

SEED CO TANZANIA LIMITED
ANNUAL REPORT
AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

SEED CO TANZANIA LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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SEED CO TANZANIA LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2022**

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Seed Co Tanzania Limited
1st Floor, Sable Square Shopping Mall
Plot No. 582
P.O. Box 12281
Arusha
Tanzania

BANKERS

Stanbic Bank Tanzania Limited
Arusha Branch
P.O. Box 3062
Arusha
Tanzania

NMB Bank Plc
Ngarenaro Branch
P.O. Box 9213
Dar es Salaam
Tanzania

CRDB Bank Plc
Meru Branch
P.O. BOX 268
Dar es Salaam
Tanzania

COMPANY SECRETARY

Tichaona Ravasingadi
Seed Co Tanzania Limited
Tanzania

LEGAL ADVISOR

FK Law Chambers, Advocates
23 Barrack Obama Drive
Sea View - Upanga
PO Box 20787
Dar es Salaam
Tanzania

COMPANY AUDITOR

Ernst & Young
4th Floor, Tanhouse Tower
Plot No. 34/1 - Ursino South
New Bagamoyo Road
P. O. Box 2475
Dar es Salaam
Tanzania

SEED CO TANZANIA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

1. INTRODUCTION

The directors submit their report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of Seed Co Tanzania Limited (the "Company").

2. INCORPORATION

The Company is incorporated in Tanzania under Companies Act, 2002 of Tanzania as a private company limited by shares. The address of the registered office is set out on page 1.

3. MISSION AND VISION

Vision Statement:

To dominate the seed business in Africa.

Purpose:

We breed, seed, feed and lead in Africa.

Shared Values:

Our passion to deliver; winning together; quality in everything we do; learning every day every way; people our pride.

4. PRINCIPAL ACTIVITIES

The principal activities of the Company are purchasing, conditioning, processing and sale of registered hybrid seed produced under contract and traded under the Seed Co brand.

5. SHAREHOLDING

The shareholding of the Company as at year-end was as stated below:

	31 March 2022	31 March 2021
Seed Co International Limited (Botswana)	99.99999%	99.99999%
Clive Mugadza	0.00001%	0.00001%
	<u>100%</u>	<u>100%</u>

6. CAPITAL STRUCTURE

The Company's authorized, issued and paid share capital is TZS 2,129,000,000 for the year ended 31 March 2022 (2021: TZS 2,129,000,000).

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

7. COMPOSITION OF BOARD OF DIRECTORS

The directors of the Company who held office during the year and to the date of this report were:

Name	Position	Age	Nationality	Professional qualification
Morgan Nzwere	Chairman	56	Zimbabwean	Chartered Accountant and Master in Business Leadership
Michael Ngoro	Director	57	Zimbabwean	Agricultural Economics
Cilve Mugadza	Managing Director	51	Zimbabwean	Master in Business Administration
Chagama Kadera	Director	62	Kenyan	Doctorate in Agriculture
Kallunde Sibuga	Director	69	Tanzanian	Doctorate in Agriculture
John Matorofa	Director	55	Zimbabwean	Chartered Accountant and Master in Business Administration
Tichaona Ravasingadi	Finance Director	39	Zimbabwean	Chartered Accountant

In accordance with the Company's Articles of Association, the directors are not required to retire by rotation. With the exception of the Managing Director and Finance Director, the rest of the directors are non-executive.

8. DIRECTORS' REMUNERATION

Directors' remuneration for services as directors and for managerial services is TZS 941 million (2021: TZS 1,034 million).

9. OPERATIONAL EFFICIENCY

Due to the persistent power outages, the Company lost 103-man hours (2021: 56-man hours).

10. WELFARE OF EMPLOYEES

Relationship between management and employees

The relationship between employees and management continued to be good. There were no serious unresolved complaints received by management from individual employees or groups thereof. Any grievances are resolved through the annual staff meeting or as prescribed by the Seed Co Limited Group Human Resources Policy.

Medical facilities

Medical care continued to be provided to all members of the Company staff.

Financial help

This was provided to all grades of staff on case by case basis.

SEED CO TANZANIA LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2022

11. RELATED PARTY TRANSACTIONS

Details of transactions and balances with related parties are disclosed in Note 23 to the financial statements. All transactions with related parties were carried out at commercial terms.

12. GENDER PARITY

The Company is an 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, tribe, religion and disability which does not impair ability to discharge duties. As at 31 March 2022, the Company had the following distribution of employees by gender.

Gender	31 March 2022	31 March 2021
Male	34	37
Female	10	12
Total	44	49

The total remuneration paid to the employees during the year was TZS 1,947 million (2021: TZS 2,011 million).

13. CORPORATE GOVERNANCE

The directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing the directors therefore confirm that:

- The Board of Directors met regularly throughout the year;
- An Audit Committee met four times during the year;
- They retain full and effective control over the Company and monitor executive management;
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

SEED CO TANZANIA LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2022

14. MANAGEMENT OF THE COMPANY

The Company is under the supervision of the Board of Directors ("the Board") and the day to day management is entrusted to the Managing Director.

The Board comprises of non-executive directors. The Board is appointed by the shareholders at the Annual General meeting. The Board is composed of representatives from the main shareholder, Seed Co International Limited (Botswana), and others who are not affiliated to any shareholder.

The organization structure of the Company comprises of the following departments:

- Accounts and Administration Department
- Production Department
- Processing Department
- Sales and Marketing
- Research Department

All departments are headed by managers. The Managing Director and Finance Director report to the Board and all Department managers report to the Managing Director.

15. ADMINISTRATIVE MATTERS

The Company is capable of handling all administrative matters.

16. FUTURE DEVELOPMENT PLAN

To expand distribution network to cover the entire of Tanzania.

17. RESULTS FOR THE YEAR

The results for the year are set out on page 13 and are summarized as follows:

	2022 TZS'000	2021 TZS'000
Profit before tax	11,501,942	10,771,552
Tax	(3,554,262)	(3,302,917)
Profit after tax	<u>7,947,680</u>	<u>7,468,635</u>

18. SOLVENCY EVALUATION

The Company's state of affairs as at 31 March 2022 is set out on page 14 of the financial statements. The directors have reviewed the current financial position of the Company. On the basis of this review together with the current business plan, the directors are satisfied that the Company is a solvent going concern within the meaning ascribed by the Companies Act, 2002 of Tanzania.

SEED CO TANZANIA LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2022

19. GOING CONCERN CONSIDERATION

The Company generated a profit after tax of TZS 7,947 million (2021: TZS 7,468 million) making the total retained earnings of TZS 18,921 million (2021: TZS 14,708 million). The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

20. 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 behaviour 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 with such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's 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 31 March 2022 and is of the opinion that they met accepted criteria.

21. POLITICAL AND CHARITABLE DONATIONS

The Company has not made any political or charitable donations during the year.

22. ENVIRONMENTAL MATTERS

The Company complied with standards of industrial safety and environmental regulations established by various authorities to the best of its knowledge.

23. CORPORATE SOCIAL RESPONSIBILITY

The Company did not participate in any corporate social responsibility activities during the year.

24. RESERVES

At 31 March 2022, the Company had retained earnings of TZS 18,921 million (2021: retained earnings of TZS 14,708 million) as set out on page 15 in the financial statements.

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

25. DISABLED PERSONS

The Company has a policy of continued employment of employees who become disabled while in the Company's service.

26. DIVIDEND

The Board did not recommend dividend payment in respect of the year ended 31 March 2022 (2021: The Board recommended payment of TZS 3,734 million).

27. SUBSEQUENT EVENTS

There are no subsequent events that have occurred which require either to be disclosed or to be adjusted in the financial statements.


28. AUDITORS

Ernst & Young were the Company's auditors for the year ended 31 March 2022. They have expressed their willingness to continue as auditors and are eligible for reappointment.

BY ORDER OF THE BOARD


CLIVE MUHADZA
Name

DIRECTOR
Title


Signature

TICHONA RAUSINANI
Name

DIRECTOR
Title


Signature

11 May 2022
Date

SEED CO TANZANIA LIMITED



STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2022

The Companies Act, 2002 of Tanzania requires directors to prepare financial statements for each financial year that present fairly the state of financial affairs of the Company as at the end of the financial year and of its profit or loss for the year. 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. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the 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 (IFRS) and the requirements of the Companies Act, 2002 of Tanzania.

The Companies Act, 2002 of Tanzania requires the directors to prepare financial statements for each financial year which present fairly the state of financial affairs of the Company as at the end of the financial year and of the Company's operating results for that year. It also requires the directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The financial statements were approved by the Board of Directors for issue and signed on its behalf by:

<u>CLIVE MUKABAZA</u> Name	<u>DIRECTOR</u> Title	 Signature
<u>SICHANJA PAUSI NFIADI</u> Name	<u>DIRECTOR</u> Title	 Signature

11 May 2022
Date

DECLARATION BY THE FINANCE DIRECTOR
FOR THE YEAR ENDED 31 MARCH 2022

The National Board of Accountants and Auditors (NBAA) according to the power conferred to it under the Auditors and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance 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 to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's financial position and performance in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania. Full legal responsibility for the preparation of the financial statements rests with the Board of Directors as stated under the Statement of Directors' Responsibilities on the previous page.

I FELIX BONIFACE SILAYO being the Chief Accountant of Seed Co Tanzania Limited hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 March 2022 have been prepared in compliance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

I thus confirm that the financial statements give a true and fair view of the financial position of Seed Co Tanzania Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by:  _____

Name: FELIX BONIFACE SILAYO

Position: Chief Accountant

NBAA Membership No: GA4215

Date: 11 May 2022



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www.ey.com

INDEPENDENT AUDITOR'S REPORT
To the shareholders of Seed Co Tanzania Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Seed Co Tanzania Limited (the 'Company') set out on pages 13 to 49, which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Seed Co Tanzania Limited as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 Company Information, Directors' Report, Statement of Directors' Responsibilities and the Declaration by the Head of Finance. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance thereon.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

To the shareholders of Seed Co Tanzania Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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 of Tanzania, 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 the 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 disclosures made by the directors.



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INDEPENDENT AUDITOR'S REPORT (Continued)
To the shareholders of Seed Co Tanzania Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

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

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, 2002 of Tanzania and for no other purposes.

As required by the Companies Act, 2002 of Tanzania, 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 purpose 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 Directors' Report is consistent with the financial statements;
- iv. Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and,
- v. The Company's statement of financial position and statement of profit or loss and statement of comprehensive income are in agreement with the books of account.


CPA Dr. Neema Kiure (FCPA 1227) 

For and on behalf of Ernst & Young
Certified Public Accountants
Dar es Salaam

Date: 24th June, 2022

SEED CO TANZANIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 TZS'000	2021 TZS'000
Revenue from contracts with customers	3	44,265,671	41,061,205
Cost of sales	4	<u>(22,897,252)</u>	<u>(21,969,822)</u>
Gross profit		21,368,419	19,091,383
Other income	5	332,750	1,096,448
Selling and distribution expenses	6	(3,932,765)	(3,463,433)
Research expenses	7	(1,750,361)	(1,594,781)
Administrative expenses	8	<u>(4,821,742)</u>	<u>(4,124,962)</u>
Operating profit		11,196,301	11,004,655
Net foreign exchange gains/(losses)	9	293,400	(286,725)
Finance income	10	186,660	156,136
Finance expenses	11	<u>(174,419)</u>	<u>(102,514)</u>
Profit before tax		11,501,942	10,771,552
Income tax expense	12	<u>(3,554,262)</u>	<u>(3,302,917)</u>
Profit for the year		7,947,680	7,468,635
Other comprehensive income		-	-
Total comprehensive income, net of tax		<u>7,947,680</u>	<u>7,468,635</u>
Basic and diluted earnings per share (TZS)	19	<u>3.73</u>	<u>3.51</u>

SEED CO TANZANIA LIMITED


STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

ASSETS	Notes	2022 TZS'000	2021 TZS'000
Non-current assets			
Plant and equipment	13	1,075,333	1,076,819
Right-of-use assets	14	207,310	513,565
Deferred tax asset	12	478,638	713,913
		<u>1,761,281</u>	<u>1,590,384</u>
Current assets			
Inventories	15	2,881,408	3,346,689
Income tax recoverable	12	201,989	-
Trade and other receivables	16	12,331,011	11,013,924
Cash and bank balance	17	9,948,970	4,522,647
		<u>25,363,378</u>	<u>19,597,173</u>
TOTAL ASSETS		<u>27,124,659</u>	<u>21,187,558</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	18	2,129,000	2,129,000
Revaluation reserve		54,845	54,845
Retained earnings		18,921,859	14,708,497
		<u>21,105,704</u>	<u>16,892,342</u>
Current liabilities			
Trade and other payables	20	5,641,472	3,676,003
Lease liabilities	21	136,203	410,359
Contract Liabilities	22	241,280	178,466
Income tax payable	12	-	30,388
		<u>6,018,955</u>	<u>4,295,216</u>
TOTAL EQUITY AND LIABILITIES		<u>27,124,659</u>	<u>21,187,558</u>

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on the 11 May 2022 and were signed on its behalf by:

CLIVE NURADZA
Director

TICHAONA PROKISHANU
Director


Signature


Signature

SEED CO TANZANIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Share capital (Note 19)	Revaluation Reserve	Retained earnings	Total equity
	TZS'000	TZS'000	TZS'000	TZS'000
At 1 April 2021	2,129,000	54,845	14,708,497	16,892,342
<i>Profit for the year</i>	-	-	7,947,680	7,947,680
<i>Other comprehensive income, net of tax</i>	-	-	-	-
Total comprehensive income, net of tax	-	-	7,947,680	7,947,680
Dividends declared	-	-	(3,734,318)	(3,734,318)
At 31 March 2022	2,129,000	54,845	18,921,859	21,105,704
At 1 April 2020	2,129,000	54,845	10,133,007	12,316,852
<i>Profit for the year</i>	-	-	7,468,635	7,468,635
<i>Other comprehensive income, net of tax</i>	-	-	-	-
Total comprehensive income, net of tax	-	-	7,468,635	7,468,635
Dividends declared	-	-	(2,893,146)	(2,893,146)
At 31 March 2021	2,129,000	54,845	14,708,497	16,892,342

SEED CO TANZANIA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 TZS'000	2021 TZS'000
OPERATING ACTIVITIES			
Profit before tax		11,501,942	10,771,552
<i>Adjustment for non-cash items:</i>			
Depreciation of plant and equipment and right of use	13 & 14	879,646	994,153
Profit on disposal of plant and equipment	5	(114,018)	(8,378)
Net foreign exchange differences	9	(293,400)	286,725
Interest income	10	(186,660)	156,136
Interest cost	11	174,419	102,514
<i>Changes in working capital:</i>			
Decrease/(increase) in inventories		465,281	(990,500)
Increase in trade and other receivables		(1,317,087)	(2,555,059)
Increase in contract liabilities		62,814	9,046
Increase/ (decrease) in trade and other payables		1,965,469	(2,558,384)
Cash flows from operating activities		13,138,406	5,895,532
Interest paid	11	(139,933)	(102,514)
Payment of interest portion of lease liabilities	21	(34,486)	(24,544)
Income tax paid	12	(3,551,364)	(3,200,000)
Net cash flows from operating activities		9,412,623	2,568,474
INVESTING ACTIVITIES			
Interest received	10	186,660	156,136
Proceeds from disposal of plant and equipment		124,415	4,082
Purchase of plant and equipment	13	(582,301)	(385,357)
Net cash flows used in investing activities		(271,226)	(225,139)
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	21	(274,156)	(331,612)
Dividends paid		(3,734,318)	(2,893,146)
Net cash flows used in financing activities		(4,008,474)	(3,224,758)
Net increase/(decrease) in cash and cash equivalents		5,132,923	(881,422)
Net foreign exchange differences		293,400	(286,725)
Cash and cash equivalents at 1 April		4,522,647	5,690,794
Cash and cash equivalents at 31 March	17	9,948,970	4,522,647

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. COMPANY INFORMATION

The financial statements of Seed Co Tanzania Limited for the year ended 31 March 2022 were authorized for issue in accordance with a resolution of the directors. The Company is domiciled and incorporated in Tanzania under the Companies Act, 2002. The registered office is located at Arusha, Tanzania.

The principal activities of the Company are described in the Directors' report.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except and where applicable for those financial assets and liabilities that are measured at fair value. The financial statements are presented in Tanzanian Shillings.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the requirements of the Tanzania Companies Act, 2002.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the cost of assets over their expected useful lives. The annual rates of depreciation which have been consistently applied are:

Asset class	Useful life
Plant and machinery	5 - 8 years
Computers	3 years
Furniture, fittings and equipment	5 - 8 years
Motor vehicles	5 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognized.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year end.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are valued at the lower of cost and estimated net realizable value. Cost incurred in bringing each product to its present location and conditions are accounted for as follows:

Parent and commercial seed - actual cost

Stores and consumables - on the purchase cost on a first-in-first out basis

Growing crops at Research stations are not brought to account as all expenditure relating thereto is of a research nature and is written off to the profit or loss when incurred.

Net realizable value is estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Foreign currency translation

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 Company operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Taxation

i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. The current tax rate is 30%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary and all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss and other comprehensive income. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 amount of the obligation. Where the Company expects some or all of 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. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Revenue recognition above.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company's financial assets comprise financial assets at amortized cost (debt instruments) and derivative instruments that are classified as financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include trade and other receivables and bank balances.

Derivative financial instruments

The Company enters into forward foreign exchange contracts with banks. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in profit or loss.

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets including recent market transactions.

A derivative is disclosed as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are disclosed as current assets or current liabilities.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalent

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: the contract involves the use of an identified asset; this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company has applied the cost model to the right of use assets.

Company as a lessee

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The depreciation rate applied to the right of use assets are as follows:

The Company recognizes a lease liability at the date of initial application for leases previously classified as operating leases. The Company measures that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from an assessment of whether it will exercise extension or termination option. The Company uses single discount rate to all of the leases due to having similar characteristics (similar nature and same remaining lease term). When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right of use assets and lease liabilities for short-term leases of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities not at fair value through profit or loss, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, and borrowings.

Subsequent measurement

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the company.

Pensions and other post-retirement benefits

All of the company employees are members of the National Social Security Fund ("NSSF"), which is a defined contribution plan. The Company and local employees both contribute 10% of the employees' gross salaries to the NSSF. The Company's contributions are charged to profit or loss when incurred.

Revenue recognition

Revenue represents income arising in the course of Company's ordinary activities, which leads to an increase of economic benefits during the accounting period. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The Company applied the portfolio approach in assessing the contracts.

