

TPC LIMITED  
ANNUAL REPORT  
AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

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The reports and statements set out below comprise the report by those charged with governance, audited financial statements and auditors' report on the financial statements presented to the shareholders.

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TPC LIMITED

COMPANY INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2024

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REGISTERED OFFICE:	TPC Estate P.O. Box 93 Moshi, Tanzania
BANKERS:	Stanbic Bank Tanzania Ltd P.O. Box 1435 Moshi Branch Tanzania
	CRDB Bank Plc. P.O. Box 1302 Moshi Branch Tanzania
	NCBA Bank Tanzania Limited P.O. Box 2715 Moshi Branch Tanzania
	Exim Bank (T) Ltd P. Box 3001 Moshi Branch Tanzania
AUDITORS:	Ernst & Young Certified Public Accountants EY House Plot no. 162/1 Mzinga way, 14111 Oysterbay P.O. Box 2475 Dar es Salaam, Tanzania
SECRETARY:	REX Attorneys at Law Rex House 344 Ghuba Road, Toure Road P.O. Box 7495 Dar es Salaam Tanzania
TAX CONSULTANT:	PricewaterhouseCoopers Plot 369, Toure Drive, Pemba house Oyster Bay P.O. Box 45 Dar es Salaam Tanzania

## 1. INCORPORATION AND PRINCIPAL ACTIVITIES

The directors submit their report and the audited financial statements for the year ended 30 June 2024 which disclose the financial performance and the state of the financial affairs of TPC Limited (the "Company"). The Company's financial statements for the year ended 30 June 2024 were authorized for issue as indicated under the statement of financial position. This report has been prepared in accordance with the requirements of the Companies Act, 2002 and is in compliance with the Tanzania Financial Reporting Standards (TFRS) No. 1, 'The Report by Those Charged with Governance'.

The Company is registered in Tanzania under the Companies Act, 2002 as a private company limited by shares and is domiciled in Tanzania.

The principal activities of the Company are sugar cane growing and sugar production.

### 1.1. Vision Statement

To be the model for the cane industry in Africa.

### 1.2. Mission Statement

Sustainably creating value by optimizing all our resources.

### 1.3. Values

The Company has four core corporate values that drive our people's work spirit and while providing guidance on how the Company's employees are expected to behave in serving internal and external stakeholders of the Company.

- Respect - We are considerate of each other's feelings, beliefs and views. We care for our workplace, environment and assets entrusted to us.
- Excellence - We focus on quality by doing the right thing right the first time. We go beyond what has to be done and we are accountable for it.
- Learning - We continuously share knowledge and learn from others. We encourage shared innovative initiatives and learn from failures.
- Integrity - We strive for a culture of truth, honesty and fairness in everything we say or do every day.

## 2. OPERATING RESULTS AND PERFORMANCE REVIEW

The Company achieved the following during the year.

- The Company's profit for the year was TZS 50,989 million (2023: TZS 74,703 million) after income tax of TZS 26,254 million (2023: TZS 36,993 million).
- Cane crushed decreased from 1,131,073 in 2023 to 945,893 tonnes despite the fact that cane yields increased from 148.8 tonnes per hectare in the prior year to 149.05 tonnes per hectare, mainly due to breakdowns of the turbines at the factory.
- Sugar production decreased by 25.6% from 115,224 tonnes in 2023 to 85,706 tonnes, as a result of lower productivity recorded at 12.14 tonnes per hectare per month in 2024 vs 12.27 in 2023, as well as lower cane crushed and sucrose levels.
- The turnover of the Company decreased in the financial year under review to TZS 197,565 million (2023: TZS 235,740 million) as a result of lower own sugar production and sales and lower electricity exported offset by higher molasses sales and income from gap sugar imports. The detailed financial performance of the Company during the year is set out in the Statement of Profit or Loss and Other Comprehensive Income.

### 3. FUTURE PROSPECTS OF THE COMPANY

After a challenging year that significantly impacted production, our primary focus will be on restoring factory operations to their usual output levels. We anticipate that power generation capacity will return to normal, early in the new calendar year. Until then, the Company will rely on the backup power generation unit for factory operations, sourcing all irrigation power from the national grid. Unfortunately, this also means we won't generate power export revenues until full capacity is restored. Additionally, the coming year will mark the beginning of civil and erection works for the new Distillery and Cogeneration projects which are anticipated to be in production as from December 2025.

