on the company's annual report and financial statements. The annual report and financial statements have been examined by the company's external auditors and their report is presented on page 10.

The annual report and financial statements set out on pages 11 to 23, which have been prepared on the going concern basis, were authorised and approved by the board on ~~27th Aug~~ 26th Aug 2024 and were signed on its behalf by:



Gasper E. Tesha
Chief Executive Officer

**BOARD OF DIRECTORS,
LYAWERE COMPANY LIMITED,
DAR ES SALAAM.**

Dear Chairperson,

REF: INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of **LYAWERE COMPANY LIMITED**, which comprise the statement of financial position as at 31st December 2023, 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 a summary of significant accounting policies and other explanatory notes.

Basis for opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs) and such other audit procedures we considered necessary in the circumstances. Our responsibility is to express an independent opinion on the financial statements based on the audit. The standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the financial institution's preparation and fair presentation of the financial statements 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 financial institution's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independence

We are independent of the company in accordance with the National Board of Accounts and Auditors code of ethics is consistent with international ethical standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained was sufficient and appropriate to provide a basis of our audit opinion.

The directors are responsible for the other information and report of directors.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 on the other information that we obtained prior to the date of this auditor's report, we conclude there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with Governance for the financial statements

The Directors of **LYAWERE COMPANY LIMITED**, are responsible for the preparation presentation of these financial statements that give a true and fair view of in accordance with International Financial Reporting Standards and the requirements of the companies ACT, 2002, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement the directors are responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances and assessing the company's ability to continue as going concern, disclosing, as applicable, the 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 the Financial Statements

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain responsible for our audit opinion.

We communicate with 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 Requirements

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

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



Benard King'unza
ACPA-PP-1946
Audit Partner



29/08/2024
Date

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2023 Tshs	2022 Tshs
Revenue	1.	108,127,619,359	69,289,661,227
Cost of sales	2.	(100,996,415,180)	(68,225,064,186)
Gross profit		7,131,204,179	1,064,597,041
Administrative expenses	3.	(1,702,100,736)	(826,729,449)
Operating expenses	4.	(4,094,498,744)	(1,930,535,462)
Selling and distribution expenses	5.	(70,626,614)	-
Operating profit/(loss)		1,263,978,084	(1,692,667,870)
Finance costs	6.	(845,838,323)	(374,800,724)
Profit/(loss) before tax		418,139,762	(2,067,468,595)
Tax charge	11.	-	(29,750,995)
Profit/(loss) for the year		418,139,762	(2,097,219,589)

The significant accounting policies on pages 15 to 21 and the notes on pages 22 to 26 form an integral part of these financial statements.

Report of the independent auditor - [page 10](#).

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STATEMENT OF FINANCIAL POSITION

	Notes	2023 Tshs	2022 Tshs
Assets			
Non current assets			
Plant, property and equipment	7.	4,943,916,927	1,429,650,629
Intangible Asset	8.	57,501,728	76,668,970
PPE in Transit	14.	-	1,093,600,000
		5,001,418,655	2,599,919,599
Current assets			
Inventories	9.	959,788,797	583,472,646
Trade and other receivables	10.	1,618,496,976	2,493,684,178
Current tax	11.	70,252,558	10,252,558
Cash and cash equivalents		983,835,586	641,681,859
		3,632,373,917	3,729,091,241
Total assets		8,633,792,571	6,329,010,840
Equity and liabilities			
Equity			
Share capital	12.	5,000,000	5,000,000
Retained profit		(2,449,856,488)	(2,071,155,925)
Shareholders' funds		(2,444,856,488)	(2,066,155,925)
Current liabilities			
Trade and other payables	13.	3,850,249,232	6,640,591,999
		3,850,249,232	6,640,591,999
Non current liabilities			
Borrowings	15.	7,228,399,827	1,754,574,766
		7,228,399,827	1,754,574,766
Total equity and liabilities		8,633,792,571	6,329,010,840

The financial statements on pages 11 to 26 were authorized and approved for issue by the Board of Directors on 26th August 2024 and were signed on its behalf by:



Gasper E. Tesha
Chief Executive Officer

The significant accounting policies on pages 15 to 21 and the notes on pages 22 to 26 form an integral part of these financial statements.