Payments from customers for which no goods have been transferred are carried in the statement of financial position as a contract liability until when the control of the related goods passes to the customer.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (continued)

The five-step model stipulated in IFRS 15 Revenue from contracts with customers is applied when accounting for revenue from contracts with customers. The Company accounts for a revenue contract with a customer only when all the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- The Company can identify each party's rights regarding the goods or services to be transferred;
- The Company can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance (i.e., the risk, timing or amount of future cash flows is expected to change as a result of the contract)

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies on financial assets in Financial Assets above.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

Cost to obtain a contract

If the Company pays sales commission to obtain contracts with customers, the Company defers and amortizes these costs over the period of the contract during which the services are transferred to the customers. The Company currently has no such costs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in the normal operating cycle;

- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates if different assumptions were used and different conditions existed.

In particular, management has identified has the following areas where significant judgements, estimates and assumptions are required, and where if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the financial statements.

Assets useful lives

The estimated useful lives and residual values of items of property, plant and equipment, and right of use assets are reviewed annually and are in line with the rates at which they are depreciated.

Refer to Notes 13 and 14 for the carrying amounts of property, plant and equipment and right of use assets.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Intangible assets are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimating variable consideration for volume rebates

The Company's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Company updates its assessment of volume rebates monthly and the refund liabilities are adjusted accordingly. Estimates of volume rebates are sensitive to changes in circumstances and the Company's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.

Refer to Note 22 for further disclosures on rebate liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Refer to Note 12 for further disclosures including the carrying amounts of current income and deferred tax.

Incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and makes specific adjustments (such as the company's credit spread, or to reflect the terms and conditions of the lease).

Lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

Expected credit losses

The Company assesses the financial assets portfolio to determine whether an impairment loss should be recorded in the profit or loss. The Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of an individual debtor in that portfolio.

The Company performs impairment assessment during recognition of the financial assets taking into consideration forward looking information pertaining to a specific debtor or a certain debtor's portfolio.

The Company's business model is such that expected credit losses for trade receivables are assessed at this level. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

More disclosures on expected credit losses are included in Notes 16 and 29(c) .

Contingent liabilities

By their nature, contingent liabilities will only be resolved when one or more future events occur or fail to occur. The assessment of such contingent liabilities inherently involves the exercise of significant judgement and estimates of the outcome of future events.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the Company may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the Company could be materially affected by the unfavourable outcome of litigation.

Refer to Note 24 for further disclosures on contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations effective during the year

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2021. These pronouncements had no significant impact on the financial statements of the Company except as described below. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective

New and amended standard issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are not expected to have a significant impact on the Company's financial statements.

The new standards and interpretations are listed below:

- Definition of Accounting Estimates - Amendments to IAS 8 - effective 1 January 2023
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - effective 1 January 2023
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current - effective 1 January 2023
- Reference to the Conceptual Framework - Amendments to IFRS 3 - effective 1 January 2022
- IFRS 17 Insurance Contracts - effective 1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 - postponed indefinitely.
- Amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (including Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9 issued in June 2020):
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - effective 1 Jan 2023

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	TZS'000	TZS'000
3 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Maize seeds	43,732,559	40,233,017
Soya beans	234,778	31,378
Parent seeds	279,675	222,750
Wheat seeds	18,659	574,060
	<u>44,265,671</u>	<u>41,061,205</u>
4 COST OF SALES		
Maize seeds	19,489,082	18,309,868
Soya beans	167,910	22,046
Parent seeds	167,343	124,476
Depreciation of plant and equipment	321,285	600,009
Wheat seeds	12,632	416,213
Other	2,739,000	2,497,210
	<u>22,897,252</u>	<u>21,969,822</u>
5 OTHER INCOME		
Sundry income	332,750	1,096,448
	<u>332,750</u>	<u>1,096,448</u>
6 SELLING AND DISTRIBUTION EXPENSES		
Travel expenses	451,417	297,413
Accommodation and subsistence expenses	158,314	121,881
Warehouse rental	18,626	7,577
Advertising expenses	1,316,179	1,146,253
Other selling and distribution expenses	1,988,229	1,890,309
	<u>3,932,765</u>	<u>3,463,433</u>
7 RESEARCH EXPENSES		
Salary and wages	114,015	113,740
Employer contribution to pension fund	16,019	11,166
Travelling and other costs	1,620,327	1,469,875
	<u>1,750,361</u>	<u>1,594,781</u>

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

	2022 TZS'000	2021 TZS'000
8 ADMINISTRATION EXPENSES		
Employee benefits costs	1,962,962	2,011,533
Rent and rates	58,034	10,901
Depreciation of other equipment	566,657	376,801
Fuel costs	44,712	38,047
Travel expenses	190,434	66,362
Telephone and fax	67,392	60,606
Repair and maintenance	96,789	94,235
Legal and professional fees	230,634	127,118
Auditors' remuneration	102,179	100,705
Management fees	1,012,743	1,015,667
Others	489,206	222,987
	<u>4,821,742</u>	<u>4,124,962</u>
The above employee benefits costs comprise of:		
Salaries and wages	1,118,319	1,052,653
Salaries incentive & bonus scheme	163,172	260,297
Skills development levy	50,960	55,087
Staff other costs	498,676	514,201
Employer contribution to pension fund	131,835	129,295
	<u>1,962,962</u>	<u>2,011,533</u>
9 GAIN/(LOSS) ON FOREIGN CURRENCY TRANSLATION		
Exchange gain - realised	588	26,787
Exchange loss - realised	(553)	(27,266)
Sub-total	<u>35</u>	<u>(479)</u>
Exchange gain - unrealised	1,550,875	1,449,849
Exchange loss - unrealised	(1,257,510)	(1,736,095)
Sub-total	<u>293,365</u>	<u>(286,246)</u>
Net foreign exchange gains/(losses)	<u>293,400</u>	<u>(286,725)</u>
10 FINANCE INCOME		
Interest received	186,660	156,136
	<u>186,660</u>	<u>156,136</u>
11 FINANCE EXPENSES		
Bank charges	123,935	102,514
Interest charges	50,484	-
	<u>174,419</u>	<u>102,514</u>

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

	2022 TZS'000	2021 TZS'000
12 TAXATION		
a) Current income tax expense		
Current income tax charge - current year	3,318,987	3,363,212
Current income tax charge - prior years	-	40,628
Deferred tax charge/(credit) - current year	<u>235,275</u>	<u>(100,923)</u>
	<u>3,554,262</u>	<u>3,302,917</u>
b) Reconciliation of tax expense to tax based on accounting profit:		
Accounting profit before tax	<u>11,501,942</u>	<u>10,771,552</u>
Tax calculated at the tax rate of 30% (2021: 30%)	<u>3,450,583</u>	<u>3,231,466</u>
Tax effect of:		
Expenses not deductible for tax purposes	103,679	30,823
Current income tax charge: prior years	-	40,628
Income tax charge	<u>3,554,262</u>	<u>3,302,917</u>
At effective rate of	30.90%	30.66%
c) Deferred tax asset		
Deferred tax relates to the following: -		
Accelerated capital allowances	(445,615)	(319,361)
Unrealized forex gains/(losses)	286,383	(286,246)
Movement in provisions	<u>(8,418,679)</u>	<u>(8,756,552)</u>
	<u>(8,577,911)</u>	<u>(9,362,159)</u>
Deferred tax asset thereon at 30%	(2,573,373)	(2,808,648)
Less: Opening deferred tax	(713,913)	(612,990)
Less: Deferred tax not recognized	2,094,735	2,094,735
Deferred tax expense/(credit)	<u>235,275</u>	<u>(100,923)</u>
d) Current income tax recoverable/(payable)		
At the beginning of the year	(30,388)	158,886
Current income tax charge: prior years	-	(40,628)
Current income tax charge: current year	(3,318,987)	(3,363,212)
Provisional and prior year tax paid during the year	3,534,999	3,200,000
Withholding tax receivable	16,365	14,566
	<u>201,989</u>	<u>(30,388)</u>

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

13 PLANT AND EQUIPMENT

	Plant and Machinery TZS'000	Motor Vehicles TZS'000	Office Equipment TZS'000	Furniture and Fittings TZS'000	Computer Equipment TZS'000	Laboratory Equipment TZS'000	Total TZS'000
Cost							
At 1 April 2021	2,190,012	2,821,648	35,212	110,022	348,157	46,392	5,551,443
Additions	-	506,970	-	11,285	64,046	-	582,301
Disposals	-	(485,707)	-	-	-	-	(485,707)
At 31 March 2022	2,190,012	2,842,911	35,212	121,307	412,203	46,392	5,648,037
Accumulated depreciation							
At 1 April 2021	1,958,372	2,076,734	32,948	105,198	290,053	11,319	4,474,624
Charge for the year	155,654	388,420	704	6,577	30,532	-	581,887
Disposals	-	(483,807)	-	-	-	-	(483,807)
At 31 March 2022	2,114,026	1,981,347	33,652	111,775	320,585	11,319	4,572,704

Net Carrying Amount

At 31 March 2022	75,986	861,564	1,560	9,532	91,619	35,073	1,075,333
At 31 March 2021	231,640	744,914	2,264	4,824	58,104	35,073	1,076,819

No property and equipment has been pledged as collateral for liabilities.

The following categories of asset plant and machinery (TZS 1,830 million), Motor Vehicles (TZS 800 million), Office Equipment (TZS 32 million), Furniture and Fitting (TZS 75 million) and Computer Equipment (TZS 281 million) which are fully depreciated and still in use.

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

13 PLANT AND EQUIPMENT

	Plant and Machinery TZS'000	Motor Vehicles TZS'000	Office Equipment TZS'000	Furniture and Fittings TZS'000	Computer Equipment TZS'000	Laboratory Equipment TZS'000	Total TZS'000
Cost							
At 1 April 2020	2,155,189	2,531,057	35,212	110,022	300,229	38,838	5,170,547
Additions	34,823	290,591	-	-	52,389	7,554	385,357
Disposals	-	-	-	-	(4,461)	-	(4,461)
At 31 March 2021	2,190,012	2,821,648	35,212	110,022	348,157	46,392	5,551,443
Accumulated depreciation							
At 1 April 2020	1,712,659	1,738,353	31,845	97,463	268,706	3,283	3,852,309
Charge for the year	245,713	338,381	1,103	7,735	23,347	8,036	624,315
Disposals	-	-	-	-	(2,000)	-	(2,000)
At 31 March 2021	1,958,372	2,076,734	32,948	105,198	290,053	11,319	4,474,624
Net Carrying Amount							
At 31 March 2021	231,640	744,914	2,264	4,824	58,104	35,073	1,076,819
At 31 March 2020	442,530	792,704	3,367	12,559	31,523	35,555	1,318,238

No property and equipment has been pledged as collateral for liabilities.

The following categories of asset plant and machinery (TZS 322 million), Motor Vehicles (TZS 980 million), Office Equipment (TZS 20 million), Furniture and Fitting (TZS 56 million) and Computer Equipment (TZS 268 million) which are fully depreciated and still in use.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

14 RIGHT OF USE ASSET AND LEASE LIABILITIES

The Company has lease contracts for various items of property, plant and equipment used in its operations. Leases generally have a lease terms of between 6 months to 2 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are some lease contracts that include extension and termination options, which are further discussed below. There were no lease contracts with variable lease payments.

The Company also has certain leases with lease terms of 12 months or less and leases with low value. The Company applies the "short-term lease" and "lease of low-value assets" recognition exemptions for the leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	2022 TZS'000	2021 TZS'000
Cost		
At 01 April	1,177,418	625,674
Additions	-	-
Remeasurement	-	606,764
Disposal	(8,496)	(55,020)
At 31 March	<u>1,168,922</u>	<u>1,177,418</u>
Accumulated depreciation		
At 01 April	663,853	323,890
Charge	297,759	369,838
Disposal	-	(29,875)
At 31 March	<u>961,612</u>	<u>663,853</u>
Net book value	<u>207,310</u>	<u>513,565</u>

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

	2022 TZS'000	2021 TZS '000
15 INVENTORIES		
Maize seeds	2,095,142	2,915,763
Parent seeds	56,580	69,630
Wheat seeds	15,390	28,819
Agrochemicals	375,656	305,896
Other	338,640	214,971
Total of inventories at lower of cost and net realizable value	<u>2,881,408</u>	<u>3,535,079</u>
Less: Provision for impairment of obsolete stock		
At 1 April	188,390	-
Charge for the year		188,390
Actual written off	<u>(188,390)</u>	-
At 31 March	<u>-</u>	<u>188,390</u>
Total inventories	<u>2,881,408</u>	<u>3,346,689</u>
Total amount of write down of inventories recognized as an expense is TZS 497 million (2020: TZS 197 million). This is recognised in cost of sales.		
16 TRADE AND OTHER RECEIVABLES		
Trade receivables	10,425,991	10,847,609
Intercompany receivables (Note 23 (b))	4,229,430	4,433,339
Other receivables	4,833,896	3,215,351
	<u>19,489,317</u>	<u>18,496,299</u>
Less: Allowance for expected credit losses	<u>7,855,506</u>	<u>7,668,162</u>
Net trade receivable	11,633,811	10,828,137
Prepayments	697,200	185,787
	<u>12,331,011</u>	<u>11,013,924</u>
Movement in the provision for impairment of trade receivables:		
At 1 April	7,668,162	7,699,840
Charge/(credit) for the year	187,344	(31,678)
At 31 March	<u>7,855,506</u>	<u>7,668,162</u>

Trade receivables are non-interest bearing and are generally settled on 30 - 60 day's terms.

As at 31 March 2022, the Trade receivable amounting to TZS 9.5 billion above include TZS 891 million due from Suba Agro Trading & Engineering Limited (Suba). The Company has lodged a legal claim against Suba for settlement of the net outstanding amount of TZS 891 million (Refer to Note 24 for further details).

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

	2022 TZS'000	2021 TZS '000
17 CASH AND BANK BALANCES		
Cash at bank	9,928,727	4,483,632
M-Pesa balances	<u>20,243</u>	<u>39,015</u>
	<u>9,948,970</u>	<u>4,522,647</u>

The carrying amounts disclosed above reasonably approximate the fair values at the reporting date. The cash and cash equivalents position for the purpose of the statement of cash flows is as follows:

Cash at banks	9,928,727	4,483,632
M-Pesa balances	<u>20,243</u>	<u>39,015</u>
Cash and cash equivalents	<u>9,948,970</u>	<u>4,522,647</u>
18 SHARE CAPITAL		
Authorized, issued, and fully paid up:		
2,129,000 (2020: 2,129,000) ordinary shares of TZS 1,000 each	2,129,000	2,129,000
Issued share capital	<u>2,129,000</u>	<u>2,129,000</u>
19 EARNINGS PER SHARE		
Profit attributable to ordinary equity holders	<u>7,947,680</u>	<u>7,468,635</u>
Weighted average number of ordinary shares	<u>2,129,000</u>	<u>2,129,000</u>
Basic profit per share	<u>3.73</u>	<u>3.51</u>

- a. Basic earnings per share is calculated on the profit or loss after tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.
- b. Diluted earnings per share is calculated on the profit or loss after tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding after adjustment of dilutive potential ordinary shares.
- c. The basic and diluted earnings per share are the same as there are no convertible instruments.

20 TRADE AND OTHER PAYABLES

Trade payables	1,070,376	1,149,371
Accrued expenses	642,963	1,203,348
Due to related parties (Note 23a)	<u>3,928,133</u>	<u>1,323,284</u>
	<u>5,641,472</u>	<u>3,676,003</u>

Terms and conditions of the above financial liabilities:

- i) Trade payables are non-interest bearing and are normally settled on 30 - 60 day's terms.
- ii) Other payables are non-interest bearing and have an average term of 45 days.
- iii) For terms and conditions relating to related parties - refer to Note 23.

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

	2022 TZS'000	2021 TZS'000
21 LEASE LIABILITIES		
Set out below are carrying amounts of lease liabilities and the movements during the period:		
At 01 April	410,359	177,087
Additions	-	-
Remeasurement	-	606,764
Accretion of interest	34,486	24,544
Payments - principal	(274,156)	(331,612)
Payments - interest	(34,486)	(24,544)
Derecognition from disposal	-	(41,880)
At 31 March	<u>136,204</u>	<u>410,359</u>

The maturity analysis of lease liabilities are shown in note 29.

The following are the amounts recognized in profit or loss:

Depreciation expense of right-of-use assets (Note 14)	297,759	369,838
Interest expense on lease liabilities	34,486	24,544
Expense relating to short-term leases	140,501	48,952
Total amount recognized in profit and loss	<u>472,747</u>	<u>443,334</u>

22 CONTRACT LIABILITIES

Contract liabilities comprise advances received from customers for goods not delivered by year-end and volume rebates payable to customer upon meeting the set purchase targets. The amounts were presented under trade and other payables in the prior years and have been reclassified to a separate line following the application of IFRS 15. The contract liabilities are made up as follows:

Customer advances	178,466	169,420
Volume rebates	-	-
	<u>178,466</u>	<u>169,420</u>

Movement in contract liabilities:

Customer advances

At 1 April	178,466	169,420
Advances received during the year	241,280	178,466
Customer advances amortized to revenue	(178,466)	(169,420)
At 31 March	<u>241,280</u>	<u>178,466</u>

Customer rebates

At 1 April	-	-
Rebates awarded during the year	726,820	649,815
Rebates paid during the year	(726,820)	(649,815)
At 31 March	<u>-</u>	<u>-</u>

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

23 RELATED PARTY DISCLOSURES

Ultimate parent

The ultimate holding company is Seed Co Limited, incorporated in Zimbabwe and the parent company is Seed Co International Limited incorporated in Botswana. There are other companies that are related to Seed Co Tanzania Limited through common shareholdings or common directorships. The following disclosure provides the balances and total amount of transactions, which have been entered into with related parties for the relevant financial year:

a) *Amount due to related parties*

Seed Co International Limited	1,757,236	789,352
Seed Co Zambia Limited	2,030,074	530,285
Seed Co Malawi Limited	3,647	3,647
Seed Co Zimbabwe Limited	129,679	-
Agri Seed Co Kenya	7,497	-
	<u>3,928,133</u>	<u>1,323,284</u>

b) *Amount due from related parties*

Quton Tanzania Limited	22,946	22,925
Seedco International Limited	-	173,128
Seedco Zimbabwe Limited	-	30,398
Seed Co Malawi Limited	21,901	21,896
Agri Seedco Kenya Limited	503,236	-
Seedco International Rwanda Limited	1,932,337	1,885,292
Prime Seed Limited-Zimbabwe	-	46,695
Prime Seedco Tanzania Pvt Limited	1,749,010	2,253,005
	<u>4,229,430</u>	<u>4,433,339</u>

c) *Terms and conditions of transactions with related parties*

The purchases from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party payables.

d) *Compensation of key management personnel of the Company*

Short-term employee benefits	910,067	993,928
Post-employment pension	91,007	99,393
Total compensation paid to key management personnel	<u>1,001,074</u>	<u>1,093,321</u>

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any director of the company. Key management personnel include the Managing Director and Finance Director.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

	2022 TZS'000	2021 TZS'000
24 COMMITMENTS AND CONTINGENCIES		
<i>Operating lease commitments - Company as lessee</i>		
The Company has entered into commercial leases on office buildings and godowns which are renewable annually. These leases have an average life of between one and two years with renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.		
Rental expenses recognized during year	<u>140,501</u>	<u>48,952</u>
Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:		
Within one year	<u>151,186</u>	<u>439,084</u>
	<u>151,186</u>	<u>439,084</u>

Capital commitments

The Company had no capital commitments at year-end (2021: Nil).