Due to last year's factory breakdowns and the resulting lower cane processing, a substantial amount of cane will be carried over into the 2024/25 season. Despite starting this season's harvest two weeks early, some cane will still likely remain at the end of the season, projected to conclude in mid-March 2025. The possibility of starting the next harvest season earlier or extending the current one remains nonetheless limited by the planned construction works mentioned above. Despite these challenges, we expect the coming season to be one of our best, thanks to cane availability and recent factory improvements.

Looking ahead, a key concern is how the Government of Tanzania's potential sugar imports will affect the Tanzanian market. Since May 2024, excessive sugar imports have already impacted our operations and, if the government continues with there are further imports, it could prolong the current cash flow challenges, with potentially significant consequences for the Tanzanian sugar industry. Furthermore, there has also been some new taxes and levies introduced as from July 2024 for the sugar manufacturing sector, especially on sugar and molasses produced, which will have a further significant impact on our cash flow and our profitability and on the industry in general. Separately, we are awaiting the outcome of our Business Interruption insurance claim related to last year's factory issues, which could mitigate some of the financial pressures we face.

### 4. EXTERNAL ENVIRONMENT AND KEY RISK ANALYSIS

The Company has relevant policies and mechanisms in place which provide guidance on how to manage its principal risks as necessary. Some of the key specific risks that the Company is facing are listed below together with the Company's approach to manage or mitigate those risks.

- (i) *Climatic condition and the resulting events including floods:* With more and more erratic climatic conditions as time goes by, the Company is subjected to events and conditions such as floods, extended droughts, and changing rain patterns, all of which may have negative impact including financial losses to the Company. The Company takes various measures to deal with this, including:
- Maintaining clear flood paths and successful execution of drainage masterplan approved by the Board of Directors (the "Board") to allow water to pass swiftly through the estate with minimum damage to fields and infrastructure
  - Ensuring there is adequate disaster recovery plan in place
  - Insure risk where possible
- (ii) *Availability of adequate water for irrigation of the cane farms* which is caused by nature-related phenomena like the climate change as well as increase demand on the same limited resources. Given its importance to the successful continuity of our business, the Company has instituted various measures to ensure that at any point in time there is adequate water for its requirements. Some of those measures are:

4. EXTERNAL ENVIRONMENT AND KEY RISK ANALYSIS (Continued)

- Regular review of water sources to establish sustainable use patterns
- Engagement with authorities to ensure legally established water rights are respected and maintained by all stakeholders, especially within the Company's water source tributaries
- Investments in boreholes to further secure water supply
- Investments in irrigation systems to increase water usage efficiency

(iii) *Substantial increase in the incidences of pests and crop diseases, especially Yellow Sugarcane Aphid (YSA)*. Some of the measures taken and continuing to be implemented to address the risk are:

- Close monitoring of infestation levels
- Prompt and targeted treatment using proven methodologies whilst also testing biological control initiatives
- Planting tolerant varieties

(iv) *Ability to attract and retain persons with relevant management skills and competencies* which partly is mitigated through:

- Defining and creating the right environment that will ensure attraction and retention of high calibre management resources
- Creating, maintaining and implementing succession planning relevant to the entity and the industry
- Training and recruiting competent local resources
- Appropriate and timely engagement with authorities to allow for smooth obtainment of work permits for skilled foreign staff where required

Apart from the risks identified above, the Company is a party to several contracts in the normal course of the business including contracts with suppliers and customers (being sugar distributors) and there is an inherent risk that such contracts may create exposure to the Company. The directors have assessed nature of such contracts including past and present industry practice and reasonably concluded that none of such contracts individually poses a significant financial or other form of risk exposure to the Company.

For more details of the various financial risks that the Company faces, including measure taken to address them are provided in Note 2 to the financial statements. Treasury management policies and practice are also included in the same note.

5. ENVIRONMENTAL MATTERS

The Company strongly believes in the importance of environmental conservation for sustainable development. It is on that basis that all of the Company's facilities are engineered or designed to comply with the minimum standards set by various applicable legislations or local regulations and the industry's best practice; it builds a culture of environmental responsibility amongst its employees; and performs periodic reviews and checks to ensure Company's operations continue to have minimum negative impact on the environment.