Report of the independent auditor - page 10.

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STATEMENT OF CHANGES IN EQUITY

	Share capital Tshs	Retained earnings Tshs	Total Tshs
Year ended 31 December 2023			
At start of year	5,000,000	(2,071,155,925)	(2,066,155,925)
Prior year tax assessment		(796,840,325)	(796,840,325)
Advance towards share capital	-	-	-
Total comprehensive income for the year		418,139,762	418,139,762
At end of year	5,000,000	(2,449,856,488)	(2,444,856,488)
Year ended 31 December 2022			
At start of year	5,000,000	26,063,665	31,063,665
Advance towards share capital	-	-	-
Total comprehensive income for the year		(2,097,219,589)	(2,097,219,589)
At end of year	5,000,000	(2,071,155,925)	(2,066,155,925)

The significant accounting policies on pages 15 to 21 and the notes on pages 22 to 26 form an integral part of these financial statements.

Report of the independent auditor - page 10.

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STATEMENT OF CASH FLOWS

	Notes	2023 Tshs	2022 Tshs
Cash generated from/(used in) operations			
Profit/(loss) before tax		418,139,762	(2,067,468,595)
Adjustments for:			
Depreciation on equipment	7.	1,561,485,498	476,569,852
Amortisation of intangible assets		19,167,243	19,167,243
(profit)/loss on disposal of equipment		-	-
Interest paid	6.	845,838,323	374,800,724
Changes in working capital:			
- inventories		(376,316,150)	(471,151,746)
- trade and other receivables		875,187,202	(2,493,684,178)
- trade and other payables		(2,790,342,767)	5,821,398,230
Cash generated from/(used in) operations		553,159,111	1,659,631,529
Interest paid	6.	(845,838,323)	(374,800,724)
Tax paid and withholding tax suffered	11.	(856,840,325)	(61,475,901)
Net cash generated from/(used in) operating activities		(1,149,519,537)	1,223,354,904
Investing activities			
Proceeds from disposal of equipment		-	44,000,000
Purchase of equipment	7.	(3,982,151,796)	(1,131,068,484)
Purchase of intangibles		-	-
Work in progress		-	-
Net cash used in investing activities		(3,982,151,796)	(1,087,068,484)
Financing activities			
Advance Towards Share Capital		-	-
Dividend		-	-
Proceeds from borrowings	15.	7,257,066,270	1,656,211,666
Loan Repayment	15.	(1,783,241,209)	(1,269,300,369)
Net cash (used in)/generated from financing activities		5,473,825,061	386,911,297
(Increase)/decrease in cash and cash equivalents		342,153,727	523,197,717
Movement in cash and cash equivalents			
At start of year		641,681,859	118,484,142
Effect of exchange rate changes - realised		-	-
(Increase)/decrease		342,153,727	523,197,717
At end of year		983,835,586	641,681,859

SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the Companies Act of United Republic of Tanzania. The financial statements have been prepared on the historical cost basis except where otherwise stated, and incorporate the principal accounting policies set out below. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets.

Going concern

The financial performance of the company is set out in the Director's report and in the statement of comprehensive income. The financial position of the company is set out in the statement of financial position.

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

These financial statements comply with the requirements of the Tanzanian Companies Act 2002. The statement of comprehensive income represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

b) Critical accounting estimates, judgements and assumptions

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Equipment

Critical estimates are made by the directors in determining depreciation rates for equipment. The rates used are set out in the accounting policy under equipment.

(ii) Useful lives of equipment

Management reviews the useful lives and residual values of the items of equipment on a regular basis. During the financial period, the directors determined no significant changes in the useful lives and residual values.

(iii) Impairment of trade receivables

Provision is made against accounts that in the estimation of management may be impaired. The management assesses recoverability of the accounts receivable based on a range of factors including the age of receivable and credit worthiness of the customer. The management on a regular basis estimates the likely financial condition of the customer and their ability to make subsequent payment.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Critical accounting estimates, judgements and assumptions (continued)

(iv) Operating lease commitments

The company has entered into lease over its office premises. Management has determined that the company has not obtained substantially all the risks and rewards of ownership of these premises, therefore the leases have been classified as operating leases and accounted for accordingly.