Legal claim contingencies

As at 31 March 2022, through the Commercial Case instituted at the High Court of Tanzania Commercial Division, the Company claimed against Suba Agro Trading & Engineering Limited and Sarah Muya for payment of TZS 891 million, being the amount outstanding and remaining unpaid in respect of the supply of agricultural inputs, seeds and their derivatives loaned by the Company and supplied to Suba and guaranteed by Sarah Muya as per the terms of the Agency Sales Agreements entered between the Company and Suba.

It is highly likely that, Seed Co Tanzania Limited will succeed. However, Suba and Sarah filed their defense to Seed Co Tanzania Limited's claims and the matter is now being heard on merit. Seed Co Tanzania Limited will be entitled to the outstanding amount, contractual interests, nominal damages, reasonable rate of court's interest and cost of the case.

*Contingent liabilities and assets**TRA assessment*

As at 31 March 2022, the Company had unresolved Tax assessment on Corporate tax, Withholding tax and Employment tax, with possible loss of TZS 584.6 million. The Company objected to the assessments and the matter is pending before the Tanzania Tax Board of appeal.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

25	EMPLOYEES AND EMPLOYEES' BENEFITS	2022 TZS'000	2021 TZS'000
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The average number of permanent employees for the period was 44 (2021: 49).

Employees are members of the NSSF Pension Fund. The Company contributes 10% of the gross salary for each individual.

The Company's contribution to the pension fund for the year was:

Pension contribution	<u>248,570</u>	<u>208,567</u>
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26 CAPITAL MANAGEMENT

The primary objective of the Company's capital management structure is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company aims to maintaining a gearing ratio of less than 100%. The Company includes within net debt, non-interest-bearing loans and borrowings, trade and other payables less cash and bank balances. Capital includes equity attributable to the equity holders.

Trade and other payables	5,641,472	3,676,003
Less: Cash and bank balances	(9,948,970)	(4,522,647)
Net debt	<u>(4,307,498)</u>	<u>(846,644)</u>
Equity	<u>21,105,704</u>	<u>16,892,342</u>
Total capital	<u>16,798,206</u>	<u>16,045,697</u>
Gearing ratio	<u>0.00%</u>	<u>0.00%</u>

27 FAIR VALUE ADJUSTMENT

The carrying amounts of the Company's financial instruments reasonably approximate their fair values due to the short-term nature of the instruments or the fact that interest bearing instruments carry interest rates that are in line with market interest rates.

28 COVID-19 CONSIDERATION

The COVID-19 pandemic continued to affect countries and businesses at the time of issuing these financial statements. The risks arising from this pandemic could include market, services and supply chain disruptions, increased credit risk, unavailability of key personnel, locations being quarantined, among others. The directors have assessed that, at the time of issuing these financial statements, it was impracticable to quantitatively determine and disclose the extent of the possible effects of the pandemic on the Company.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from the judgements and assumptions used, could require material adjustments to the carrying amounts of the assets or liabilities reported in the financial statements.

The potential impact of the COVID-19 pandemic on the key statement of financial position line items could include decrease in value of inventories and increase of credit risk on trade receivables. At the time of issuing the financial statements, the directors had no reason to believe that this is likely to happen having considered the nature and use of the assets.

Without quantifying, due to the difficulty of doing so, Management considered the following in its assessment of the impact of Covid-19 on the Company thus far and prospectively.

a) Seed demand by customers

The Company takes some comfort from the fact that the seed business is at the start of the food value chain and this strategic positioning puts the business in good stead to benefit from the efforts of Governments, development partners, major customers and other key stakeholders to ensure continued food security for the markets the business serves during and post the pandemic.

b) Seed supply by growers

The Company had already contracted growers to produce seed by the time Covid-19 was diagnosed in Africa and the concomitant movement restrictions were enacted by Governments in response. Since then, seed production and the related activities have continued with minimal interruptions since the Company's operations were designated as essential services. The Company is therefore adequately stocked to meet anticipated demand in the ensuing season.

Furthermore, the directors believed that the Company will be a going concern for the foreseeable future having considered that the Company's income is not expected to be negatively affected by the pandemic, the available assets and financial support, and the directors' specific responses and actions.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Foreign currency risk is managed at an operational level and monitored by the Finance Department. Exposure to losses from liabilities denominated in foreign currencies is managed through prompt payment of outstanding liabilities and forward purchase of foreign currencies.

The following table demonstrates the sensitivity to possible changes in the exchange rate between the Tanzanian Shilling and foreign currencies (mainly US dollar, other currencies are considered not to have a significant impact), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/decrease in the value of TZS vs. other currencies	Effect on profit before tax TZS'000	Effect on equity TZS'000
Net effect based on financial year-end as at 31 March 2022	2.0% -2.0%	(230,039) 230,039	(161,027) 161,027
Net effect based on financial year-end as at 31 March 2021	2.0% -2.0%	(215,431) 215,431	(150,802) 150,802

The Company's sensitivity analysis has been determined based on net transaction exposure as at year-end, a change in 2.0% (2021: 2.0%) is used when the net foreign currency transaction risk is reported internally to key management personnel to assess reasonably possible change in foreign exchange rates.

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a. Foreign currency risk (Continued)

The various currencies to which the Company is exposed at year end are summarized below (all balances are in TZS'000):

	TZS'000	Exposure in USD	Total exposure
At 31 March 2022			
Financial assets			
Trade and other receivables	6,784,494	4,229,430	11,013,924
Cash and cash equivalents	4,503,336	5,445,634	9,948,970
	<u>11,287,830</u>	<u>9,675,064</u>	<u>20,962,894</u>
Financial liabilities			
Trade and other payables	1,713,339	3,928,133	5,641,472
	<u>1,713,339</u>	<u>3,928,133</u>	<u>5,641,472</u>
At 31 March 2021			
Financial assets			
Trade and other receivables	6,580,585	4,433,339	11,013,924
Cash and cash equivalents	972,249	3,550,398	4,522,647
	<u>7,552,834</u>	<u>7,983,737</u>	<u>15,536,571</u>
Financial liabilities			
Trade and other payables	2,352,719	1,323,284	3,676,003
	<u>2,352,719</u>	<u>1,323,284</u>	<u>3,676,003</u>
Exchange rate during the year were as follows		2022	2021
On 1 April		2,322	2,305
On 31 March		2,322	2,322

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company has adopted a non-speculative approach to the management of interest rate risk through the use of overdraft facilities and short-term loans.

c. Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables).

The Company trades only with recognized credit worthy parties. Receivables balances are monitored on an ongoing basis with the result that Company's exposure to bad debts is not significant. The ageing analysis of trade receivables is shown below:

Age of receivables	<30 days	30 -60 days	60 -120 days	120 days<	Total
<i>Balance as at 31 March 2022</i>					
Gross amount (TZS'000)	2,860,892	2,140,322	3,048,005	11,464,097	19,513,317
Expected credit loss rate (%)	0.1%	0.4%	0.5%	68%	40%
Expected credit loss (TZS'000)	3,939	8,775	14,169	7,828,623	7,855,506
<i>Balance as at 31 March 2021</i>					
Gross amount (TZS'000)	217,562	5,966,173	1,754,532	10,558,032	18,496,299
Expected credit loss rate (%)	2%	31%	42%	48%	41%
Expected credit loss (TZS'000)	4,192	1,833,128	737,872	5,092,971	7,668,162
Expected credit loss (TZS'000)	-	-	-	-	-

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d. Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available and thus the Company being unable to fulfil its existing and future cash flow obligations. The Company has set the Finance Department which among other functions, monitors the maturity gap of the Company's assets against maturing liabilities.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and related parties.

The table below indicates the maturity profile of the Company's financial liabilities. All balances are in TZS'000.

	On demand	Less than 3 months	3 - 12 months	1-5 periods	Total
As at 31 March 2022					
Trade and other payables	-	1,713,339	3,928,133	-	5,641,472
Lease liabilities	-	-	151,185	-	151,185
	-	<u>1,713,339</u>	<u>4,079,318</u>	-	<u>5,792,657</u>
As at 31 March 2021					
Trade and other payables	-	2,352,719	1,323,284	-	3,676,003
Lease liabilities	-	-	439,084	-	439,084
	-	<u>2,352,719</u>	<u>1,762,368</u>	-	<u>4,115,087</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2022

30. EVENTS DURING THE REPORTING PERIOD

In February 2022, a number of countries (including the US, UK and EU) imposed new sanctions against certain entities and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Announcements of further additional sanctions have been made following military operations initiated on 24 February 2022. The Company does not trade with Russia or Ukraine, and none of its parents or affiliates trade with Russia. There has been no material impact on operations to date as a result of these events.

There are no other events after the reporting period which require adjustment to or disclosure in the financial statements.

31. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period which require adjustment to or disclosure in the financial statements.

SEED CO TANZANIA LIMITED
ANNUAL REPORT
AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

SEED CO TANZANIA LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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SEED CO TANZANIA LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 MARCH 2023

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Seed Co Tanzania Limited
1st Floor, Sable Square Shopping Mall
Plot No. 582
P.O. Box 12281
Arusha
Tanzania

BANKERS

Stanbic Bank (T) Ltd Arusha Branch P.O. Box 3062 Arusha Tanzania	NMB Bank Plc Ngarenaro Branch P.O. Box 9213 Dar es Salaam Tanzania	CRDB Bank Plc Meru Branch P.O. BOX 268 Dar es Salaam Tanzania	UBA Bank (T) Ltd Arusha Branch P.O. BOX 80514 Dar es Salaam Tanzania	Absa Bank (T) Ltd Arusha Branch P.O. BOX 5137 Dar es Salaam Tanzania
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COMPANY SECRETARY

Tichaona Ravasingadi
Seed Co Tanzania Limited
Tanzania

LEGAL ADVISOR

FK Law Chambers, Advocates
23 Barrack Obama Drive
Sea View - Upanga
PO Box 20787
Dar es Salaam
Tanzania

COMPANY AUDITOR

Ernst & Young
Certified Public Accountants
EY House, Plot No.162/1
Mzinga way, 14111 Oysterbay
P. O. Box 2475
Dar es Salaam
Tanzania

SEED CO TANZANIA LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

1. INTRODUCTION

The directors submit their report together with the audited financial statements for the year ended 31 December 2023, which disclose the state of affairs of Seed Co Tanzania Limited (the "Company").

2. INCORPORATION

The Company is incorporated in Tanzania under Companies Act, 2002 of Tanzania as a private company limited by shares. The address of the registered office is set out on page 1.

3. MISSION AND VISION

Vision Statement:
To dominate the seed business in Africa.

Purpose:
We breed, seed, feed and lead in Africa.

Shared Values:
Our passion to deliver; winning together; quality in everything we do; learning every day every way; people our pride.

4. PRINCIPAL ACTIVITIES

The principal activities of the Company are purchasing, conditioning, processing and sale of registered hybrid seed produced under contract and traded under the Seed Co brand.

5. SHAREHOLDING

The shareholding of the Company as at year-end was as stated below:

	31 March 2023	31 March 2022
Seed Co International Limited (Botswana)	99.99999%	99.99999%
Clive Mugadza	0.00001%	0.00001%
	<u>100%</u>	<u>100%</u>

6. CAPITAL STRUCTURE

The Company's authorized, issued and paid share capital is TZS 2,129,000,000 for the year ended 31 March 2023 (2022: TZS 2,129,000,000).

SEED CO TANZANIA LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2023

7. COMPOSITION OF BOARD OF DIRECTORS

The directors of the Company who held office during the year and to the date of this report were:

Name	Position	Age	Nationality	Professional qualification
Morgan Nzwere	Chairman	57	Zimbabwean	Chartered Accountant and Master in Business Leadership
Michael Ndoro	Director	58	Zimbabwean	Agricultural Economics
Clive Mugadza	Managing Director	52	Zimbabwean	Master in Business Administration
Chagema Kadera	Director	63	Kenyan	Doctorate in Agriculture
Kallunde Sibuga	Director	70	Tanzanian	Doctorate in Agriculture
John Matorofa	Director	56	Zimbabwean	Chartered Accountant and Master in Business Administration
Tichaona Ravasingadi	Finance Director	40	Zimbabwean	Chartered Accountant

In accordance with the Company's Articles of Association, the directors are not required to retire by rotation. With the exception of the Managing Director and Finance Director, the rest of the directors are non-executive.

8. DIRECTORS' REMUNERATION

Directors' remuneration for services as directors and for managerial services is TZS 1,138 million (2022: TZS 941 million).

9. OPERATIONAL EFFICIENCY

Due to the persistent power outages, the Company lost 144-man hours (2022: 103-man hours).

10. WELFARE OF EMPLOYEES

Relationship between management and employees

The relationship between employees and management continued to be good. There were no serious unresolved complaints received by management from individual employees or groups thereof. Any grievances are resolved through the annual staff meeting or as prescribed by the Seed Co Limited Group Human Resources Policy.

Medical facilities

Medical care continued to be provided to all members of the Company staff.

Financial help

This was provided to all grades of staff on case-by-case basis.

SEED CO TANZANIA LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2023

11. RELATED PARTY TRANSACTIONS

Details of transactions and balances with related parties are disclosed in Note 23 to the financial statements. All transactions with related parties were carried out at commercial terms.

12. GENDER PARITY

The Company is an 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, tribe, religion and disability which does not impair ability to discharge duties. As at year end, the Company had the following distribution of employees by gender.

Gender	31 March 2023	31 March 2022
Male	35	34
Female	<u>10</u>	<u>10</u>
Total	<u><u>45</u></u>	<u><u>44</u></u>

The total remuneration paid to the employees during the year was TZS 1,947 million (2022: TZS 2,011 million).

13. CORPORATE GOVERNANCE

The directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing the directors therefore confirm that:

- The Board of Directors met twice a year.
- An Audit Committee met four times during the year;
- They retain full and effective control over the Company and monitor executive management;
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

SEED CO TANZANIA LIMITED

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

13. CORPORATE GOVERNANCE (Continued)

Outlined below is the attendance of the Board members and invitee for the meetings held during the year:

Name	Position	11 May 2022	11 October 2022	% of Attendance
Morgan Nzwere	Chairman	Attended	Attended	100%
Michael Ndoro	Director	Attended	Attended	100%
Clive Mugadza	Managing Director	Attended	Attended	100%
Chagama Kadera	Director	Attended	-	50%
Kallunde Sibuga	Director	Attended	Attended	100%
John Matorofa	Director	Attended	Attended	100%
Tichaona Ravasingadi	Finance Director	Attended	Attended	100%

Board committee

The Company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability. The Board has an Audit Committee that monitors and reports to the Board on all finance and accounting matters. The Audit Committee has three members as follows:

Name	Position	Nationality	Professional qualification
Michael Ndoro	Director	Zimbabwean	Agricultural Economics
Chagama Kadera	Director	Kenyan	Doctorate in Agriculture
John Matorofa	Director	Zimbabwean	Chartered Accountant and Master in Business Administration

Outlined below is the attendance of the committee members and invitees in the meetings held during the year:

Name	Position	11 May 2022	11 October 2022	% of Attendance
Michael Ndoro	Director	Attended	Attended	100%
Chagama Kadera	Director	Attended	-	50%
John Matorofa	Director	Attended	Attended	100%

SEED CO TANZANIA LIMITED

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

13. CORPORATE GOVERNANCE (Continued)

Principal risks and uncertainties

RISK/UNCERTAINTY	ACTION TO MITIGATE RISK
<p>1. Fluctuations of Exchange Rates Projected current account deficit growth is likely to put pressure on the currency and devaluation.</p>	<ul style="list-style-type: none"> ▪ Management will align the pricing strategy to ensure no value is lost through selling at a lower margin in US\$ terms. ▪ Management will reduce the exposure through management of foreign currency denominated assets that will assist in the liquidation of US\$ denominated facilities. ▪ Economic forecasts will be used in negotiating forward exchange rates for the US\$ facilities to ensure the potential loss is reduced. ▪ Implement a hedging policy on part of the foreign denominated debt through financial institutions' hedging instruments and exports.
<p>2. Exposure to credit and counter party risks The company is exposed to credit and counterparty risk relating to our customers in the ordinary course of business. Such customers include distribution channels available such as agro dealers and direct customers.</p>	<ul style="list-style-type: none"> ▪ Offer early settlement rebates ▪ Thorough credit vetting processes and setting credit limits that encourage repayments, thus reducing exposure. ▪ Bank guarantees, registered mortgage bonds ▪ Increase resources and monitoring to credit control ▪ Deal with key distributors only and reduce the scope of debtors (hub & spoke)
<p>3. Increasing competition Tanzania seed industry has increased a number of participating companies with some making inroads into areas previously dominated by Seed Co.</p>	<ul style="list-style-type: none"> ▪ Continue to price competitively and leverage on value chain efficiencies. ▪ Improve efficiencies in both production and processing of seed as well as strengthening the distribution network and ensure that every participant in our value chain makes money. ▪ Develop new markets and channels to outwit competition in demand creation through agronomical and marketing activities, which increases awareness of our product to farmers ▪ Develop and commercial new improved hybrid seeds that outwit competitor varieties.

SEED CO TANZANIA LIMITED

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

13. CORPORATE GOVERNANCE (Continued)

Principal risks and uncertainties (Continued)

<p>4. Increasing Tax Risks Tanzania Revenue Authority have increased their surveillance and more audits are being conducted and non-compliance attracts huge penalties.</p>	<ul style="list-style-type: none"> ▪ Ensuring tax compliance for all tax issues using a monthly checklist and constant communication with tax authorities. ▪ Continuously review the intercompany Transfer pricing framework to satisfy the requirements of all the tax authorities in the countries we operate. ▪ Ensuring all transactions have proper and well-crafted agreements that comply with the OECD framework. ▪ Regular tax-health checks conducted by reputable tax expertise firms.
<p>5. Cyber security Risk</p>	<ul style="list-style-type: none"> ▪ Create local back-up capacity to augment centralized Group back up servers ▪ Enhance data security parameters to help ensure that proper information security measures are in place to mitigate these security breaches.