As a result of the above measures, various environmental audits and reviews performed by the National Environmental Management Council (NEMC) of Tanzania and the local government authorities have had satisfactory results, and the Company keeps working on few areas of improvement identified as well as introduction of various environmental sustainability KPI's to regularly measure and thereby aide its ability to reduce its impact on the environment.

## 6. SOLVENCY EVALUATION AND GOING CONCERN

The Company's state of financial affairs as at 30 June 2024 is set out in the Statement of Financial Position. The Board considers the Company to be solvent within the meaning stipulated by the Companies Act, 2002.

The directors have reviewed the Company's financial results and positions and in the light of this review, they are satisfied that the Company will have adequate resources to continue in operational existence for the foreseeable future. They have continued to adopt the going concern basis in preparing the financial statements.

## 7. ADMINISTRATIVE MATTERS

The Company is capable of handling all its administrative matters.

## 8. DIVIDENDS

The directors recommend approval by the shareholders of a dividend for the financial year ended 30 June 2024 of TZS 43,000,000,000 (TZS 393 per share) [2023: TZS 65,336,400,000 (TZS 393 per share)]. Ratification of the dividends for the financial year ended 30 June 2024, which was paid during the year, was made during the annual general meeting.

## 9. DIRECTORS

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

Name	Qualification	Age	Date appointed / (resigned)
Mr. Hamza Johari	Lawyer	53	7 November 2018
Mr. Arnaud Lagesse (Alternate for Mr Michel Pilot)	Masters for management	55	29 August 2014
Mr Michel Pilot	Business Administrator	37	22 November, 2022
Mr. Jérôme De Chasteauneuf	Chartered Accountant	58	23 July 2015
Mr. Phillipe Labro	Economist	62	29 November 2013
Sukari Investment Limited (Represented by Mr Marius Jacobs)	Mauritius Corporate Body	N/A	27 February 2023
Mr. Fred Luvanda	Accountant	61	12 August 2021
Mr. Stephane Isautier	Development Executive	53	31 December 2021
Mr. Laurent Fabry	Business Development Director	53	14 February 2022

## 10. DIRECTORS' INTEREST IN THE COMPANY

One of the directors, namely Sukari Investment Ltd, holds 75% of the shares of the Company.

## 11. DIRECTORS' REMUNERATION

The directors' remuneration is disclosed in Note 8 to the financial statements.

## 12. KEY MANAGEMENT PERSONNEL OF THE COMPANY

The key management personnel who served the Company during the year were:

Name	Position
Marius Jacobs	Chief Executive Officer
Yannick Wiehe	Finance Executive Officer
Sebastien Macquet	Factory Executive Officer
Yann Hardy	Fields Production Executive Officer
Didier Bosquet	Fields Services Executive Officer
Jaffari Ally	Corporate Affairs Executive Officer
Gladys Muhesa	Human Resources Executive Officer
Allen Maro	Sales & Marketing Executive Officer
Nicolas de Chasteauneuf	Garage & Transport Executive Officer
Philip Vrontamitis	Risk and Security Executive Officer

## 13. ACCOUNTING POLICIES

The annual financial statements are prepared on the underlying assumption of a going concern. The Company's accounting policies, which are laid out in Note 1 to the financial statements are subject to an annual review to ensure continuing compliance with International Financial Reporting Standards and the requirements of the Companies Act, 2002.

## 14. ACQUISITIONS AND DISPOSALS

The Company acquired property, plant and equipment worth TZS 22,213,406,000 during the year ended 30 June 2024 (2023: TZS 19,816,008,000).

The Company disposed of property, plant and equipment worth TZS 2,969,362,000 during the year ended 30 June 2024 (2023: TZS 1,618,745,000).

## 15. RELATED PARTY TRANSACTIONS

Details of transactions and balances with related parties are as set out in Note 35 to the financial statements.

## 16. WELFARE OF EMPLOYEES

- **Relationship between management and employees**  
The relationship between employees and management continued to be good. Complaints were resolved through meetings and discussions. Work morale was good and there were no unresolved complaints from employees. The Company provides training and medical assistance to its employees. There was good teamwork between management and staff.
- **Medical facilities**  
The Company provides a wide range of basic medical care services at its own hospital to all its employees and their dependants.