(v) Non financial assets

The company reviews its non financial assets to assess the likelihood of impairment on an annual basis. In determining whether such assets are impaired, management makes judgments as to whether there are any conditions that indicate potential impairment of such assets.

(vi) Revenue recognition

In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the performance of services set out in IFRS 15 by reference to the stage of completion of the transaction at the end of the reporting period.

(vii) Taxes

The company is subjected to several taxes and levies by various government and quasi - government regulatory bodies. As a rule of thumb, the Company recognizes liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes /levies. Should it come to the attention of management, in one way or the other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

c) New and amended standards adopted by the company

There are no IFRS's or IFRIC interpretations that are effective or adopted in advance for the first time for the financial year beginning on or after 1 January 2018 that would be expected to have a material impact on the company.

d) Equipment

All equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the 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 company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on straight line basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Equipment (continued)

Useful lives of items of plant and equipment have been assessed as follows:

Item	Rate %
Motor vehicles	25
Computer & Office Equipment	12.5
Building	5

The assets residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

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

Gains and losses on disposal of equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining loss before tax.

e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the performance of services, in the ordinary course of business and is stated net of Value Added Tax, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for the company's activity as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

Sales of service are recognised upon performance of the services rendered. Revenue accruals are included on the recognition date and are based on actual known revenue expected to be issued at a future date.

f) Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

- Financial assets

The company's financial assets which include trade and other receivables and cash and cash equivalents fall in the following category:

Loans and receivables: financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the statement of financial position date. All assets with maturities greater than 12 months after the statement of financial position date are classified as non-current assets. Changes in the carrying amount are recognised in the statement of comprehensive income.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

Management classify the fair value of financial assets based on the qualitative characteristics of the fair valuation as at the financial year end. Hierarchy Level 1 was used by the management where by the fair values are based on non-adjusted quoted process on active markets for identical financial assets.

- Financial liabilities

The company's financial liabilities which include trade and other payables and tax payable fall into the following category:

Financial liabilities measured at amortised cost: These include trade and other payables. These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income.

Fees associated with the acquisition of borrowing facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facilities will be acquired.

All financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to /(from) related party companies

These include loans to and from the related party companies, fellow subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to related party companies are classified as loans and receivables.

Loans from related party companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade and other receivables (continued)

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of comprehensive income.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are classified as financial liabilities at amortised costs.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, net of bank overdrafts. These are initially and subsequently recorded at fair value.

Restricted cash balances are those balances that the company cannot use for working capital purposes as they have been placed as a lien to secure borrowings.

g) Taxation

Current tax assets and liabilities

Current tax for current and prior period is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in the statement of comprehensive income for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

h) Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. Lease incentives received are recognised as a liability and reduction of rental expense on a straight line basis. This liability is not discounted. Any contingent rents are expensed in the period they are incurred.

Finance leases – lessee

Finance leases are capitalised at cost. Each lease payment is allocated between the liability and finance charges. The interest element is charged to the statement of comprehensive income over the lease period and is included under finance costs. Such plant and equipment is depreciated over its useful life.

i) Share capital

Ordinary shares are classified as equity.

j) Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Tanzania Shillings ("the functional currency"), by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

The resulting differences from conversion and translation are dealt with in the statement of comprehensive income in the period in which they arise.

l) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

LYAWERE COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

	2023	2022
	Tshs	Tshs
1. Revenue		
Revenue	108,127,619,359	69,289,661,227
	108,127,619,359	69,289,661,227
2. Cost of sales		
Opening inventory	583,472,646	112,320,900
Add: Purchases	94,555,360,069	65,317,411,951
Less: Closing inventory	959,788,797	583,472,646
Add:Direct costs 2 (a)	6,817,371,262	3,378,803,981
	100,996,415,180	68,225,064,186
2(a). Direct cost		
Fuel and Lubricants	3,155,766,753	2,525,982,183
Milleage Expenses	415,265,652	53,790,772
Transportation	611,259,393	43,709,868
Subcontract costs	66,918,737	231,344,926
Margin recall and discount sharing	384,554,173	427,372,326
Clearing charges	185,381,562	-
Overstay	64,770,417	-
Parking charges	60,512,031	-
Loading and offloading	41,012,703	-
Wightbridge Charges	34,846,247	-
Boarder charges	1,797,083,593	96,603,905
	6,817,371,262	3,378,803,981
3. Administrative expenses		
Employment costs {Note 3(a)}	1,294,113,103	509,117,525
Licence and permits	124,210,963	71,619,135
Office Rent	266,115,514	204,032,200
Stamp Duty	2,661,155	5,234,976
Management fees	-	30,725,613
Auditing Fee	15,000,000	6,000,000
	1,702,100,736	826,729,449
3(a). Employment costs		
Payroll expenses	1,119,801,654	401,941,227
NSSF	-	39,258,172
SDL	-	16,077,649
WCF	-	2,258,978
Staff Medical Es	5,845,950	-
Staff Training	6,875,000	-
Staff Airtime Es	6,874,000	-
	1,294,113,103	509,117,525

LYAWERE COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

	2023	2022
	Tshs	Tshs
4. Operating expenses		
Electricity expenses	34,142,903	49,311,816
Water charges	4,152,093	4,908,324
Stationary & Printing	44,042,814	25,719,481
Breakages	9,033,830	-
Building Repair and Maintenance	87,053,035	-
Office Repair and Maintenance	40,626,507	-
Telephone, internet, postage and stamps	1,924,274	8,915,355
Handling and parking charges	9,978,817	38,649,242
Software subscription	134,773,565	37,107,940
Fine & Penalties	17,032,955	10,759,370
M/v Repair and maintenance	1,147,853,482	724,098,913
Truck accident Costs	23,600,000	-
Container rent	-	31,800,000
Weight and measurement expenses	-	6,470,953
Waste and disposal Cost	-	7,236,520
Car wash and bridge Charges	4,812,253	8,913,000
Bounded Charges	29,232,878	-
Office expenses	50,082,623	
Staff uniforms	25,950,000	6,293,060
Office Meals	50,655,963	-
Insurance	333,001,777	106,949,652
Security	60,372,111	68,414,938
City services levy	298,828,592	299,249,805
Professional Fees	106,695,532	-
Amortization	19,167,243	19,167,243
Depreciation	1,561,485,498	476,569,852
	4,094,498,744	1,930,535,462
5. Selling and distribution expenses		
Franchise Fees	32,320,000	-
Travel expenses	38,306,614	-
	70,626,614	-
6. Finance costs		
Loan processing fees	130,373,750	23,042,373
Bank Charges	42,521,421	28,134,171
Foreign exchange loss (realised)	213,158,704	-
Interest on loan	459,784,448	323,624,180
	845,838,323	374,800,724

LYAWERE COMPANY LIMITED
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FOR THE YEAR ENDED 31ST DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Equipment

	Bulding	Computer & Other devices	Motor Vehicle	Office Equipment	Total
	TZS CLASS VI	TZS CLASS I	TZS CLASS II	TZS CLASS III	TZS
Year ended 31 December 2023					
Cost					
At start of year	-	27,448,044	5,303,391,350	34,845,864	5,365,685,258
Additions	320,101,236	-	4,755,650,561	-	5,075,751,796
Disposal	-	-	-	-	-
At end of year	320,101,236	27,448,044	10,059,041,911	34,845,864	10,441,437,055
Depreciation					
At start of year	-	10,293,017	3,914,809,663	10,931,950	3,936,034,629
Charge for the year	16,005,062	6,433,135	1,536,058,062	2,989,239	1,561,485,498
Disposal	-	-	-	-	-
At end of year	16,005,062	16,726,152	5,450,867,725	13,921,189	5,497,520,128
Net book value	304,096,174	10,721,892	4,608,174,186	20,924,675	4,943,916,927
Year ended 31 December 2022					
Cost					
At start of year	-	-	5,347,391,350	24,825,424	5,372,216,774
Additions	-	27,448,044	-	10,020,440	37,468,484
Disposal	-	-	(44,000,000)	-	(44,000,000)
At end of year	-	27,448,044	5,303,391,350	34,845,864	5,365,685,258
Depreciation					
At start of year	-	-	3,451,949,101	7,515,676	3,459,464,777
Charge for the year	-	10,293,017	462,860,562	3,416,273	476,569,852
Disposal	-	-	-	-	-
At end of year	-	10,293,017	3,914,809,663	10,931,950	3,936,034,629
Net book value	-	17,155,028	1,388,581,687	23,913,914	1,429,650,629