14. KEY PERFORMANCE INDICATORS (KPIs)

The Board manages the performance of the Company through the following KPIs:

1. Increasing market share
2. Increasing area cultivated under improved hybrid seed technology
3. Maximising profit growth and dividend distribution to shareholders
4. Investing in staff through training and performance driven incentives
5. Maintaining quality throughout the business value chain

15. MANAGEMENT OF THE COMPANY

The Company is under the supervision of the Board of Directors ("the Board") and the day-to-day management is entrusted to the Managing Director.

The Board comprises of non-executive directors. The Board is appointed by the shareholders at the Annual General meeting. The Board is composed of representatives from the main shareholder, Seed Co International Limited (Botswana), and others who are not affiliated to any shareholder.

The organization structure of the Company comprises of the following departments:

- Accounts and Administration Department
- Production Department
- Processing Department
- Sales and Marketing
- Research Department

All departments are headed by managers. The Managing Director and Finance Director report to the Board and all Department managers report to the Managing Director.

SEED CO TANZANIA LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2023

16. ADMINISTRATIVE MATTERS

The Company is capable of handling all administrative matters.

17. FUTURE DEVELOPMENT PLAN

To expand distribution network to cover the entire of Tanzania.

18. RESULTS FOR THE YEAR

The results for the year are set out on page 17 and are summarized as follows:

	2023 TZS'000	2022 TZS'000
Profit before tax	15,270,947	11,501,942
Tax	(4,935,031)	(3,554,262)
Profit after tax	<u>10,335,916</u>	<u>7,947,680</u>

19. SOLVENCY EVALUATION

The Company's state of affairs as at 31 March 2023 is set out on page 18 of the financial statements. The directors have reviewed the current financial position of the Company. On the basis of this review together with the current business plan, the directors are satisfied that the Company is a solvent going concern within the meaning ascribed by the Companies Act, 2002 of Tanzania.

20. GOING CONCERN CONSIDERATION

The Company generated a profit after tax of TZS 10,336 million (2022: TZS 7,948 million) making the total retained earnings of TZS 29,258 million (2022: TZS 18,922 million). The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

21. 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 behaviour towards all stakeholders.

SEED CO TANZANIA LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2023

21. RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's 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 31 March 2023 and is of the opinion that they met accepted criteria.

22. POLITICAL AND CHARITABLE DONATIONS

The Company has not made any political or charitable donations during the year (2022: Nil).

23. ENVIRONMENTAL MATTERS

The Company complied with standards of industrial safety and environmental regulations established by various authorities to the best of its knowledge.

24. CORPORATE SOCIAL RESPONSIBILITY

The Company did not participate in any corporate social responsibility activities during the year.

25. RESERVES

At 31 March 2023, the Company had retained earnings of TZS 29,258 million (2022: retained earnings of TZS 18,922 million) as set out on page 19 in the financial statements.

26. DISABLED PERSONS

The Company has a policy of continued employment of employees who become disabled while in the Company's service.

27. DIVIDEND

The Board did not recommend dividend payment in respect of the year ended 31 March 2023 (2022: Nil).

28. SUBSEQUENT EVENTS

There are no subsequent events that have occurred which require to be adjusted in the financial statements other than declaration of TZS 5,167 million dividend.

SEED CO TANZANIA LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 MARCH 2023

29. STATEMENT OF COMPLIANCE

The Report by those charged with governance has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 "TFRS 1" (The Report by those charged with governance).

TFRS 1 is effective from 1 January 2021 following the approval of the Governing Board of the National Board of Accountants and Auditors ("NBAA") of the issuance of the revised version revision during its 182nd meeting held on 22 June 2020.

30. AUDITORS

Details

The information of the Company's auditors for the period covered by the report is:

Ernst & Young
EY House
Plot No. 162/1, Mzinga way
14111 Oysterbay
P.O. Box 2475
Dar es Salaam, Tanzania
Tel: +255 22 292 4040 | Fax: +255 22 292 4034
Website: <http://www.ey.com>
Firms' registration Number: 151
TIN number: 100-149-222

The engagement partner who was in charge of the audit of the Company during the period has PF Number: FCPA 1227.

Appointment process

The process of appointing the Company's External Auditor is done in accordance with Section 170 and 174 of the Companies Act, 2002.

Appointment for 2023

The auditor, Ernst & Young, has expressed willingness to continue in office as auditor and is eligible for re-appointment. A resolution proposing the re-appointment of Ernst & Young as auditor of the Company for the 2023 financial year will be tabled for shareholders' approval at the next Annual General Meeting.

30. RESPONSIBILITY OF THE AUDITOR

The Auditor is responsible with providing assurance of the correctness and consistency of all information contained in the report by those charged with governance with those provided in the financial statements.

SEED CO TANZANIA LIMITED

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

31. RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

It is the responsibility of the those charged with governance to prepare financial statements of the Company which show a true and fair view in accordance with applicable standards, rules, regulations, and legal provisions.


This responsibility covers the period from the beginning of the financial year to the date those charged with governance approved the audited financial statements and covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements.

BY ORDER OF THE BOARD

Clive Magada
Name

Managing Director 
Title Signature

Tichaona Kasasigedi
Name

Finance Director 
Title Signature

15 May 2023
Date

SEED CO TANZANIA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2023

The Companies Act, 2002 of Tanzania requires directors to prepare financial statements for each financial year that present fairly the state of financial affairs of the Company as at the end of the financial year and of its profit or loss for the year. 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. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the 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 (IFRS) and the requirements of the Companies Act, 2002 of Tanzania.

The Companies Act, 2002 of Tanzania requires the directors to prepare financial statements for each financial year which present fairly the state of financial affairs of the Company as at the end of the financial year and of the Company's operating results for that year. It also requires the directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The financial statements were approved by the Board of Directors for issue and signed on its behalf by:


Clive Muegacha
Name

Managing Director
Title


Signature

Tichaona Kwasirigadi
Name

Finance Director
Title


Signature

15 May 2023
Date

SEED CO TANZANIA LIMITED

DECLARATION BY THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 MARCH 2023

The National Board of Accountants and Auditors (NBAA) according to the power conferred to it under the Auditors and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance 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 to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's financial position and performance in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania. Full legal responsibility for the preparation of the financial statements rests with the Board of Directors as stated under the Statement of Directors' Responsibilities on the previous page.

I, Felix Bonifacio Silayo being the Chief Accountant of Seed Co Tanzania Limited hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 March 2023 have been prepared in compliance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

I thus confirm that the financial statements give a true and fair view of the financial position of Seed Co Tanzania Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: _____

Name: _____


Felix Bonifacio Silayo

Position: Chief Accountant

NBAA Membership No: _____

GA 4215

Date: _____

15 May

2023

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Seed Co Tanzania Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Seed Co Tanzania Limited (the 'Company') set out on pages 17 to 51, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Seed Co Tanzania Limited as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

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 International Ethics Standards Board for Accountants', International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 Company Information, Directors' Report, Statement of Directors' Responsibilities and the Declaration by the Head of Finance. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance thereon.

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



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INDEPENDENT AUDITOR'S REPORT (Continued)

To the shareholders of Seed Co Tanzania Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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 of Tanzania, 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 the 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 disclosures made by the directors.



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INDEPENDENT AUDITOR'S REPORT (Continued)

To the shareholders of Seed Co Tanzania Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

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

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, 2002 of Tanzania and for no other purposes.

As required by the Companies Act, 2002 of Tanzania, 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 purpose 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 Directors' Report is consistent with the financial statements;
- iv. Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and,
- v. The Company's statement of financial position and statement of profit or loss and statement of comprehensive income are in agreement with the books of account.

Signed by: Dr. Neema Kiure (FCPA 1227)
For and on behalf of Ernst & Young
Certified Public Accountants
Dar es Salaam, Tanzania

Date: 08/09 2023

SEED CO TANZANIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 TZS'000	2022 TZS'000
Revenue from contracts with customers	3	61,324,912	44,265,671
Cost of sales	4	<u>(31,937,248)</u>	<u>(22,897,252)</u>
Gross profit		29,387,664	21,368,419
Other income	5	2,894	332,750
Selling and distribution expenses	6	(5,554,290)	(3,932,765)
Research expenses	7	(2,245,252)	(1,750,361)
Administrative expenses	8	<u>(6,102,688)</u>	<u>(4,821,742)</u>
Operating profit		15,488,328	11,196,301
Net foreign exchange gains/(losses)	9	(448,762)	293,400
Finance income	10	471,938	186,660
Finance expenses	11	<u>(240,557)</u>	<u>(174,419)</u>
Profit before tax		15,270,947	11,501,942
Income tax expense	12	<u>(4,935,031)</u>	<u>(3,554,262)</u>
Profit for the year		10,335,916	7,947,680
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income, net of tax		<u><u>10,335,916</u></u>	<u><u>7,947,680</u></u>
Basic and diluted earnings per share (TZS)	19	<u><u>4.85</u></u>	<u><u>3.73</u></u>

SEED CO TANZANIA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

ASSETS	Note	2023 TZS'000	2022 TZS'000
Non-current assets			
Plant and equipment	13	1,513,420	1,075,333
Right-of-use assets	14	443,788	207,310
Deferred tax asset	12	72,100	478,638
		<u>2,029,308</u>	<u>1,761,281</u>
Current assets			
Inventories	15	6,885,942	2,881,408
Income tax recoverable	12	312,764	201,989
Trade and other receivables	16	19,112,391	12,331,011
Cash and bank balance	17	14,219,427	9,948,970
		<u>40,530,524</u>	<u>25,363,378</u>
TOTAL ASSETS		<u><u>42,559,832</u></u>	<u><u>27,124,659</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	18	2,129,000	2,129,000
Revaluation reserve		54,845	54,845
Retained earnings		29,257,775	18,921,859
		<u>31,441,620</u>	<u>21,105,704</u>
Current liabilities			
Trade and other payables	20	10,627,777	5,641,472
Lease liabilities	21	358,703	136,203
Contract Liabilities	22	131,732	241,280
		<u>11,118,212</u>	<u>6,018,955</u>
TOTAL EQUITY AND LIABILITIES		<u><u>42,559,832</u></u>	<u><u>27,124,659</u></u>

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on the 15 May 2023 and were signed on its behalf by:

Clive Mnyandira
Director

Jichona Parasisingadi
Director

[Signature]
Signature

[Signature]
Signature

SEED CO TANZANIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Share capital (Note 18)	Revaluation Reserve	Retained earnings	Total equity
	TZS'000	TZS'000	TZS'000	TZS'000
At 1 April 2022	<u>2,129,000</u>	<u>54,845</u>	<u>18,921,859</u>	<u>21,105,704</u>
<i>Profit for the year</i>	-	-	10,335,916	10,335,916
<i>Other comprehensive income, net of tax</i>	-	-	-	-
Total comprehensive income, net of tax	-	-	10,335,916	10,335,916
Dividends declared	-	-	-	-
At 31 March 2023	<u>2,129,000</u>	<u>54,845</u>	<u>29,257,775</u>	<u>31,441,620</u>
At 1 April 2022	2,129,000	54,845	14,708,497	16,892,342
<i>Profit for the year</i>	-	-	7,947,680	7,947,680
<i>Other comprehensive income, net of tax</i>	-	-	-	-
Total comprehensive income, net of tax	-	-	7,947,680	7,947,680
Dividends declared	-	-	(3,734,318)	(3,734,318)
At 31 March 2022	<u>2,129,000</u>	<u>54,845</u>	<u>18,921,859</u>	<u>21,105,704</u>

SEED CO TANZANIA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 TZS'000	2022 TZS'000
OPERATING ACTIVITIES			
Profit before tax		15,270,947	11,501,942
<i>Adjustment for non-cash items:</i>			
Depreciation of plant and equipment and right of use	13 & 14	766,027	879,646
Profit on disposal of plant and equipment	5	10,761	(114,018)
Interest income	10	(471,938)	(186,660)
Interest cost	11	187,283	152,553
<i>Changes in working capital:</i>			
(Increase)/decrease in inventories		(4,004,534)	465,281
Increase in trade and other receivables		(6,781,380)	(1,317,087)
(Decrease)/increase in contract liabilities		(109,548)	62,814
Increase in trade and other payables		4,986,305	1,965,469
Cash flows from operating activities		<u>9,853,923</u>	<u>13,409,941</u>
Interest paid	11	(167,212)	(118,067)
Payment of interest portion of lease liabilities	21	(20,071)	(34,486)
Income tax paid	12	(4,639,267)	(3,551,364)
Net cash flows from operating activities		<u>5,027,373</u>	<u>9,706,023</u>
INVESTING ACTIVITIES			
Interest received	10	471,938	186,660
Proceeds from disposal of plant and equipment		143,587	124,415
Purchase of plant and equipment	13	(1,076,861)	(582,301)
Net cash flows used in investing activities		<u>(461,337)</u>	<u>(271,226)</u>
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	21	(295,579)	(274,156)
Dividend paid		-	(3,734,318)
Net cash flows used in financing activities		<u>(295,579)</u>	<u>(4,008,474)</u>
Net increase in cash and cash equivalents		4,270,457	5,426,323
Cash and cash equivalents at 1 April		9,948,970	4,522,647
Cash and cash equivalents at 31 March	17	<u>14,219,427</u>	<u>9,948,970</u>

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. COMPANY INFORMATION

The financial statements of Seed Co Tanzania Limited for the year ended 31 March 2023 were authorized for issue in accordance with a resolution of the directors. The Company is domiciled and incorporated in Tanzania under the Companies Act, 2002. The registered office is located at Arusha, Tanzania.

The principal activities of the Company are described in the Directors' report.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except and where applicable for those financial assets and liabilities that are measured at fair value. The financial statements are presented in Tanzanian Shillings.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the requirements of the Tanzania Companies Act, 2002.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the cost of assets over their expected useful lives. The annual rates of depreciation which have been consistently applied are:

Asset class	Useful life
Plant and machinery	5 - 8 years
Computers	3 years
Furniture, fittings and equipment	5 - 8 years
Motor vehicles	5 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognized.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year end.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are valued at the lower of cost and estimated net realizable value. Cost incurred in bringing each product to its present location and conditions are accounted for as follows:

Parent and commercial seed – actual cost

Stores and consumables – on the purchase cost on a first –in-first out basis

Growing crops at Research stations are not brought to account as all expenditure relating thereto is of a research nature and is written off to the profit or loss when incurred.

Net realizable value is estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2023

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

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 Company operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Taxation

i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. The current tax rate is 30%.

Taxation

ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary and all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

iii) Deferred tax (Continued)

Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss and other comprehensive income. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 amount of the obligation. Where the Company expects some or all of 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. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Revenue recognition below.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company's financial assets comprise financial assets at amortized cost (debt instruments)

Financial assets (Continued)

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include trade and other receivables and bank balances.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalent

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: the contract involves the use of an identified asset; this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company has applied the cost model to the right of use assets.

Company as a lessee

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The depreciation rate applied to the right of use assets are as follows:

Leased asset class	Useful life
Building	2 years

The Company recognizes a lease liability at the date of initial application for leases previously classified as operating leases. The Company measures that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from an assessment of whether it will exercise extension or termination option. The Company uses single discount rate of 11% (2022: 11%) to all of the leases due to having similar characteristics (similar nature and same remaining lease term). When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right of use assets and lease liabilities for short-term leases of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities not at fair value through profit or loss, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

After initial recognition, trade and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the company.

Pensions and other post-retirement benefits

All of the company employees are members of the National Social Security Fund ("NSSF"), which is a defined contribution plan. The Company and local employees both contribute 10% of the employees' gross salaries to the NSSF. The Company's contributions are charged to profit or loss when incurred.

Revenue recognition

Revenue represents income arising in the course of Company's ordinary activities, which leads to an increase of economic benefits during the accounting period. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The Company applied the portfolio approach in assessing the contracts.

Payments from customers for which no goods have been transferred are carried in the statement of financial position as a contract liability until when the control of the related goods passes to the customer.

The five-step model stipulated in IFRS 15 Revenue from contracts with customers is applied when accounting for revenue from contracts with customers. The Company accounts for a revenue contract with a customer only when all the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- The Company can identify each party's rights regarding the goods or services to be transferred;
- The Company can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance (i.e., the risk, timing or amount of future cash flows is expected to change as a result of the contract)

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2023

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (continued)

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies on financial assets in Financial Assets above.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

Cost to obtain a contract

If the Company pays sales commission to obtain contracts with customers, the Company defers and amortizes these costs over the period of the contract during which the services are transferred to the customers. The Company currently has no such costs.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2023

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current versus non-current classification

A liability is current when:

It is expected to be settled in the normal operating cycle;

- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates if different assumptions were used and different conditions existed.

In particular, management has identified has the following areas where significant judgements, estimates and assumptions are required, and where if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the financial statements

Assets useful lives

The estimated useful lives and residual values of items of property, plant and equipment, and right of use assets are reviewed annually and are in line with the rates at which they are depreciated.

Refer to Notes 13 and 14 for the carrying amounts of property, plant and equipment and right of use assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Intangible assets are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimating variable consideration for volume rebates

The Company's expected volume rebates are analyzed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date. The Company updates its assessment of volume rebates monthly and the refund liabilities are adjusted accordingly. Estimates of volume rebates are sensitive to changes in circumstances and the Company's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.

Refer to Note 22 for further disclosures on rebate liabilities.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer to Note 12 for further disclosures including the carrying amounts of current income and deferred tax.

Incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and makes specific adjustments (such as the company's credit spread, or to reflect the terms and conditions of the lease).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

Expected credit losses

The Company assesses the financial assets portfolio to determine whether an impairment loss should be recorded in the profit or loss. The Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of an individual debtor in that portfolio.

The Company performs impairment assessment during recognition of the financial assets taking into consideration forward looking information pertaining to a specific debtor or a certain debtor's portfolio.

The Company's business model is such that expected credit losses for trade receivables are assessed at this level. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

More disclosures on expected credit losses are included in Notes 16 and 28(c) .

Contingent liabilities

By their nature, contingent liabilities will only be resolved when one or more future events occur or fail to occur. The assessment of such contingent liabilities inherently involves the exercise of significant judgement and estimates of the outcome of future events.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the Company may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the Company could be materially affected by the unfavourable outcome of litigation.

Refer to Note 24 for further disclosures on contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations effective during the year

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022. These pronouncements had no significant impact on the financial statements of the Company except as described below.

- IFRS 17 Insurance Contracts – Effective from 01 January 2023
- Definition of Accounting Estimates - Amendments to IAS 8 - Effective from 01 January 2023
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - Effective from 01 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - Effective from 01 January 2023

New and amended standard issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are not expected to have a significant impact on the Company's financial statements.