16. WELFARE OF EMPLOYEES (Continued)

- **Training**  
Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. Training is mainly conducted in-house; however external institutions are used for specialists and executive training programs. Generally, most employees have some sort of annual training to upgrade skills and enhance development.
- **Employee benefits**  
The Company makes contributions in respect of staff retirement benefits to the statutory pension fund, National Social Security Fund. The fund is a defined contributions fund. The Company's obligation in respect of these contributions are limited to 10% of the employees' gross salary.

The Company also makes contributions of 0.5% of the gross salary to the Workers' Compensation Fund.

The Company pays post-employment benefits as disclosed in Note 26 of the financial statements.

The Company's employment terms are regularly reviewed to ensure that they continue to meet statutory and market conditions.

17. PERSONS WITH DISABILITIES

It remains the Company's policy to accept people with disabilities for employment for those vacancies that they are able to fill. Opportunities for advancement are provided to each disabled person when a suitable vacancy arises within the Company and all necessary assistance is given with initial training. Where an employee becomes disabled during the course of employment, the Company will seek suitable alternative employment and necessary training. The Company's policy is not discriminatory against people with disability.

18. NUMBER OF EMPLOYEES AND GENDER PARITY

The Company is an equal opportunity employer. It provides 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.

The average number of employees during the year was 2,856 (2023: 2,937). As at 30 June, the Company had the following distributions of employees by gender:

Gender	<u>2024</u>	<u>2023</u>
Male	2,160	2,191
Female	696	746
Total	<u>2,856</u>	<u>2,937</u>

19. POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political or charitable donations during the year.

## 20. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has an active CSR program which is managed through a local NGO of which it is one of the founding partners and to which it provides annual cash and service contributions. This NGO runs various sustainable poverty initiatives in the Company's surrounding community. In addition, the Company also has a smaller internal CSR fund which is used to provide ad-hoc support to a wide range of initiatives as they arise. The total CSR contribution for the year under review was TZS 252,886,936 (2023: TZS 348,967,236).

## 21. CORPORATE GOVERNANCE

### Code of Corporate Practice and Conduct

The Company is committed to the principle of effective corporate governance and the Company's management is of the opinion that the Company currently complies with the principles.

### Performance Evaluation and Reward

The Company utilises the results of market surveys to ensure market related salaries are paid and that market related trends are followed in terms of changes in benefits, while at the same time taking into account the intrinsic value of individual contributions.

### Design, management and implementation of 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 (including information)
- Compliance with the applicable laws, regulations and supervisory requirements
- The reliability of the accounting records
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviour towards all stakeholders.

The efficiency of any internal control systems is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Consequently, even a strict and efficient internal control system can provide no more than a reasonable measure of assurance in respect of the above-mentioned objective.

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

### Ethical behaviour

The Company's Code of Conduct governs all its activities, internal relations and interactions with stakeholders in accordance with its ethical values. It is expected of staff to maintain a high level of integrity and honesty in dealing with customers, suppliers, service providers and colleagues. The code is supplemented by the Company's responsibility philosophy as well as its employment practices, occupational health and safety controls.

### Business ethics and integrity

The Company's Code of Conduct commits it to the highest standard of integrity, conduct and ethics in its dealings with all parties concerned, including its directors, managers, employees, customers, suppliers, competitors, investors, shareholders and the public in general. The directors and staff are expected to fulfil their ethical obligations in such a way that the business is run strictly according to fair commercial competitive practices.

21. CORPORATE GOVERNANCE (Continued)

Financial reporting and auditing

The directors accept final responsibility for the preparation of the annual financial statements which fairly present:

- The financial position of the Company as at the end of the year under review;
- The financial results of operations; and
- The cash flows for that year.

The responsibility for compiling the annual financial statements was delegated to management. The external auditors report on whether the annual financial statements are fairly presented in accordance with the requirements of the IFRS and the Companies Act, 2002.

The directors are satisfied that during the year under review:

- Adequate accounting records were maintained;
- An effective system of internal control and risk management, monitored by management, was maintained;
- Appropriate accounting policies, supported by reasonable and prudent judgements and estimates, were used consistently; and
- The financial statements were prepared in accordance with International Financial Reporting standards and the requirements of the Companies Act, 2002.