In the opinion of directors, there is no impairment in the value of equipment.

LYAWERE COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023	2022
	Tshs	Tshs
8. Intangible asset		
At start of year	95,836,213	95,836,213
Addition	-	-
At end of year	<u>95,836,213</u>	<u>95,836,213</u>
Amortization		
At start of year	19,167,243	-
Charge for the year	19,167,243	19,167,243
At end of year	<u>38,334,485</u>	<u>19,167,243</u>
Net book value	<u>57,501,728</u>	<u>76,668,970</u>
9. Inventories		
Stock	959,788,797	583,472,646
	<u>959,788,797</u>	<u>583,472,646</u>
10. Trade and other receivables		
Trade receivables	1,304,486,362	2,173,184,178
Prepayments	182,500,000	320,500,000
VAT recoverable	62,442,952	-
VAT refund Account	69,067,662	-
	<u>1,618,496,976</u>	<u>2,493,684,178</u>
11. Tax		
Taxable (loss)/Income for the year	418,139,762	(2,067,468,595)
Less: Loss Carried forward as per S. 19 of ITA	<u>(1,502,431,352)</u>	-
Taxable (loss)/Income after adjustment	(1,084,291,590)	(2,067,468,595)
Current tax (30%)	-	-
Penalties/interest	-	1,381,880
Prior year tax assessment	796,840,325	28,369,115
	<u>796,840,325</u>	<u>29,750,995</u>
Tax movement - (recoverable)/payable		
At start of year	(10,252,558)	21,472,349
Charge for the year	796,840,325	29,750,995
Provision Tax paid	(60,000,000)	(17,700,000)
Previous year corporate tax paid	-	(21,472,349)
Previous year additional tax assessments paid	(796,840,325)	(22,303,552)
	<u>(70,252,558)</u>	<u>(10,252,558)</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023	2022		
	Tshs	Tshs		
12. Share capital				
Authorized share capital:				
1000 shares of Tshs 5,000 each	5,000,000	5,000,000		
Issued and fully paid:				
1000 shares at Tshs 5,000 each	5,000,000	5,000,000		
13. Trade and other payables				
Short term loans (ECO Bank)	-	30,058,053		
Trade payables	3,835,249,232	6,523,706,474		
Payroll Payable	-	6,224,671		
Accrued Expenses	15,000,000	63,809,243		
VAT	-	16,793,558		
	3,850,249,232	6,640,591,999		
14. PPE in transit				
	Opening Bal	Addition	Trans to PPE	Closing Bal
FAW Trucks	1,093,600,000	-	(1,093,600,000)	-
	1,093,600,000	-	(1,093,600,000)	-
15. LOANS				
	Opening Bal	Addition	Repayment	Closing Bal
ECO Bank (778m)	285,838,256	-	(285,838,256)	-
ECO Bank (599m)	434,546,389	-	(197,530,829)	237,015,560
CRDB Bank (1b)	655,721,753	-	(122,707,756)	533,013,997
CRDB IPF 2023	-	259,671,466	(191,473,217)	68,198,249
CRDB VAF 31 TRUCKS	-	6,276,278,404	(692,572,134)	5,583,706,269
Scania Finance	71,668,368	-	(71,668,368)	-
Director's loan	306,800,000	-	(128,700,648)	178,099,352
Transnovation	-	321,116,400	(92,750,000)	228,366,400
Mkombozi Bank	-	400,000,000	-	400,000,000
	1,754,574,766	7,257,066,270	(1,783,241,209)	7,228,399,827