The new standards and interpretations are listed below:

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 - Effective from 01 January 2024
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1 - Effective from 01 January 2024

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	TZS'000	TZS'000
3	REVENUE FROM CONTRACTS WITH CUSTOMERS	
	60,817,501	43,732,559
	139,648	234,778
	327,525	279,675
	40,238	18,659
	<u>61,324,912</u>	<u>44,265,671</u>
4	COST OF SALES	
	28,037,254	19,489,082
	130,737	167,910
	205,436	167,343
	198,091	321,285
	31,590	12,632
	3,334,140	2,739,000
	<u>31,937,248</u>	<u>22,897,252</u>
5	OTHER INCOME	
	(10,761)	114,018
	13,655	218,732
	<u>2,894</u>	<u>332,750</u>
6	SELLING AND DISTRIBUTION EXPENSES	
	548,265	451,417
	240,718	158,314
	30,078	18,626
	1,836,393	1,316,179
	2,898,836	1,988,229
	<u>5,554,290</u>	<u>3,932,765</u>
7	RESEARCH EXPENSES	
	85,602	114,015
	11,033	16,019
	2,099,839	1,587,985
	48,778	1,620,327
	<u>2,245,252</u>	<u>1,750,361</u>

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

	2023 TZS'000	2022 TZS'000
8	ADMINISTRATION EXPENSES	
	2,645,556	1,962,962
Employee benefits costs	206,449	58,034
Rent and rates	565,825	566,657
Depreciation of other equipment	62,567	44,712
Fuel costs	221,598	190,434
Travel expenses	95,037	67,392
Telephone and fax	170,517	96,789
Repair and maintenance	102,470	230,634
Legal and professional fees	102,260	102,179
Auditors' remuneration	1,125,722	1,012,743
Management fees	804,687	489,206
Others	<u>6,102,688</u>	<u>4,821,742</u>
	The above employee benefits costs comprise of:	
	1,209,983	1,118,319
Salaries and wages	681,954	163,172
Salaries incentive & bonus scheme	56,449	50,960
Skills development levy	556,586	498,676
Staff other costs	140,584	131,835
Employer contribution to pension fund	<u>2,645,556</u>	<u>1,962,962</u>
9	GAIN/(LOSS) ON FOREIGN CURRENCY TRANSLATION	
	21,355	588
Exchange gain - realized	(4,701)	(553)
Exchange loss - realized	<u>16,654</u>	<u>35</u>
	3,184,910	1,550,875
Exchange gain - unrealized	(3,650,326)	(1,257,510)
Exchange loss - unrealized	<u>(465,416)</u>	<u>293,365</u>
	<u>(448,762)</u>	<u>293,400</u>
10	FINANCE INCOME	
	471,938	186,660
Interest received		
11	FINANCE EXPENSES	
	53,274	21,866
Bank charges	20,071	34,486
Interest cost lease (Note 21)	167,212	118,067
Other interest costs	<u>187,283</u>	<u>152,553</u>
	<u>240,557</u>	<u>174,419</u>

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

	2023 TZS'000	2022 TZS'000
12 TAXATION		
a) Current income tax expense		
Current income tax charge - current year	4,528,492	3,318,987
Deferred tax charge- current year	406,539	235,275
	<u>4,935,031</u>	<u>3,554,262</u>
b) Reconciliation of tax expense to tax based on accounting profit:		
Accounting profit before tax	15,270,947	11,501,942
Tax calculated at the tax rate of 30% (2022: 30%)	4,581,284	3,450,583
Tax effect of:		
Expenses not deductible for tax purposes	353,747	103,679
Income tax charge	<u>4,935,031</u>	<u>3,554,262</u>
At effective rate of	32.32%	30.90%
c) Deferred tax asset		
Deferred tax relates to the following: -		
Accelerated capital allowances	(12,074)	(445,615)
Unrealized forex (losses)/gains	(465,417)	286,383
Movement in provisions	(6,745,292)	(8,418,679)
	<u>(7,222,783)</u>	<u>(8,577,911)</u>
Deferred tax asset thereon at 30%	(2,166,835)	(2,573,373)
Less: Opening deferred tax	(478,638)	(713,913)
Less: Deferred tax not recognized	2,094,735	2,094,735
Deferred tax (credit)/expense	<u>406,538</u>	<u>235,275</u>
As at 1 April	478,638	(713,913)
Deferred tax expense	406,538	235,275
As at 31 March	<u>72,100</u>	<u>478,638</u>
d) Current income tax recoverable		
At the beginning of the year	201,989	(30,388)
Current income tax charge: current year	(4,528,492)	(3,318,987)
Provisional and prior year tax paid during the year	4,590,000	3,534,999
Withholding tax receivable	49,267	16,365
	<u>312,764</u>	<u>201,989</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

13 PLANT AND EQUIPMENT

	Plant and Machinery TZS'000	Motor Vehicles TZS'000	Office Equipment TZS'000	Furniture and Fittings TZS'000	Computer Equipment TZS'000	Laboratory Equipment TZS'000	Total TZS'000
Cost							
At 1 April 2022	2,190,012	2,842,911	35,212	121,307	412,203	46,392	5,648,037
Additions	-	996,110	-	8,655	59,959	12,137	1,076,861
Disposals	-	(242,128)	-	-	-	-	(242,128)
At 31 March 2023	<u>2,190,012</u>	<u>3,596,893</u>	<u>35,212</u>	<u>129,962</u>	<u>472,162</u>	<u>58,529</u>	<u>6,482,770</u>
Accumulated depreciation							
At 1 April 2022	2,114,026	1,981,347	33,652	111,775	320,585	11,319	4,572,704
Charge for the year	38,905	375,717	624	7,225	51,636	10,319	484,426
Disposals	-	(87,780)	-	-	-	-	(87,780)
At 31 March 2023	<u>2,152,931</u>	<u>2,269,284</u>	<u>34,276</u>	<u>119,000</u>	<u>372,221</u>	<u>21,638</u>	<u>4,969,350</u>
Net Carrying Amount							
At 31 March 2023	<u>37,081</u>	<u>1,327,609</u>	<u>936</u>	<u>10,962</u>	<u>99,941</u>	<u>36,891</u>	<u>1,513,420</u>
At 31 March 2022	<u>75,986</u>	<u>861,564</u>	<u>1,560</u>	<u>9,532</u>	<u>91,619</u>	<u>35,073</u>	<u>1,075,333</u>

No property and equipment have been pledged as collateral for liabilities.

The following categories of asset plant and machinery (TZS 1,996 million), Motor Vehicles (TZS 1873 million), Office Equipment (TZS 32 million), Furniture and Fitting (TZS 92 million) and Computer Equipment (TZS 296 million) which are fully depreciated and still in use.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

13 PLANT AND EQUIPMENT

	Plant and Machinery TZS'000	Motor Vehicles TZS'000	Office Equipment TZS'000	Furniture and Fittings TZS'000	Computer Equipment TZS'000	Laboratory Equipment TZS'000	Total TZS'000
Cost							
At 1 April 2021	2,190,012	2,821,648	35,212	110,022	348,157	46,392	5,551,443
Additions	-	506,970	-	11,285	64,046	-	582,301
Disposals	-	(485,707)	-	-	-	-	(485,707)
At 31 March 2022	<u>2,190,012</u>	<u>2,842,911</u>	<u>35,212</u>	<u>121,307</u>	<u>412,203</u>	<u>46,392</u>	<u>5,648,037</u>
Accumulated depreciation							
At 1 April 2021	1,958,372	2,076,734	32,948	105,198	290,053	11,319	4,474,624
Charge for the year	155,654	388,420	704	6,577	30,532	-	581,887
Disposals	-	(483,807)	-	-	-	-	(483,807)
At 31 March 2022	<u>2,114,026</u>	<u>1,981,347</u>	<u>33,652</u>	<u>111,775</u>	<u>320,585</u>	<u>11,319</u>	<u>4,572,704</u>
Net Carrying Amount							
At 31 March 2022	<u>75,986</u>	<u>861,564</u>	<u>1,560</u>	<u>9,532</u>	<u>91,619</u>	<u>35,073</u>	<u>1,075,333</u>
At 31 March 2021	<u>231,640</u>	<u>744,914</u>	<u>2,264</u>	<u>4,824</u>	<u>58,104</u>	<u>35,073</u>	<u>1,076,819</u>

No property and equipment has been pledged as collateral for liabilities.

The following categories of asset plant and machinery (TZS 1,830 million), Motor Vehicles (TZS 800 million), Office Equipment (TZS 32 million), Furniture and Fitting (TZS 75 million) and Computer Equipment (TZS 281 million) which are fully depreciated and still in use.

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

14 RIGHT OF USE ASSET AND LEASE LIABILITES

The Company has lease contracts for various items of property, plant and equipment used in its operations. Leases generally have a lease term of between 6 months to 2 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are some lease contracts that include extension and termination options, which are further discussed below. There were no lease contracts with variable lease payments.

The Company also has certain leases with lease terms of 12 months or less and leases with low value. The Company applies the "short-term lease" and "lease of low-value assets" recognition exemptions for the leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	2023 TZS'000	2022 TZS'000
Cost		
At 01 April	1,168,922	1,177,418
Additions	518,079	-
Disposal	-	(8,496)
At 31 March	<u>1,687,001</u>	<u>1,168,922</u>
Accumulated depreciation		
At 01 April	961,612	663,853
Charge	281,601	297,759
At 31 March	<u>1,243,213</u>	<u>961,612</u>
Net book value	<u>443,788</u>	<u>207,310</u>

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

	2023 TZS'000	2022 TZS '000
15 INVENTORIES		
Maize seeds	4,623,595	2,095,142
Parent seeds	134,127	56,580
Wheat seeds	255,454	15,390
Soya seeds	504,962	58,746
Agrochemicals	339,571	375,656
Packages	1,028,233	279,894
Total of inventories at lower of cost and net realizable value	<u>6,885,942</u>	<u>2,881,408</u>
Less: Provision for impairment of obsolete stock		
At 1 April	-	188,390
Actual written off	-	(188,390)
At 31 March	<u>-</u>	<u>-</u>
Total inventories	<u>6,885,942</u>	<u>2,881,408</u>
Total amount of write down of inventories recognized as an expense is TZS 390 million (2022: TZS 497 million). This is recognised in cost of sales.		
16 TRADE AND OTHER RECEIVABLES		
Trade receivables	9,698,970	10,425,991
Intercompany receivables (Note 23 (b))	6,390,827	4,229,430
Other receivables	8,124,149	4,833,896
	<u>24,213,946</u>	<u>19,489,317</u>
Less: Allowance for expected credit losses	5,900,046	7,855,506
Net trade receivable	<u>18,313,900</u>	<u>11,633,811</u>
Prepayments	798,491	697,200
	<u>19,112,391</u>	<u>12,331,011</u>
Movement in the provision for impairment of trade receivables:		
At 1 April	7,855,506	7,668,162
(Credit)/charge for the year	(169,761)	187,344
	<u>7,685,745</u>	<u>7,855,506</u>
Write-off	(1,785,699)	-
At 31 March	<u>5,900,046</u>	<u>7,855,506</u>

Trade receivables are non-interest bearing and are generally settled on 30 - 60 day's terms.

As at 31 March 2023, the Trade receivable amounting to TZS 9.6 billion above include TZS 891 million due from Suba Agro Trading & Engineering Limited (Suba). The Company has lodged a legal claim against Suba for settlement of the net outstanding amount of TZS 891 million (Refer to Note 24 for further details).

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

	2023 TZS'000	2022 TZS'000
17 CASH AND BANK BALANCES		
Cash at bank	14,198,835	9,928,727
M-Pesa balances	<u>20,592</u>	<u>20,243</u>
	<u>14,219,427</u>	<u>9,948,970</u>

The carrying amounts disclosed above reasonably approximate the fair values at the reporting date. The cash and cash equivalents position for the purpose of the statement of cash flows is as follows:

Cash at banks	14,198,835	9,928,727
M-Pesa balances	<u>20,592</u>	<u>20,243</u>
Cash and cash equivalents	<u>14,219,427</u>	<u>9,948,970</u>
18 SHARE CAPITAL		
Authorized, issued, and fully paid up: 2,129,000 (2020: 2,129,000) ordinary shares of TZS 1,000 each	2,129,000	2,129,000
Issued share capital	<u>2,129,000</u>	<u>2,129,000</u>
19 EARNINGS PER SHARE		
Profit attributable to ordinary equity holders	<u>10,335,916</u>	<u>7,947,680</u>
Weighted average number of ordinary shares	<u>2,129,000</u>	<u>2,129,000</u>
Basic profit per share	<u>4.85</u>	<u>3.73</u>

- a. Basic earnings per share is calculated on the profit or loss after tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.
- b. Diluted earnings per share is calculated on the profit or loss after tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding after adjustment of dilutive potential ordinary shares.
- c. The basic and diluted earnings per share are the same as there are no convertible instruments.

20 TRADE AND OTHER PAYABLES

Trade payables	650,428	1,070,376
Accrued expenses	924,297	642,963
Due to related parties (Note 23a)	<u>9,053,052</u>	<u>3,928,133</u>
	<u>10,627,777</u>	<u>5,641,472</u>

Terms and conditions of the above financial liabilities:

- i) Trade payables are non-interest bearing and are normally settled on 30 – 60 day's terms.
- ii) Other payables are non-interest bearing and have an average term of 45 days.
- iii) For terms and conditions relating to related parties - refer to Note 23.

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

	2023 TZS'000	2022 TZS'000
21 LEASE LIABILITIES		
Set out below are carrying amounts of lease liabilities and the movements during the period:		
At 01 April	136,203	410,359
Additions	518,079	-
Accretion of interest	20,071	34,486
Payments - principal	(295,579)	(274,156)
Payments - interest	(20,071)	(34,486)
At 31 March	<u>358,703</u>	<u>136,203</u>

The maturity analysis of lease liabilities are shown in note 28(d).

The following are the amounts recognized in profit or loss:

Depreciation expense of right-of-use assets (Note 14)	281,601	297,759
Interest expense on lease liabilities	20,071	34,486
Expense relating to short-term leases	283,799	140,501
Total amount recognized in profit and loss	<u>585,471</u>	<u>472,747</u>

22 CONTRACT LIABILITIES

Contract liabilities comprise advances received from customers for goods not delivered by year-end and volume rebates payable to customer upon meeting the set purchase targets. The amounts were presented under trade and other payables in the prior years and have been reclassified to a separate line following the application of IFRS 15. The contract liabilities are made up as follows:

Customer advances	131,732	241,280
Volume rebates	-	-
	<u>131,732</u>	<u>241,280</u>

Movement in contract liabilities:

Customer advances

At 1 April	241,280	178,466
Advances received during the year	131,732	241,280
Customer advances amortized to revenue	(241,280)	(178,466)
At 31 March	<u>131,732</u>	<u>241,280</u>

Customer rebates

At 1 April	-	-
Rebates awarded during the year	1,100,962	726,820
Rebates paid during the year	(1,100,962)	(726,820)
At 31 March	<u>-</u>	<u>-</u>

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

23 RELATED PARTY DISCLOSURES

Ultimate parent

The ultimate holding company is Seed Co Limited, incorporated in Zimbabwe and the parent company is Seed Co International Limited incorporated in Botswana. There are other companies that are related to Seed Co Tanzania Limited through common shareholdings or common directorships. The following disclosure provides the balances and total amount of transactions, which have been entered into with related parties for the relevant financial year:

	2023	2022
	TZS'000	TZS'000
a) <i>Amount due to related parties</i>		
Seed Co International Limited	1,536,615	1,757,236
Seed Co Zambia Limited	3,614,781	2,030,074
Seed Co Malawi Limited	1,633,859	3,647
Seed Co Zimbabwe Limited	14,836	129,679
Agri Seed Co Kenya	2,252,961	7,497
	<u>9,053,052</u>	<u>3,928,133</u>
b) <i>Amount due from related parties</i>		
Quton Tanzania Limited	23,374	22,946
Seedco International Limited	31,628	-
Seedco Zimbabwe Limited	47,707	-
Seed Co Malawi Limited	22,309	21,901
Agri Seedco Kenya Limited	3,496,081	503,236
Seedco International Rwanda Limited	215,959	1,932,337
Prime Seedco Tanzania Pvt Limited	2,533,070	1,749,010
Seedco Zambia	20,699	-
	<u>6,390,827</u>	<u>4,229,430</u>
c) <i>Terms and conditions of transactions with related parties</i>		
The purchases from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party payables.		
d) Compensation of key management personnel of the Company		
Short-term employee benefits	1,115,138	910,067
Post-employment pension	111,514	91,007
Total compensation paid to key management personnel	<u>1,226,652</u>	<u>1,001,074</u>

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any director of the company. Key management personnel include the Managing Director and Finance Director.

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

24 COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Company as lessee

The Company has entered into commercial leases on office buildings and godowns which are renewable annually. These leases have an average life of between one and two years with renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

	2023	2022
	TZS'000	TZS'000
Rental expenses recognized during year	<u>283,799</u>	<u>140,501</u>
Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:		
Within one year	<u>398,160</u>	<u>151,186</u>
	<u>398,160</u>	<u>151,186</u>

Capital commitments

The Company had no capital commitments at year-end (2022: Nil).

Legal claim contingencies

As at 31 March 2023, through the Commercial Case instituted at the High Court of Tanzania Commercial Division, the Company claimed against Suba Agro Trading & Engineering Limited and Sarah Muya for payment of TZS 891 million, being the amount outstanding and remaining unpaid in respect of the supply of agricultural inputs, seeds and their derivatives loaned by the Company and supplied to Suba and guaranteed by Sarah Muya as per the terms of the Agency Sales Agreements entered between the Company and Suba.

It is highly likely that, Seed Co Tanzania Limited will succeed. However, Suba and Sarah filed their defense to Seed Co Tanzania Limited's claims and the matter is now being heard on merit. Seed Co Tanzania Limited will be entitled to the outstanding amount, contractual interests, nominal damages, reasonable rate of court's interest and cost of the case.

Contingent liabilities and assets

TRA assessment

As at 31 March 2023, the Company had unresolved Tax assessment on Corporate tax and Withholding tax, with possible loss of TZS 428.78 million. The Tax Revenue Appeals Tribunal ruled in favor of The Company, eventually TRA appealed against such ruling to Court of Appeal and the determination is pending.

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

25 EMPLOYEES AND EMPLOYEES' BENEFITS

The average number of permanent employees for the period was 45 (2022: 44).

Employees are members of the NSSF Pension Fund. The Company contributes 10% of the gross salary for each individual.

	2023 TZS'000	2022 TZS'000
The Company's contribution to the pension fund for the year was:		
Pension contribution	<u>239,669</u>	<u>248,570</u>

26 CAPITAL MANAGEMENT

The primary objective of the Company's capital management structure is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company aims to maintaining a gearing ratio of less than 100%. The Company includes within net debt, non-interest-bearing loans and borrowings, trade and other payables less cash and bank balances. Capital includes equity attributable to the equity holders.