22. SHARE CAPITAL

The authorized and issued share capital of the Company is TZS 3,326,897,400 comprising of 166,344,870 ordinary shares of TZS 20 each.

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

<i>Authorised</i>	2024		2023	
	Number of shares		Number of shares	
Ordinary shares at TZS 20 each	<u>166,344,870</u>		<u>166,344,870</u>	

  

	2024		2023	
	No. of shares	% Shareholding	No. of shares	% Shareholding
Issued				
Sukari Investment Limited	124,758,653	75	124,758,653	75
Government of the United Republic of Tanzania	41,586,217	25	41,586,217	25
	<u>166,344,870</u>	<u>100</u>	<u>166,344,870</u>	<u>100</u>

23. EVENTS AFTER THE REPORTING PERIOD

The events after the reporting period are disclosed in Note 39 to the financial statements.

24. AUDITOR

Ernst & Young was the Company's auditor for the year ended 30 June 2024 and has expressed willingness to continue in office as auditor and is eligible for reappointment. A resolution proposing the re-appointment of Ernst & Young as auditor of the Company for the year 2025 will be tabled at the Annual General Meeting.

TPC LIMITED

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

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The report by those charged with governance was approved by the Board of Directors and signed on its behalf:

By Order of the Board

Name: \_\_\_\_\_ Title: *Director* Signature \_\_\_\_\_

Name: \_\_\_\_\_ Title: *Director* Signature \_\_\_\_\_

STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 30 JUNE 2024

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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 its profit or loss. It also requires the directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and hence for 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 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 directors are of the opinion that the financial statements present fairly the state of the financial affairs of the Company and of its operating results.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement. The directors have reviewed the Company's cash flow forecasts for the next twelve months and, in light of this review and the current financial position, they are satisfied that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Consequently, they have continued to adopt the going concern basis in preparing the financial statements.

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

Name: \_\_\_\_\_ Title: *Director* Signature \_\_\_\_\_

Name: \_\_\_\_\_ Title: *Director* Signature \_\_\_\_\_

TPC LIMITED

DECLARATION BY THE HEAD OF FINANCE  
FOR THE YEAR ENDED 30 JUNE 2024

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The National Board of Accountants and Auditors (NBAA) according to the powers 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 the 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 a true and fair view of the entity's financial position and performance in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2002 of Tanzania. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under the Statement of Directors' Responsibilities on the previous page.

I, *Yannick Wiehe*, being the Head of Finance of TPC Limited hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 30 June 2024 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 and results of TPC Limited as on that date and for the year then ended, and that the financial statements have been prepared based on properly maintained financial records.

Signature: \_\_\_\_\_

Position: *\_Finance Executive Officer\_*

NBAA Membership No. \_\_\_\_\_

Date: \_\_\_\_\_ 2024

INDEPENDENT AUDITOR'S REPORT  
*To the shareholders of TPC Limited*

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of TPC Limited (the "Company") set out on pages 16 to 58, which comprise the statement of financial position as at 30 June 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 TPC Limited as at 30 June 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.

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 our 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 information included in the Company's Annual Report for the year ended 30 June 2024, which includes the Company information, the Report by those charged with governance, Statement of Directors' responsibilities and the Declaration by the Head of Finance. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (Continued)  
*To the shareholders of TPC Limited*

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Responsibilities of the directors for the financial statements (Continued)

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.

The directors are responsible for overseeing the Company's financial reporting process.

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 International Standards on Auditing (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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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.
- 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.

INDEPENDENT AUDITOR'S REPORT (Continued)  
*To the shareholders of TPC Limited*

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions to eliminate threats or safeguards applied.