Trade and other payables	10,627,778	5,641,473
Less: Cash and bank balances	<u>(14,219,427)</u>	<u>(9,948,970)</u>
Net debt	(3,591,649)	(4,307,497)
Equity	<u>31,441,619</u>	<u>21,105,704</u>
Total capital	<u>27,849,971</u>	<u>16,798,207</u>
Gearing ratio	<u>0.00%</u>	<u>0.00%</u>

27 FAIR VALUE ADJUSTMENT

The carrying amounts of the Company's financial instruments reasonably approximate their fair values due to the short-term nature of the instruments or the fact that interest bearing instruments carry interest rates that are in line with market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Foreign currency risk is managed at an operational level and monitored by the Finance Department. Exposure to losses from liabilities denominated in foreign currencies is managed through prompt payment of outstanding liabilities and forward purchase of foreign currencies.

The following table demonstrates the sensitivity to possible changes in the exchange rate between the Tanzanian Shilling and foreign currencies (mainly US dollar, other currencies are considered not to have a significant impact), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/decrease in the value of TZS vs. other currencies	Effect on profit before tax TZS'000	Effect on equity TZS'000
Net effect based on financial year-end as at 31 March 2023	2.0%	(317,730)	(222,411)
	-2.0%	317,730	222,411
Net effect based on financial year-end as at 31 March 2022	2.0%	(230,039)	(161,027)
	-2.0%	230,039	161,027

The Company's sensitivity analysis has been determined based on net transaction exposure as at year-end, a change in 2.0% (2022: 2.0%) is used when the net foreign currency transaction risk is reported internally to key management personnel to assess reasonably possible change in foreign exchange rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a. Foreign currency risk (Continued)

The various currencies to which the Company is exposed at year end are summarized below (all balances are in TZS'000):

<u>At 31 March 2023</u>	TZS'000	Exposure in USD	Total exposure
Financial assets			
Trade and other receivables	12,721,564	6,390,827	19,112,391
Cash and cash equivalents	<u>13,688,288</u>	<u>531,139</u>	<u>14,219,427</u>
	<u>26,409,852</u>	<u>6,921,966</u>	<u>33,331,818</u>
Financial liabilities			
Trade and other payables	1,574,725	9,053,052	10,627,777
	<u>1,574,725</u>	<u>9,053,052</u>	<u>10,627,777</u>
<u>At 31 March 2022</u>			
Financial assets			
Trade and other receivables	6,784,494	4,229,430	11,013,924
Cash and cash equivalents	<u>4,503,336</u>	<u>5,445,634</u>	<u>9,948,970</u>
	<u>11,287,830</u>	<u>9,675,064</u>	<u>20,962,894</u>
Financial liabilities			
Trade and other payables	1,713,339	3,928,133	5,641,472
	<u>1,713,339</u>	<u>3,928,133</u>	<u>5,641,472</u>
Exchange rate during the year were as follows		2023	2022
On 1 April		2,322	2,322
On 31 March		2,365	2,322

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company has adopted a non- speculative approach to the management of interest rate risk through the use of overdraft facilities and short-term loans.

c. Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables).

The Company trades only with recognized credit worthy parties. Receivables balances are monitored on an ongoing basis with the result that Company's exposure to bad debts is not significant. The ageing analysis of trade receivables is shown below:

Age of receivables	<30 days	30 -60 days	60 -120 days	120 days<	Total
<i>Balance as at 31 March 2023</i>					
Gross amount (TZS'000)	2,679,964	5,575,243	3,675,445	11,128,120	23,058,772
Expected credit loss rate (%)	0%	0%	0%	69%	33%
Expected credit loss (TZS'000)	<u>812</u>	<u>1,104</u>	<u>7,447</u>	<u>7,676,383</u>	<u>7,685,745</u>
<i>Balance as at 31 March 2022</i>					
Gross amount (TZS'000)	1,662,820	2,140,322	3,048,005	12,638,170	19,489,317
Expected credit loss rate (%)	0%	0%	0%	62%	40%
Expected credit loss (TZS'000)	<u>3,939</u>	<u>8,775</u>	<u>14,169</u>	<u>7,828,623</u>	<u>7,855,506</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d. Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available and thus the Company being unable to fulfil its existing and future cash flow obligations. The Company has set the Finance Department which among other functions, monitors the maturity gap of the Company's assets against maturing liabilities.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and related parties.

The table below indicates the maturity profile of the Company's financial liabilities. All balances are in TZS'000.

<u>As at 31 March 2023</u>	On demand	Less than 3 months	3 - 12 months	1-5 periods	Total
Trade and other payables	-	1,574,725	9,053,052	-	10,627,777
Lease liabilities	-	-	398,160	-	398,160
	<u>-</u>	<u>1,574,725</u>	<u>9,451,212</u>	<u>-</u>	<u>11,025,937</u>
<u>As at 31 March 2022</u>	On demand	Less than 3 months	3-12 months	1-5 periods	Total
Trade and other payables	-	1,713,339	3,928,133	-	5,641,472
Lease liabilities	-	-	151,185	-	151,185
	<u>-</u>	<u>1,713,339</u>	<u>4,079,318</u>	<u>-</u>	<u>5,792,657</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2023

29. WAR IN THE UKRAINE

The war in Ukraine started in February 2022. Many countries have imposed, and continue to impose, new sanctions on specified Russian entities and individuals; and a number of businesses that operated in Russia until the start of the war have since pulled out from the country.

Other than the human toll and direct financial and operational impact on entities operating in Russia, Ukraine or in the neighboring countries, or otherwise having significant business links there, the war also has, and continues to, negatively affect businesses in various parts of the world. This includes restrictions to imports and exports, disruptions in global and regional supply chains, increased commodity prices, and fluctuations in foreign exchange rates.

In February 2023, a number of countries (including the US, UK and EU) imposed new sanctions against certain entities and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Announcements of further additional sanctions have been made following military operations initiated on 24 February 2023. The Company does not trade with Russia or Ukraine, and none of its parents or affiliates trade with Russia. There has been no material impact on operations to date as a result of these events.

30. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period which require adjustment in the financial statements other than declaration of TZS 5,167 million dividend.

SEED CO TANZANIA LIMITED
ANNUAL REPORT
AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

SEED CO TANZANIA LIMITED

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

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SEED CO TANZANIA LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 MARCH 2024

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Seed Co Tanzania Limited
1st Floor, Sable Square Shopping Mall
Plot No. 582
P.O. Box 12281
Arusha
Tanzania

BANKERS

Stanbic Bank (T) Ltd Arusha Branch P.O. Box 3062 Arusha Tanzania	NMB Bank Plc Ngarenaro Branch P.O. Box 9213 Dar es Salaam Tanzania	CRDB Bank Plc Meru Branch P.O. BOX 268 Dar es Salaam Tanzania	UBA Bank (T) Ltd Arusha Branch P.O. BOX 80514 Dar es Salaam Tanzania	Absa Bank (T) Ltd Arusha Branch P.O. BOX 5137 Dar es Salaam Tanzania
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COMPANY SECRETARY

John Matorofa
Seed Co Tanzania Limited
Tanzania

LEGAL ADVISOR

FK Law Chambers, Advocates
23 Barrack Obama Drive
Sea View - Upanga
PO Box 20787
Dar es Salaam
Tanzania

COMPANY AUDITOR

Ernst & Young
Certified Public Accountants
EY House, Plot No.162/1
Mzinga way, 14111 Oysterbay
P. O. Box 2475
Dar es Salaam
Tanzania

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2024**

1. INTRODUCTION

The directors submit their report together with the audited financial statements for the year ended 31 March 2024, which disclose the state of affairs of Seed Co Tanzania Limited (the "Company").

2. INCORPORATION

The Company is incorporated in Tanzania under Companies Act, 2002 of Tanzania as a private company limited by shares. The address of the registered office is set out on page 1.

3. MISSION AND VISION

Vision Statement:

To dominate the seed business in Africa.

Purpose:

We breed, seed, feed and lead in Africa.

Shared Values:

Our passion to deliver; winning together; quality in everything we do; learning every day every way; people our pride.

4. PRINCIPAL ACTIVITIES

The principal activities of the Company are purchasing, conditioning, processing and sale of registered hybrid seed produced under contract and traded under the Seed Co brand.

5. SHAREHOLDING

The shareholding of the Company as at year-end was as stated below:

	<u>31 March 2024</u>	<u>31 March 2023</u>
Seed Co International Limited (Botswana)	99.99999%	99.99999%
Clive Mugadza	0.00001%	0.00001%
	<u>100%</u>	<u>100%</u>

6. CAPITAL STRUCTURE

The Company's authorized, issued and paid share capital is TZS 2,129,000,000 for the year ended 31 March 2024 (2023: TZS 2,129,000,000).

**DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2024**

7. COMPOSITION OF BOARD OF DIRECTORS

The directors of the Company who held office during the year and to the date of this report were:

Name	Position	Age	Nationality	Professional qualification
Morgan Nzwere	Director	58	Zimbabwean	Chartered Accountant and Master's in Business Leadership
Geoffrey Kirenga**	Director	63	Tanzanian	Master of Science in Entomology
Clive Mugadza	Managing Director	53	Zimbabwean	Master in Business Administration
Chagama Kadera	Director	64	Kenyan	Doctorate in Agriculture
Kallunde Sibuga*	Director	71	Tanzanian	Doctorate in Agriculture
John Matorofa	Director	57	Zimbabwean	Chartered Accountant and Master's in Business Administration
Tichaona Ravasingadi***	Finance Director	41	Zimbabwean	Chartered Accountant
Robert Koech****	Finance Director	46	Kenyan	Chartered Accountant

* Resigned on 15th May 2023

** Appointed on 9th October 2023

*** Resigned on 31st August 2023

**** Appointed on 1st November 2023

In accordance with the Company's Articles of Association, the directors are not required to retire by rotation. With the exception of the Managing Director and Finance Director, the rest of the directors are non-executive.

8. DIRECTORS' REMUNERATION

Directors' remuneration for services as directors and for managerial services is TZS 2,553 million (2023: TZS 1,249 million).

9. OPERATIONAL EFFICIENCY

Due to the persistent power outages, the Company lost 135-man hours (2023: 144-man hours).

10. WELFARE OF EMPLOYEES

Relationship between management and employees

The relationship between employees and management continued to be good. There were no serious unresolved complaints received by management from individual employees or groups thereof. Any grievances are resolved through the annual staff meeting or as prescribed by the Seed Co Limited Group Human Resources Policy.

Medical facilities

Medical care continued to be provided to all members of the Company staff.

Financial help

This was provided to all grades of staff on case-by-case basis.

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

11. RELATED PARTY TRANSACTIONS

Details of transactions and balances with related parties are disclosed in Note 23 to the financial statements. All transactions with related parties were carried out at commercial terms.

12. GENDER PARITY

The Company is an 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, tribe, religion and disability which does not impair ability to discharge duties. As at year end, the Company had the following distribution of employees by gender.

Gender	31 March 2024	31 March 2023
Male	43	35
Female	8	10
Total	51	45

The total remuneration paid to the employees during the year was TZS 7,073 million (2023: TZS 4,691 million).

13. CORPORATE GOVERNANCE

The directors are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with generally accepted best practice. In so doing the directors therefore confirm that:

- The Board of Directors met thrice a year.
- An Audit Committee met three times during the year;
- They retain full and effective control over the Company and monitor executive management;
- The Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance; and
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of the management team.

**DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2024**

13. CORPORATE GOVERNANCE (Continued)

Outlined below is the attendance of the Board members and invitee for the meetings held during the year:

Name	Position	15 May 2023	09 October 2023	19 March 2024	% of Attendance
Morgan Nzwere	Chairman	Attended	Attended	Attended	100%
Geoffrey Kirenga	Director	-	Attended	Attended	66.6%
Cliive Muğadza	Managing Director	Attended	Attended	Attended	100%
Chagama Kadera	Director	Attended	Attended	Attended	100%
Kallunde Sibuga	Director	-	-	-	0%
John Matorofa	Director	Attended	Attended	Attended	100%
Tichaona Ravasingadi	Finance Director	Attended	-	-	33.3%
Robert Koech	Finance Director	-	-	Attended	33.3%

Board committee

The Company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability. The Board has an Audit Committee that monitors and reports to the Board on all finance and accounting matters. The Audit Committee has three members as follows:

Name	Position	Nationality	Professional qualification
Geoffrey Kirenga	Director	Tanzanian	Master of Science in Entomology
Chagama Kadera	Director	Kenyan	Doctorate in Agriculture
John Matorofa	Director	Zimbabwean	Chartered Accountant and Master's in Business Administration

Outlined below is the attendance of the committee members and invitees in the meetings held during the year:

Name	Position	15 May 2023	09 October 2023	19 March 2024	% of Attendance
Geoffrey Kirenga	Director	Attended	Attended	100%	100%
Chagama Kadera	Director	Attended	Attended	100%	100%
John Matorofa	Director	Attended	Attended	100%	100%

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

13. CORPORATE GOVERNANCE (Continued)

Principal risks and uncertainties

RISK/UNCERTAINTTY	ACTION TO MITIGATE RISK
<p>1. Fluctuations of Exchange Rates Projected current account deficit growth is likely to put pressure on the currency and devaluation.</p>	<ul style="list-style-type: none"> ▪ Management will align the pricing strategy to ensure no value is lost through selling at a lower margin in US\$ terms. ▪ Management will reduce the exposure through management of foreign currency denominated assets that will assist in the liquidation of US\$ denominated facilities. ▪ Economic forecasts will be used in negotiating forward exchange rates for the US\$ facilities to ensure the potential loss is reduced. ▪ Implement a hedging policy on part of the foreign denominated debt through financial institutions' hedging instruments and exports.
<p>2. Exposure to credit and counter party risks The company is exposed to credit and counterparty risk relating to our customers in the ordinary course of business. Such customers include distribution channels available such as agro dealers and direct customers.</p>	<ul style="list-style-type: none"> ▪ Offer early settlement rebates ▪ Thorough credit vetting processes and setting credit limits that encourage repayments, thus reducing exposure. ▪ Bank guarantees, registered mortgage bonds ▪ Increase resources and monitoring to credit control ▪ Deal with key distributors only and reduce the scope of debtors (hub & spoke)
<p>3. Increasing competition Tanzania seed industry has increased a number of participating companies with some making inroads into areas previously dominated by Seed Co.</p>	<ul style="list-style-type: none"> ▪ Continue to price competitively and leverage on value chain efficiencies. ▪ Improve efficiencies in both production and processing of seed as well as strengthening the distribution network and ensure that every participant in our value chain makes money. ▪ Develop new markets and channels to outwit competition in demand creation through agronomical and marketing activities, which increases awareness of our product to farmers ▪ Develop and commercial new improved hybrid seeds that outwit competitor varieties.

**DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2024**

13. CORPORATE GOVERNANCE (Continued)

Principal risks and uncertainties (Continued)

<p>4. Increasing Tax Risks Tanzania Revenue Authority have increased their surveillance and more audits are being conducted and non-compliance attracts huge penalties.</p>	<ul style="list-style-type: none"> ▪ Ensuring tax compliance for all tax issues using a monthly checklist and constant communication with tax authorities. ▪ Continuously review the intercompany Transfer pricing framework to satisfy the requirements of all the tax authorities in the countries we operate. ▪ Ensuring all transactions have proper and well-crafted agreements that comply with the OECD framework. ▪ Regular tax-health checks conducted by reputable tax expertise firms.
<p>5. Cyber security Risk</p>	<ul style="list-style-type: none"> ▪ Create local back-up capacity to augment centralized Group back up servers. ▪ Enhance data security parameters to help ensure that proper information security measures are in place to mitigate these security breaches.

14. KEY PERFORMANCE INDICATORS (KPIs)

The Board manages the performance of the Company through the following KPIs:

1. Increasing market share
2. Increasing area cultivated under improved hybrid seed technology
3. Maximising profit growth and dividend distribution to shareholders
4. Investing in staff through training and performance driven incentives
5. Maintaining quality throughout the business value chain

15. MANAGEMENT OF THE COMPANY

The Company is under the supervision of the Board of Directors ("the Board") and the day-to-day management is entrusted to the Managing Director.

The Board comprises of non-executive directors. The Board is appointed by the shareholders at the Annual General meeting. The Board is composed of representatives from the main shareholder, Seed Co International Limited (Botswana), and others who are not affiliated to any shareholder.

The organization structure of the Company comprises of the following departments:

- Accounts and Administration Department
- Production Department
- Processing Department
- Sales and Marketing
- Research Department

All departments are headed by managers. The Managing Director and Finance Director report to the Board and all Department managers report to the Managing Director.

**DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2024**

16. ADMINISTRATIVE MATTERS

The Company is capable of handling all administrative matters.

17. FUTURE DEVELOPMENT PLAN

To expand distribution network to cover the entire of Tanzania.

18. RESULTS FOR THE YEAR

The results for the year are set out on page 17 and are summarized as follows:

	2024 TZS'000	2023 TZS'000
Profit before tax	22,291,844	15,270,947
Tax	(6,892,346)	(4,935,031)
Profit after tax	<u>15,399,498</u>	<u>10,335,916</u>

19. SOLVENCY EVALUATION

The Company's state of affairs as at 31 March 2024 is set out on page 18 of the financial statements. The directors have reviewed the current financial position of the Company. On the basis of this review together with the current business plan, the directors are satisfied that the Company is a solvent going concern within the meaning ascribed by the Companies Act, 2002 of Tanzania.

20. GOING CONCERN CONSIDERATION

The Company generated a profit after tax of TZS 15,399 million (2023: TZS 10,336 million) making the total retained earnings of TZS 39,489 million (2023: 29,258 million). The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

21. 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 behaviour towards all stakeholders.

**DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2024**

21. RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's 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 31 March 2024 and is of the opinion that they met accepted criteria.

22. POLITICAL AND CHARITABLE DONATIONS

The Company has not made any political or charitable donations during the year (2023: Nil).

23. ENVIRONMENTAL MATTERS

The Company complied with standards of industrial safety and environmental regulations established by various authorities to the best of its knowledge.

24. CORPORATE SOCIAL RESPONSIBILITY

The Company did not participate in any corporate social responsibility activities during the year.

25. RESERVES

At 31 March 2024, the Company had retained earnings of TZS 39,489 million (2023: TZS 29,258 million) as set out on page 19 in the financial statements.

26. DISABLED PERSONS

The Company has a policy of continued employment of employees who become disabled while in the Company's service.

27. DIVIDEND

The Board did not recommend payment of dividend in respect of the year ended 31 March 2024 (2023: TZS 5,167 million).

28. SUBSEQUENT EVENTS

There are no subsequent events that have occurred which require to be adjusted in the financial statements.

**DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2024**

29. STATEMENT OF COMPLIANCE

The Report by those charged with governance has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 "TFRS 1" (The Report by those charged with governance).