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:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
- The Report by those charged with governance is consistent with the financial statements;
- Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and
- The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

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Signed by: Deokari Mkenda (ACPA 3438)  
For and on behalf of Ernst & Young  
Certified Public Accountants  
Dar es Salaam, Tanzania

Date: \_\_\_\_\_ 2024

TPC LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 TZS '000	2023 TZS '000
Revenue	4	197,565,561	235,740,017
Earnings before interest, taxation, depreciation and amortisation	11	103,858,865	135,427,162
Other income and expenses	8	591,669	(301,656)
Depreciation and amortization	11	<u>(19,299,414)</u>	<u>(17,806,006)</u>
Earnings before interest, taxation, impairment of assets and allowance for expected credit losses		85,151,120	117,319,500
Allowance for expected credit losses		-	-
Earnings before interest and taxation		<u>85,151,120</u>	<u>117,319,500</u>
Finance income	11	11,665	59,349
Finance costs	10	<u>(7,919,103)</u>	<u>(5,682,080)</u>
Profit before taxation		77,243,682	111,696,769
Income tax charge	12	<u>(26,254,512)</u>	<u>(36,993,662)</u>
Profit for the period		<u>50,989,170</u>	<u>74,703,107</u>
Other comprehensive income			
<i>Other comprehensive income, not to be recycled:</i>			
Actuarial gain/(loss), net of tax	13	<u>1,220,316</u>	<u>(566,654)</u>
Total other comprehensive income		<u>1,220,316</u>	<u>(566,654)</u>
Total comprehensive income for the year, net of tax		<u><u>52,209,486</u></u>	<u><u>74,136,453</u></u>
		TZS/share	TZS/share
Earnings per share			
Basic and diluted earnings per share	14	<u><u>306.53</u></u>	<u><u>449.06</u></u>

TPC LIMITED

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2024

	Notes	2024 TZS '000	2023 TZS '000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	15(a)	153,237,743	142,645,688
Intangible assets	16	1,124,955	1,096,572
Right of use assets	15(b)	159,435	181,347
Bearer biological assets	17	<u>26,460,435</u>	<u>27,560,437</u>
		<u>180,982,568</u>	<u>171,484,044</u>
Current assets			
Inventories	18	41,441,325	25,844,320
Consumable biological assets	20	180,024,712	152,226,828
Trade and other receivables	21	13,168,786	1,533,146
Other tax deposits	19 (a)	2,310,170	2,110,962
Cash and cash equivalents	22	<u>3,269,294</u>	<u>28,515,060</u>
		<u>240,214,287</u>	<u>210,230,316</u>
<b>TOTAL ASSETS</b>		<u><u>421,196,855</u></u>	<u><u>381,714,360</u></u>
<b>EQUITY AND LIABILITIES</b>			
Equity and reserves			
Share capital	23	3,326,897	3,326,897
Actuarial reserves	24	50,825	(1,169,491)
Share premium	23	13,250	13,250
Retained earnings		<u>180,552,852</u>	<u>172,563,682</u>
<b>TOTAL EQUITY</b>		<u>183,943,824</u>	<u>174,734,338</u>
Non-current liabilities			
Loans and borrowings	25	30,764,387	24,391,351
Retirement benefit obligations	26	9,851,229	11,029,706
Deferred tax liability	27	85,471,201	74,613,947
Lease liabilities	28	<u>169,965</u>	<u>190,636</u>
		<u>126,256,782</u>	<u>110,225,640</u>
Current liabilities			
Trade and other payable	29	34,782,632	32,174,561
Contract liabilities	30	2,091,121	2,640,843
Loans and borrowings	25	13,872,785	12,489,639
Lease liabilities	28	20,671	18,792
Dividend payable	32	-	28,500,000
Current income tax payable	19 (b)	232,435	2,525,794
Bank overdraft	22	<u>59,996,605</u>	<u>18,404,753</u>
		<u>110,996,249</u>	<u>96,754,382</u>
<b>TOTAL LIABILITIES</b>		<u>237,253,031</u>	<u>206,980,022</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>421,196,855</u></u>	<u><u>381,714,360</u></u>

The financial statements were approved by the Board of Directors on \_\_\_\_\_ 2024 and signed on its behalf by:

Name: \_\_\_\_\_

Title: *Director*

Signature \_\_\_\_\_

Name: \_\_\_\_\_

Title: *Director*

Signature \_\_\_\_\_

TPC LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2024

	Share capital	Share premium	Actuarial reserve	Retained earnings	Total equity
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
At 01 July 2022	3,326,897	13,250	(602,837)	163,196,975	165,934,285
Profit for the year	-	-	-	74,703,107	74,703,107
Other comprehensive income	-	-	(566,654)	-	(566,654)
Total comprehensive income for the year, net of tax	-	-	(566,654)	74,703,107	74,136,453
Dividend	-	-	-	(65,336,400)	(65,336,400)
As 30 June 2023	3,326,897	13,250	(1,169,491)	172,563,682	174,734,338
At 01 July 2023	3,326,897	13,250	(1,169,491)	172,563,682	174,734,338
Profit for the year	-	-	-	50,989,170	50,989,170
Other comprehensive income	-	-	1,220,316	-	1,220,316
Total comprehensive income for the year, net of tax	-	-	1,220,316	50,989,170	52,209,486
Dividend	-	-	-	(43,000,000)	(43,000,000)
As 30 June 2024	3,326,897	13,250	50,825	180,552,852	183,943,824

TPC LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 TZS '000	2023 TZS '000
Operating activities			
Cash generated from operations	31	47,311,642	135,265,674
Interest income received	6	11,665	59,349
Income tax paid	19(b)	(18,213,609)	(32,386,120)
Finance costs paid – loan and borrowings	25	(3,476,913)	(4,112,942)
Finance costs paid – bank overdraft		(3,542,119)	(1,569,076)
Lease liabilities interest paid	28	<u>(19,997)</u>	<u>(21,705)</u>
Net cash generated from operating activities		<u>22,070,669</u>	<u>97,235,180</u>
Investing activities			
Purchase of property, plant and equipment	15	(21,870,604)	(19,028,687)
Purchase of intangible assets	16	(342,802)	(787,321)
Proceeds from sale of property, plant and equipment		602,201	-
Bearer replantation cost	17	<u>(5,727,586)</u>	<u>(9,453,439)</u>
Net cash flows used in investing activities		<u>(27,338,791)</u>	<u>(29,269,447)</u>
Financing activities			
Proceeds from borrowing	25	20,000,000	10,000,000
Repayment of borrowings	25	(12,477,517)	(14,882,299)
Lease liabilities principal payments	28	(18,792)	(17,084)
Dividend paid	32	<u>(71,500,000)</u>	<u>(36,836,400)</u>
Net cash flows used in financing activities		<u>(63,996,309)</u>	<u>(41,735,783)</u>
Net (decrease)/increase in cash and cash equivalents		(69,264,430)	26,229,950
Cash and cash equivalents at 1 July		10,110,307	(17,912,016)
Foreign exchange effects		<u>2,426,812</u>	<u>1,792,373</u>
Cash and cash equivalent at 30 June	22	<u>(56,727,311)</u>	<u>10,110,307</u>

## 1. Basis of preparation and presentation of the financial statements

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

The financial statements have been prepared using the historical cost basis except where otherwise stated.

The financial statements are presented in Tanzanian Shillings (TZS) rounded to the nearest thousand ('000') except where otherwise stated.

### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgement are inherent in the determination of estimates. Actual results in the future could differ from these estimates and this may be material to the financial statements. Significant judgements include:

#### Allowance for slow moving, damaged and obsolete inventories

This relates to allowance to write down stock to the lower of cost or net realisable value. Management makes estimates of the selling price and direct cost to sell for certain inventory items. The write down is included in cost of sales.

Refer to Note 18 for further disclosures on inventories.

#### Impairment testing of non-financial assets

The recoverable amounts of cash-generating units and individual assets are determined based on the higher of the value-in-use and fair values less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact the estimations and may then require a material adjustment to the carrying value of the assets.

The Company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Refer to Notes 15, 16 and 17 for further disclosures on non-financial assets.

#### Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Refer to Notes 12, 19, 27 and 34 for further disclosures on taxation.

### 1.1 Significant judgements and sources of estimation uncertainty (Continued)

#### Biological assets

Bearer biological assets: The Carrying amount of bearer biological assets is estimated based on the cost of land preparation and planting of bearer canes.

Consumable biological assets (standing cane): The fair value of consumable biological assets is determined by discounting the net cash flows from standing cane at the relevant market determined pre-tax rate. The expected cash flows are determined by estimating the expected crop and the sugar extraction rate and the forecasts of sugar prices which will prevail in the coming year. The harvesting costs and other direct expenses are based on the annual Company's budget.