TFRS 1 is effective from 1 January 2021 following the approval of the Governing Board of the National Board of Accountants and Auditors ("NBAA") of the issuance of the revised version revision during its 182nd meeting held on 22 June 2020.

30. AUDITORS

Details

The information of the Company's auditors for the period covered by the report is:

Ernst & Young
EY House
Plot No. 162/1, Mzinga way
14111 Oysterbay
P.O. Box 2475
Dar es Salaam, Tanzania
Tel: +255 22 292 4040 | Fax: +255 22 292 4034
Website: <http://www.ey.com>
Firms' registration Number: 151
TIN number: 100-149-222

The engagement partner who was in charge of the audit of the Company during the period has PF Number: FCPA 1227.

Appointment process

The process of appointing the Company's External Auditor is done in accordance with Section 170 and 174 of the Companies Act, 2002.

Appointment for 2024

The auditor, Ernst & Young, has expressed willingness to continue in office as auditor and is eligible for re-appointment. A resolution proposing the re-appointment of Ernst & Young as auditor of the Company for the 2025 financial year will be tabled for shareholders' approval at the next Annual General Meeting.

30. RESPONSIBILITY OF THE AUDITOR

The Auditor is responsible with providing assurance of the correctness and consistency of all information contained in the report by those charged with governance with those provided in the financial statements.

DIRECTORS' REPORT (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

31. RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

It is the responsibility of the those charged with governance to prepare financial statements of the Company which show a true and fair view in accordance with applicable standards, rules, regulations, and legal provisions.

This responsibility covers the period from the beginning of the financial year to the date those charged with governance approved the audited financial statements and covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements.

BY ORDER OF THE BOARD

Clive Muzadi
Name

Director
Title


Signature

Robert Koch
Name

Director
Title


Signature

21 June 2024
Date

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2024

The Companies Act, 2002 of Tanzania requires directors to prepare financial statements for each financial year that present fairly the state of financial affairs of the Company as at the end of the financial year and of its profit or loss for the year. 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. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania.

The Companies Act, 2002 of Tanzania requires the directors to prepare financial statements for each financial year which present fairly the state of financial affairs of the Company as at the end of the financial year and of the Company's operating results for that year. It also requires the directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The financial statements were approved by the Board of Directors for issue and signed on its behalf by:

<u>Clive Fugadea</u> Name	<u>Director</u> Title	<u>[Signature]</u> Signature
<u>Robert Koeh</u> Name	<u>Director</u> Title	<u>[Signature]</u> Signature

21 June 2024
Date

DECLARATION BY THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 MARCH 2024

The National Board of Accountants and Auditors (NBAA) according to the power conferred to it under the Auditors and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance 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 to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's financial position and performance in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania. Full legal responsibility for the preparation of the financial statements rests with the Board of Directors as stated under the Statement of Directors' Responsibilities on the previous page.

I, CPA, Felix Bantoo Silyo being the Chief Accountant of Seed Co Tanzania Limited hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 March 2024 have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania.

I thus confirm that the financial statements give a true and fair view of the financial position of Seed Co Tanzania Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: 

Name: CPA, Felix Bantoo Silyo

Position: Chief Accountant

NBAA Membership No: GA 4215

Date: 21 June 2024

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Seed Co Tanzania Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Seed Co Tanzania Limited (the 'Company') set out on pages 17 to 52, which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Seed Co Tanzania Limited as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania.

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 International Ethics Standards Board for Accountants', *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 Company Information, Directors' Report, Statement of Directors' Responsibilities and the Declaration by the Head of Finance. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance thereon.

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

INDEPENDENT AUDITOR'S REPORT (Continued)
To the shareholders of Seed Co Tanzania Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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 IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania, 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 the 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 disclosures made by the directors.



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INDEPENDENT AUDITOR'S REPORT (Continued)
To the shareholders of Seed Co Tanzania Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

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

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, 2002 of Tanzania and for no other purposes.

As required by the Companies Act, 2002 of Tanzania, 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 purpose 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 Directors' Report is consistent with the financial statements;
- iv. Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and,
- v. The Company's statement of financial position and statement of profit or loss and statement of comprehensive income are in agreement with the books of account.

Signed by: Dr. Neema Kiure (FCPA 1227)
For and on behalf of Ernst & Young
Certified Public Accountants
Dar es Salaam, Tanzania

Date: 30th August 2024

SEED CO TANZANIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 TZS'000	2023 TZS'000
Revenue from contracts with customers	3	81,074,713	61,324,912
Cost of sales	4	<u>(41,210,015)</u>	<u>(31,937,248)</u>
Gross profit		39,864,698	29,387,664
Other income	5	146,117	2,894
Selling and distribution expenses	6	(6,869,604)	(5,554,290)
Research expenses	7	(2,641,153)	(2,245,252)
Administrative expenses	8	<u>(8,013,566)</u>	<u>(6,102,688)</u>
Operating profit		22,486,492	15,488,328
Net foreign exchange gains/(losses)	9	(524,737)	(448,762)
Finance income	10	505,347	471,938
Finance expenses	11	<u>(175,258)</u>	<u>(240,557)</u>
Profit before tax		22,291,844	15,270,947
Income tax expense	12	<u>(6,892,346)</u>	<u>(4,935,031)</u>
Profit for the year		15,399,498	10,335,916
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income, net of tax		<u>15,399,498</u>	<u>10,335,916</u>
Basic and diluted earnings per share (TZS)	19	<u>7.23</u>	<u>4.85</u>

SEED CO TANZANIA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

ASSETS	Note	2024 TZS'000	2023 TZS'000
Non-current assets			
Plant and equipment	13	5,512,205	1,513,420
Right-of-use assets	14	210,830	443,788
Deferred tax asset	12	1,153,875	72,100
		<u>6,876,910</u>	<u>2,029,308</u>
Current assets			
Inventories	15	8,045,369	6,885,942
Income tax recoverable	12	-	312,764
Trade and other receivables	16	20,514,077	19,112,391
Cash and bank balance	17	32,015,397	14,219,427
		<u>60,574,843</u>	<u>40,530,524</u>
TOTAL ASSETS		<u>67,451,753</u>	<u>42,559,832</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	18	2,129,000	2,129,000
Revaluation reserve		54,845	54,845
Retained earnings		39,489,315	29,257,775
		<u>41,673,160</u>	<u>31,441,620</u>
Current liabilities			
Trade and other payables	20	21,846,644	10,627,777
Lease liabilities	21	320,196	358,703
Contract Liabilities	22	2,410,458	131,732
Income tax payable	12	1,201,295	-
		<u>25,778,593</u>	<u>11,118,212</u>
TOTAL EQUITY AND LIABILITIES		<u>67,451,753</u>	<u>42,559,832</u>

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on the 21 June 2024 and were signed on its behalf by:

Clive Rugaderi
Director

Robert Koeh
Director

[Signature]
Signature

[Signature]
Signature

SEED CO TANZANIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Share capital (Note 18)	Revaluation Reserve	Retained earnings	Total equity
	TZS'000	TZS'000	TZS'000	TZS'000
At 1 April 2023	2,129,000	54,845	29,257,775	31,441,620
<i>Profit for the year</i>	-	-	15,399,498	15,399,498
<i>Other comprehensive income, net of tax</i>	-	-	-	-
Total comprehensive income, net of tax	-	-	15,399,498	15,399,498
Dividends declared	-	-	(5,167,958)	(5,167,958)
At 31 March 2024	2,129,000	54,845	39,489,315	41,673,160
At 1 April 2022	2,129,000	54,845	18,921,859	21,105,704
<i>Profit for the year</i>	-	-	10,335,916	10,335,916
<i>Other comprehensive income, net of tax</i>	-	-	-	-
Total comprehensive income, net of tax	-	-	10,335,916	10,335,916
Dividends declared	-	-	-	-
At 31 March 2023	2,129,000	54,845	29,257,775	31,441,620

SEED CO TANZANIA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 TZS'000	2023 TZS'000
OPERATING ACTIVITIES			
Profit before tax		22,291,844	15,270,947
<i>Adjustment for non-cash items:</i>			
Depreciation of plant and equipment and right of use	13 & 14	737,807	766,027
Loss on disposal of plant and equipment	5	531	10,761
Interest income	10	(505,347)	(471,938)
Interest cost	11	150,120	187,283
<i>Changes in working capital:</i>			
Increase in inventories		(1,159,427)	(4,004,534)
Increase in trade and other receivables		(6,569,644)	(6,781,380)
Increase/(Decrease) in contract liabilities		2,278,726	(109,548)
Increase in trade and other payables		6,050,909	4,986,305
Cash flows from operating activities		28,443,477	9,853,923
Interest paid	11	(113,405)	(167,212)
Payment of interest portion of lease liabilities	21	(36,715)	(20,071)
Income tax paid	12	(6,460,062)	(4,639,267)
Net cash flows from operating activities		21,833,295	5,027,373
INVESTING ACTIVITIES			
Interest received	10	505,347	471,938
Proceeds from disposal of plant and equipment		40,525	143,587
Purchase of plant and equipment	13	(4,482,501)	(1,076,861)
Net cash flows used in investing activities		(3,936,629)	(461,337)
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	21	(100,696)	(295,579)
Net cash flows used in financing activities		(100,696)	(295,579)
Net increase in cash and cash equivalents		17,795,970	4,270,457
Cash and cash equivalents at 1 April		14,219,427	9,948,970
Cash and cash equivalents at 31 March	17	32,015,397	14,219,427

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

1. COMPANY INFORMATION

The financial statements of Seed Co Tanzania Limited for the year ended 31 March 2024 were authorized for issue in accordance with a resolution of the directors. The Company is domiciled and incorporated in Tanzania under the Companies Act, 2002. The registered office is located at Arusha, Tanzania.

The principal activities of the Company are described in the Directors' report.

2. PRINCIPAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except and where applicable for those financial assets and liabilities that are measured at fair value. The financial statements are presented in Tanzanian Shillings.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the requirements of the Tanzania Companies Act, 2002.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the cost of assets over their expected useful lives. The annual rates of depreciation which have been consistently applied are:

Asset class	Useful life
Plant and machinery	5 - 8 years
Computers	3 years
Furniture, fittings and equipment	5 - 8 years
Motor vehicles	5 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognized.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year end.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are valued at the lower of cost and estimated net realizable value. Cost incurred in bringing each product to its present location and conditions are accounted for as follows:

Parent and commercial seed - actual cost

Stores and consumables - on the purchase cost on a first -in-first out basis

Growing crops at Research stations are not brought to account as all expenditure relating thereto is of a research nature and is written off to the profit or loss when incurred.

Net realizable value is estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation

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 Company operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Taxation

i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. The current tax rate is 30%.

Taxation

ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary and all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

iii) Deferred tax (Continued)

Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss and other comprehensive income. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 amount of the obligation. Where the Company expects some or all of 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. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Revenue recognition below.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company's financial assets comprise financial assets at amortized cost (debt instruments)

Financial assets (Continued)

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include trade and other receivables and bank balances.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalent

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: the contract involves the use of an identified asset; this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company has applied the cost model to the right of use assets.

Company as a lessee

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The depreciation rate applied to the right of use assets are as follows:

Leased asset class	Useful life
Building	2 years

The Company recognizes a lease liability at the date of initial application for leases previously classified as operating leases. The Company measures that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from an assessment of whether it will exercise extension or termination option. The Company uses single discount rate of 11% (2023: 11%) to all of the leases due to having similar characteristics (similar nature and same remaining lease term). When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right of use assets and lease liabilities for short-term leases of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities not at fair value through profit or loss, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

After initial recognition, trade and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the company.

Pensions and other post-retirement benefits

All of the company employees are members of the National Social Security Fund ("NSSF"), which is a defined contribution plan. The Company and local employees both contribute 10% of the employees' gross salaries to the NSSF. The Company's contributions are charged to profit or loss when incurred.

Revenue recognition

Revenue represents income arising in the course of Company's ordinary activities, which leads to an increase of economic benefits during the accounting period. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The Company applied the portfolio approach in assessing the contracts.

Payments from customers for which no goods have been transferred are carried in the statement of financial position as a contract liability until when the control of the related goods passes to the customer.

The five-step model stipulated in IFRS 15 Revenue from contracts with customers is applied when accounting for revenue from contracts with customers. The Company accounts for a revenue contract with a customer only when all the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- The Company can identify each party's rights regarding the goods or services to be transferred;
- The Company can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance (i.e., the risk, timing or amount of future cash flows is expected to change as a result of the contract)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (continued)

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies on financial assets in Financial Assets above.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

Cost to obtain a contract

If the Company pays sales commission to obtain contracts with customers, the Company defers and amortizes these costs over the period of the contract during which the services are transferred to the customers. The Company currently has no such costs.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2024

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current versus non-current classification

A liability is current when:

It is expected to be settled in the normal operating cycle;

- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates if different assumptions were used and different conditions existed.

In particular, management has identified the following areas where significant judgements, estimates and assumptions are required, and where if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the financial statements

Assets useful lives

The estimated useful lives and residual values of items of property, plant and equipment, and right of use assets are reviewed annually and are in line with the rates at which they are depreciated.

Refer to Notes 13 and 14 for the carrying amounts of property, plant and equipment and right of use assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Intangible assets are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimating variable consideration for volume rebates

The Company's expected volume rebates are analyzed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date. The Company updates its assessment of volume rebates monthly and the refund liabilities are adjusted accordingly. Estimates of volume rebates are sensitive to changes in circumstances and the Company's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.

Refer to Note 22 for further disclosures on rebate liabilities.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer to Note 12 for further disclosures including the carrying amounts of current income and deferred tax.

Incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and makes specific adjustments (such as the company's credit spread, or to reflect the terms and conditions of the lease).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

Expected credit losses

The Company assesses the financial assets portfolio to determine whether an impairment loss should be recorded in the profit or loss. The Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of an individual debtor in that portfolio.

The Company performs impairment assessment during recognition of the financial assets taking into consideration forward looking information pertaining to a specific debtor or a certain debtor's portfolio.

The Company's business model is such that expected credit losses for trade receivables are assessed at this level. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

More disclosures on expected credit losses are included in Notes 16 and 28(c).

Contingent liabilities

By their nature, contingent liabilities will only be resolved when one or more future events occur or fail to occur. The assessment of such contingent liabilities inherently involves the exercise of significant judgement and estimates of the outcome of future events.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the Company may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the Company could be materially affected by the unfavourable outcome of litigation.

Refer to Note 24 for further disclosures on contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations effective during the year

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2023. These pronouncements had no significant impact on the financial statements of the Company except as described below.

- International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12 - Effective from 01 January 2023
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 - Effective from 01 January 2024
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1 - Effective from 01 January 2024
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 - Effective from 01 January 2024

New and amended standard issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are not expected to have a significant impact on the Company's financial statements.

The new standards and interpretations are listed below:

- Lack of exchangeability - Amendments to IAS 21 - Effective from 01 January 2025

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

	2024 TZS'000	2023 TZS'000
3 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Maize seeds	80,692,861	60,817,501
Soya beans	-	139,648
Parent seeds	381,852	327,525
Wheat seeds	-	40,238
	<u>81,074,713</u>	<u>61,324,912</u>
4 COST OF SALES		
Maize seeds	37,040,963	28,037,254
Soya beans	-	130,737
Parent seeds	266,136	205,436
Depreciation of plant and equipment	223,754	198,091
Wheat seeds	-	31,590
Other	3,679,162	3,334,140
	<u>41,210,015</u>	<u>31,937,248</u>
5 OTHER INCOME		
Loss on disposal of plant and equipment	(531)	(10,761)
Other sundry income	146,648	13,655
	<u>146,117</u>	<u>2,894</u>
6 SELLING AND DISTRIBUTION EXPENSES		
Travel expenses	548,000	548,265
Accommodation and subsistence expenses	324,338	240,718
Warehouse rental	29,755	30,078
Advertising expenses	2,708,520	1,836,393
Other selling and distribution expenses	3,258,991	2,898,836
	<u>6,869,604</u>	<u>5,554,290</u>
7 RESEARCH EXPENSES		
Salary and wages	98,340	85,602
Employer contribution to pension fund	7,864	11,033
Royalty fee	2,431,048	2,099,839
Travelling and other costs	103,901	48,778
	<u>2,641,153</u>	<u>2,245,252</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

	2024 TZS'000	2023 TZS'000
8 ADMINISTRATION EXPENSES		
Employee benefits costs	3,932,090	2,645,556
Rent and rates	300	206,449
Depreciation of other equipment	512,149	565,825
Fuel costs	61,826	62,567
Travel expenses	230,684	221,598
Telephone and fax	76,306	95,037
Repair and maintenance	162,108	170,517
Legal and professional fees	471,860	102,470
Auditors' remuneration	117,054	102,260
Management fees	1,191,842	1,125,722
Others	1,257,347	804,687
	<u>8,013,566</u>	<u>6,102,688</u>
The above employee benefits costs comprise of:		
Salaries and wages	970,758	1,209,983
Salaries incentive & bonus scheme	2,222,499	681,954
Skills development levy	40,362	56,449
Staff other costs	566,504	556,586
Employer contribution to pension fund	131,967	140,584
	<u>3,932,090</u>	<u>2,645,556</u>
9 GAIN/(LOSS) ON FOREIGN CURRENCY TRANSLATION		
Exchange gain - realized	463,902	21,355
Exchange loss - realized	(581,485)	(4,701)
	<u>(117,583)</u>	<u>16,654</u>
Exchange gain - unrealized	11,975,589	3,184,910
Exchange loss - unrealized	(12,382,743)	(3,650,326)
	<u>(407,154)</u>	<u>(465,416)</u>
Net foreign exchange gains/(losses)	<u>(524,737)</u>	<u>(448,762)</u>
10 FINANCE INCOME		
Interest received	<u>505,347</u>	<u>471,938</u>
11 FINANCE EXPENSES		
Bank charges	<u>25,138</u>	<u>53,274</u>
Interest cost lease (Note 21)	36,715	20,071
Interest costs on credit facilities	113,405	167,212
	<u>150,120</u>	<u>187,283</u>
	<u>175,258</u>	<u>240,557</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

	2024 TZS'000	2023 TZS'000
12 TAXATION		
a) Current income tax expense		
Current income tax charge - current year	7,974,121	4,528,492
Deferred tax (income)/charge- current year	(1,081,775)	406,539
	<u>6,892,346</u>	<u>4,935,031</u>
b) Reconciliation of tax expense to tax based on accounting profit:		
Accounting profit before tax	22,291,844	15,270,947
Tax calculated at the tax rate of 30% (2023: 30%)	6,687,553	4,581,284
Tax effect of:		
Expenses not deductible for tax purposes	67,437	353,747
Depreciation of non-qualifying assets	30,365	-
Profit on sale of non-qualifying assets	(3,453)	-
Provision utilized against non-allowable expenditure	70,251	-
Expensed assets	(662)	-
Prior year adjustment on deferred tax	40,855	-
Income tax charge	<u>6,892,346</u>	<u>4,935,031</u>
At effective rate of	30.92%	32.32%
c) Deferred tax asset		
Deferred tax relates to the following: -		
Accelerated capital allowances	44,252	(12,074)
Unrealized forex (losses)/gains	(407,153)	(465,417)
Movement in provisions	(10,465,798)	(6,745,292)
	<u>(10,828,699)</u>	<u>(7,222,783)</u>
Deferred tax asset thereon at 30%	(3,248,610)	(2,166,835)
Less: Opening deferred tax	(72,100)	(478,638)
Less: Deferred tax not recognized	2,094,735	2,094,735
Deferred tax (credit)/expense	<u>(1,081,775)</u>	<u>406,538</u>
As at 1 April	72,100	478,638
Deferred tax income (expense)	1,081,775	(406,538)
As at 31 March	<u>1,153,875</u>	<u>72,100</u>

The Company has not recognized deferred tax asset of TZS 2,094 million (2023: TZS 2,094 million) arose from a bad debts with recoverability in the near future.

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

	2024 TZS'000	2023 TZS'000
12 TAXATION (CONTINUED)		
d) Current income tax (payable) / recoverable		
At the beginning of the year	312,764	201,989
Current income tax charge: current year	(7,974,121)	(4,528,492)
Provisional and prior year tax paid during the year	6,441,880	4,590,000
Withholding tax receivable	18,182	49,267
	<u>(1,201,295)</u>	<u>312,764</u>

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

13 PLANT AND EQUIPMENT

Cost	Plant and Machinery TZS'000	Motor Vehicles TZS'000	Office Equipment TZS'000	Furniture and Fittings TZS'000	Computer Equipment TZS'000	Laboratory Equipment TZS'000	Work in Progress TZS'000	Tot TZS'000
At 1 April 2023	2,190,012	3,596,893	35,212	129,962	472,162	58,529	-	6,482,77
Additions	-	661,384	-	-	25,677	-	3,795,440	4,482,50
Disposals	-	(172,349)	-	-	(22,332)	-	-	(194,68)
At 31 March 2024	<u>2,190,012</u>	<u>4,085,928</u>	<u>35,212</u>	<u>129,962</u>	<u>475,507</u>	<u>58,529</u>	<u>3,795,440</u>	<u>10,770,59</u>
Accumulated depreciation								
At 1 April 2023	2,152,931	2,269,284	34,276	119,000	372,221	21,638	-	4,969,35
Charge for the year	12,485	356,826	624	6,415	54,171	12,139	-	442,66
Disposals	-	(140,751)	-	-	(12,874)	-	-	(153,62)
At 31 March 2024	<u>2,165,416</u>	<u>2,485,359</u>	<u>34,900</u>	<u>125,415</u>	<u>413,518</u>	<u>33,777</u>	<u>-</u>	<u>5,258,38</u>
Net Carrying Amount								
At 31 March 2024	<u>24,596</u>	<u>1,600,569</u>	<u>312</u>	<u>4,547</u>	<u>61,989</u>	<u>24,752</u>	<u>3,795,440</u>	<u>5,512,20</u>
At 31 March 2023	<u>37,081</u>	<u>1,327,609</u>	<u>936</u>	<u>10,962</u>	<u>99,941</u>	<u>36,891</u>	<u>-</u>	<u>1,513,42</u>

No property and equipment have been pledged as collateral for liabilities.

The following categories of asset plant and machinery (TZS 2,052 million), Motor Vehicles (TZS 1873 million), Office Equipment (TZS 33 million), Furniture and Fitting (TZS 164 million) and Computer Equipment (TZS 351 million) which are fully depreciated and still in use.

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

13 PLANT AND EQUIPMENT

	Plant and Machinery TZS'000	Motor Vehicles TZS'000	Office Equipment TZS'000	Furniture and Fittings TZS'000	Computer Equipment TZS'000	Laboratory Equipment TZS'000	Total TZS'000
Cost							
At 1 April 2022	2,190,012	2,842,911	35,212	121,307	412,203	46,392	5,648,037
Additions	-	996,110	-	8,655	59,959	12,137	1,076,861
Disposals	-	(242,128)	-	-	-	-	(242,128)
At 31 March 2023	<u>2,190,012</u>	<u>3,596,893</u>	<u>35,212</u>	<u>129,962</u>	<u>472,162</u>	<u>58,529</u>	<u>6,482,770</u>
Accumulated depreciation							
At 1 April 2022	2,114,026	1,981,347	33,652	111,775	320,585	11,319	4,572,704
Charge for the year	38,905	375,717	624	7,225	51,636	10,319	484,426
Disposals	-	(87,780)	-	-	-	-	(87,780)
At 31 March 2023	<u>2,152,931</u>	<u>2,269,284</u>	<u>34,276</u>	<u>119,000</u>	<u>372,221</u>	<u>21,638</u>	<u>4,969,350</u>
Net Carrying Amount							
At 31 March 2023	<u>37,081</u>	<u>1,327,609</u>	<u>936</u>	<u>10,962</u>	<u>99,941</u>	<u>36,891</u>	<u>1,513,420</u>
At 31 March 2022	<u>75,986</u>	<u>861,564</u>	<u>1,560</u>	<u>9,532</u>	<u>91,619</u>	<u>35,073</u>	<u>1,075,333</u>

No property and equipment have been pledged as collateral for liabilities.

The following categories of asset plant and machinery (TZS 1,996 million), Motor Vehicles (TZS 1873 million), Office Equipment (TZS 32 million), Furniture and Fitting (TZS 92 million) and Computer Equipment (TZS 296 million) which are fully depreciated and still in use.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

14 RIGHT OF USE ASSET AND LEASE LIABILITIES

The Company has lease contracts for various items of property, plant and equipment used in its operations. Leases generally have a lease term of between 6 months to 2 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are some lease contracts that include extension and termination options, which are further discussed below. There were no lease contracts with variable lease payments.

The Company also has certain leases with lease terms of 12 months or less and leases with low value. The Company applies the "short-term lease" and "lease of low-value assets" recognition exemptions for the leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	2024 TZS'000	2023 TZS'000
Cost		
At 01 April	1,687,001	1,168,922
Additions	62,189	518,079
Disposal	-	-
At 31 March	<u>1,749,190</u>	<u>1,687,001</u>
Accumulated depreciation		
At 01 April	1,243,213	961,612
Charge	295,147	281,601
At 31 March	<u>1,538,360</u>	<u>1,243,213</u>
Net book value	<u>210,830</u>	<u>443,788</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

	2024 TZS'000	2023 TZS'000
15 INVENTORIES		
Maize seeds	6,966,292	4,623,595
Parent seeds	104,257	134,127
Wheat seeds	252,041	255,454
Soya seeds	294,778	504,962
Agrochemicals	465,162	339,571
Packages	557,860	1,028,233
Other	183,582	-
Total of inventories at lower of cost and net realizable value	<u>8,823,972</u>	<u>6,885,942</u>
Less: Provision for impairment of obsolete stock		
At 1 April	-	-
Charge for the year	778,603	-
Actual written off	-	-
At 31 March	<u>778,603</u>	<u>-</u>
Total inventories	<u>8,045,369</u>	<u>6,885,942</u>

Total amount of write down of inventories recognized as an expense is TZS 795 million (2023: TZS 390 million). This is recognised in cost of sales.

16 TRADE AND OTHER RECEIVABLES		
Trade receivables	10,219,584	9,698,970
Intercompany receivables (Note 23 (b))	3,550,649	6,390,827
Other receivables	10,706,588	8,124,149
	<u>24,476,821</u>	<u>24,213,946</u>
Less: Allowance for expected credit losses	6,572,474	5,900,046
Net trade receivable	<u>17,904,347</u>	<u>18,313,900</u>
Prepayments	2,609,730	798,491
	<u>20,514,077</u>	<u>19,112,391</u>
Movement in the provision for impairment of trade receivables:		
At 1 April	5,900,046	7,855,506
Charge/(Credit) for the year	931,875	(169,761)
	<u>6,831,921</u>	<u>7,685,745</u>
Write-off	(259,447)	(1,785,699)
At 31 March	<u>6,572,474</u>	<u>5,900,046</u>

Trade receivables are non-interest bearing and are generally settled on 30 - 60 day's terms.

As at 31 March 2024, the Trade receivable amounting to TZS 10.2 billion above include TZS 891 million due from Suba Agro Trading & Engineering Limited (Suba). The Company has lodged a legal claim against Suba for settlement of the net outstanding amount of TZS 891 million (Refer to Note 24 for further details).

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

	2024 TZS'000	2023 TZS'000
17 CASH AND BANK BALANCES		
Cash at bank	31,994,805	14,198,835
M-Pesa balances	20,592	20,592
	<u>32,015,397</u>	<u>14,219,427</u>

The carrying amounts disclosed above reasonably approximate the fair values at the reporting date. The cash and cash equivalents position for the purpose of the statement of cash flows is as follows:

Cash at banks	31,994,805	14,198,835
M-Pesa balances	20,592	20,592
Cash and cash equivalents	<u>32,015,397</u>	<u>14,219,427</u>

18 SHARE CAPITAL

Authorized, issued, and fully paid up: 2,129,000 (2020: 2,129,000) ordinary shares of TZS 1,000 each	2,129,000	2,129,000
Issued share capital	<u>2,129,000</u>	<u>2,129,000</u>

19 EARNINGS PER SHARE

Profit attributable to ordinary equity holders	<u>15,399,498</u>	<u>10,335,916</u>
Weighted average number of ordinary shares	<u>2,129,000</u>	<u>2,129,000</u>
Basic profit per share	<u>7.23</u>	<u>4.85</u>

- a. Basic earnings per share is calculated on the profit or loss after tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.
- b. Diluted earnings per share is calculated on the profit or loss after tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding after adjustment of dilutive potential ordinary shares.
- c. The basic and diluted earnings per share are the same as there are no convertible instruments.

20 TRADE AND OTHER PAYABLES

Trade payables	718,889	650,428
Accrued expenses	1,245,966	924,297
Due to related parties (Note 23(a))	19,881,789	9,053,052
	<u>21,846,644</u>	<u>10,627,777</u>

Terms and conditions of the above financial liabilities:

- i) Trade payables are non-interest bearing and are normally settled on 30 - 60 day's terms.
- ii) Other payables are non-interest bearing and have an average term of 45 days.
- iii) For terms and conditions relating to related parties - refer to Note 23.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

	2024 TZS'000	2023 TZS'000
21 LEASE LIABILITIES		
Set out below are carrying amounts of lease liabilities and the movements during the period:		
At 01 April	358,703	136,203
Additions	62,189	518,079
Accretion of interest	36,715	20,071
Payments - principal	(100,696)	(295,579)
Payments - interest	(36,715)	(20,071)
At 31 March	<u>320,196</u>	<u>358,703</u>

The maturity analysis of lease liabilities are shown in note 28(d).

The following are the amounts recognized in profit or loss:

Depreciation expense of right-of-use assets	295,147	281,601
Interest expense on lease liabilities	36,715	20,071
Expense relating to short-term leases	219,930	283,799
Total amount recognized in profit and loss	<u>551,792</u>	<u>585,471</u>

22 CONTRACT LIABILITIES

Contract liabilities comprise advances received from customers for goods not delivered by year-end and volume rebates payable to customer upon meeting the set purchase targets. The amounts were presented under trade and other payables in the prior years and have been reclassified to a separate line following the application of IFRS 15. The contract liabilities are made up as follows:

Customer advances	325,378	131,732
Volume rebates	2,085,080	-
	<u>2,410,458</u>	<u>131,732</u>

Movement in contract liabilities:

Customer advances

At 1 April	131,732	241,280
Advances received during the year	325,378	131,732
Customer advances amortized to revenue	(131,732)	(241,280)
At 31 March	<u>325,378</u>	<u>131,732</u>

Customer rebates

At 1 April	-	-
Rebates awarded during the year	1,310,638	1,100,962
Rebates accruals not utilized	2,085,080	-
Rebates paid during the year	(1,310,638)	(1,100,962)
At 31 March	<u>2,085,080</u>	<u>-</u>

SEED CO TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

23 RELATED PARTY DISCLOSURES

Ultimate parent

The ultimate holding company is Seed Co Limited, incorporated in Zimbabwe and the parent company is Seed Co International Limited incorporated in Botswana. There are other companies that are related to Seed Co Tanzania Limited through common shareholdings or common directorships. The following disclosure provides the balances and total amount of transactions, which have been entered into with related parties for the relevant financial year:

	2024	2023
	TZS'000	TZS'000
a) <i>Amount due to related parties</i>		
Seed Co International Limited	7,007,878	1,536,615
Seed Co Zambia Limited	4,930,656	3,614,781
Seed Co Malawi Limited	2,320,787	1,633,859
Seed Co Zimbabwe Limited	5,292,831	2,252,961
Agri Seed Co Kenya	329,637	14,836
	<u>19,881,789</u>	<u>9,053,052</u>
b) <i>Amount due from related parties</i>		
Outon Tanzania Limited	-	23,374
Seedco International Limited	49,950	31,628
Seedco Zimbabwe Limited	51,595	47,707
Seed Co Malawi Limited	24,127	22,309
Agri Seedco Kenya Limited	1,062,442	3,496,081
Seedco International Rwanda Limited	-	215,959
Prime Seedco Tanzania Pvt Limited	2,256,057	2,533,070
Seedco Zambia	106,478	20,699
	<u>3,550,649</u>	<u>6,390,827</u>
c) <i>Terms and conditions of transactions with related parties</i>		
The purchases from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party payables.		
d) <i>Compensation of key management personnel of the Company</i>		
Short-term employee benefits	2,284,620	1,115,138
Post-employment pension	218,560	111,514
Total compensation paid to key management personnel	<u>2,503,180</u>	<u>1,226,652</u>

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any director of the company. Key management personnel include the Managing Director and Finance Director.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

24 COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Company as lessee

The Company has entered into commercial leases on office buildings and godowns which are renewable annually. These leases have an average life of between one and two years with renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

	2024	2023
	TZS'000	TZS'000
Rental expenses recognized during year	<u>219,930</u>	<u>283,799</u>
Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:		
Within one year	<u>355,418</u>	<u>398,160</u>
	<u>355,418</u>	<u>398,160</u>

Capital commitments

The Company had no capital commitments at year-end (2023: Nil).

Legal claim contingencies

As at 31 March 2024, through the Commercial Case instituted at the High Court of Tanzania Commercial Division, the Company claimed against Suba Agro Trading & Engineering Limited and Sarah Muya for payment of TZS 891 million, being the amount outstanding and remaining unpaid in respect of the supply of agricultural inputs, seeds and their derivatives loaned by the Company and supplied to Suba and guaranteed by Sarah Muya as per the terms of the Agency Sales Agreements entered between the Company and Suba.

It is highly likely that, Seed Co Tanzania Limited will succeed. However, Suba and Sarah filed their defense to Seed Co Tanzania Limited's claims and the matter is now being heard on merit. Seed Co Tanzania Limited will be entitled to the outstanding amount, contractual interests, nominal damages, reasonable rate of court's interest and cost of the case.

*Contingent liabilities and assets**TRA assessment*

As at 31 March 2024, the Company had unresolved Tax assessment on Corporate tax and Withholding tax, with possible loss of TZS 428.78 million. The Tax Revenue Appeals Tribunal ruled in favor of The Company, eventually TRA appealed against such ruling to Court of Appeal and the determination is pending.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

25 EMPLOYEES AND EMPLOYEES' BENEFITS

The average number of permanent employees for the period was 51 (2023: 45).

Employees are members of the NSSF Pension Fund. The Company contributes 10% of the gross salary for each individual.

	2024 TZS'000	2023 TZS'000
The Company's contribution to the pension fund for the year was:		
Pension contribution	<u>243,784</u>	<u>239,669</u>

26 CAPITAL MANAGEMENT

The primary objective of the Company's capital management structure is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company aims to maintaining a gearing ratio of less than 100%. The Company includes within net debt, non-interest-bearing loans and borrowings, trade and other payables less cash and bank balances. Capital includes equity attributable to the equity holders.

Trade and other payables	23,931,724	10,627,778
Less: Cash and bank balances	(32,015,397)	(14,219,427)
Net debt	<u>(8,083,673)</u>	<u>(3,591,649)</u>
Equity	41,673,160	31,441,619
Total capital	<u>33,589,487</u>	<u>27,849,971</u>
Gearing ratio	<u>0.00%</u>	<u>0.00%</u>

27 FAIR VALUE ADJUSTMENT

The carrying amounts of the Company's financial instruments reasonably approximate their fair values due to the short-term nature of the instruments or the fact that interest bearing instruments carry interest rates that are in line with market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Foreign currency risk is managed at an operational level and monitored by the Finance Department. Exposure to losses from liabilities denominated in foreign currencies is managed through prompt payment of outstanding liabilities and forward purchase of foreign currencies.

The following table demonstrates the sensitivity to possible changes in the exchange rate between the Tanzanian Shilling and foreign currencies (mainly US dollar, other currencies are considered not to have a significant impact), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/decrease in the value of TZS vs. other currencies	Effect on profit before tax TZS'000	Effect on equity TZS'000
Net effect based on financial year-end as at 31 March 2024	8.0%	(1,783,348)	(1,248,343)
	-8.0%	1,783,348	1,248,343
Net effect based on financial year-end as at 31 March 2023	2.0%	(317,730)	(222,411)
	-2.0%	317,730	222,411

The Company's sensitivity analysis has been determined based on net transaction exposure as at year-end, a change in 8.0% (2023: 2.0%) is used when the net foreign currency transaction risk is reported internally to key management personnel to assess reasonably possible change in foreign exchange rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company has adopted a non-speculative approach to the management of interest rate risk through the use of overdraft facilities and short-term loans.

c. Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables).

The Company trades only with recognized credit worthy parties. Receivables balances are monitored on an ongoing basis with the result that Company's exposure to bad debts is not significant. The ageing analysis of trade receivables is shown below:

Age of receivables	<30 days	30 -60 days	60 -120 days	120 days <	Total
<i>Balance as at 31 March 2024</i>					
Gross amount (TZS'000)	1,356,866	1,677,592	1,833,494	17,060,869	21,928,821
Expected credit loss rate (%)	0%	0%	0%	40%	31%
Expected credit loss (TZS'000)	-	-	-	6,831,921	6,831,921
<i>Balance as at 31 March 2023</i>					
Gross amount (TZS'000)	2,679,964	5,575,243	3,675,445	11,128,120	23,058,772
Expected credit loss rate (%)	0%	0%	0%	69%	33%
Expected credit loss (TZS'000)	812	1,104	7,447	7,676,383	7,685,745

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2024

29. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period which require adjustment in the financial statements.