Refer to Notes 17 and 20 for further disclosures on biological assets.

#### Retirement benefit obligations

The cost of the defined benefit pension plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Refer to Note 26 for further disclosures on the retirement benefit obligations.

#### Leases - Estimating the 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 or when they need to be adjusted to reflect the terms and conditions of the lease.

#### Leases - Determining the lease term of contracts with renewal and termination options

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.

Where the Company has lease contracts that include extension and termination options, 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 and 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 customisation to the leased asset).

The Company includes the renewal period as part of the lease term for the leases recognised if the Company typically exercises its option to renew for leases because there will be a significant negative effect on operations if a replacement asset is not readily available. The renewal periods for leases are not included as part of the lease term if they are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Notes 15 and 28 for disclosures regarding the account balances relating to leases.

## 1.2 Summary of material accounting policies

### 1.2.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost. Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. Property, plant and equipment are depreciated using the straight-line basis over their expected useful lives to their estimated residual value.

#### *Useful lives of property, plant and equipment*

Estimates are made by the directors in determining depreciation rates for property, plant and equipment and their residual values. The depreciation rates are based on the estimated useful lives of the assets. The rates used are set out below:

Item	Rate
Leasehold land and building	2% - 20%
Plant and machinery	2% - 17%
Furniture, tools and equipment	10%
Motor vehicles, locomotives and tractors	5% -25%
Computer equipment	20%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.2.2 Intangible assets

An intangible asset is recognised when:

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

Intangible assets comprise of computer software and are initially recognised at cost. Amortisation is provided for to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful lives
Computer software	8 years

### 1.2.3 Biological assets

The Company recognises a biological asset or agricultural produce when and only when:

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

Consumable biological assets: Standing cane is measured at fair value less costs to sell. The fair value of the standing cane is the present value of expected net cash flows from the standing cane discounted at the relevant market determined pre-tax rate.

Bearer biological assets: Cane replantation costs are deferred and amortised over 6 years, bearer plants are nil depreciated in the year of recognition and full depreciated in the year of disposal.

### 1.2.4 Inventories

Inventories are measured at the lower of cost and net realisable value on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost of inventories comprises of raw materials, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the carrying amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.2.5 Impairment of assets

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

### 1.2.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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 policy for revenue recognition.

In order for a financial asset to be classified and measured at amortised 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 marketplace (regular way trades) are recognised 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.

Only the financial assets at amortised cost (debt instruments) category was relevant to the Company for the current year.

##### *Financial assets at amortised cost (debt instruments)*

The Company measures financial assets at amortised 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

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Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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

## 1.2.6 Financial instruments (Continued)

## Financial assets (Continued)

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised (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. 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 recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises 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 recognises 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 recognised 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 recognises 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.

### 1.2.6 Financial instruments (Continued)

#### Financial liabilities

##### *Initial recognition and measurement*

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

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities measured at amortised costs, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, and borrowings (term borrowings and bank overdraft facilities).

##### *Subsequent measurement*

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised 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 amortisation is included as finance costs in profit or loss.

##### *Derecognition*

A financial liability is derecognised 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 recognised in profit or loss.

#### Offsetting of financial instruments

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

#### Cash and cash equivalents

Cash on hand, bank balances on demand and time deposit accounts with banks whose original maturities do not exceed three months, less bank overdraft amounts, are classified as cash and cash equivalents in the statements of cash flows.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

### 1.2.7 Taxation

#### Current income tax

Current income tax assets and liabilities for the current period 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 at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### 1.2.7 Taxation (Continued)

#### Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for 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 utilised, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred 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 tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### Value added tax

Revenues, expenses and assets are recognised net of the amount of Value Added Tax, except:

- Where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### 1.2.8 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when the Company:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised.

### 1.2.9 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

## 1.2.9 Employee benefits (Continued)

## Defined contribution plan

Payments to defined contribution retirement benefit plan are charged as an expense as they fall due. Payments made to state plan retirement benefit schemes are dealt with as defined contribution plans where the Company's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan.

## Defined benefit plan

The net present value of gratuity retirement is calculated as per the "Record of voluntary agreement between the Tanzania Social Services Industry Workers Union (TASIWU) and TPC Limited". The agreement was signed on May 2022 for 3 years. The net present value is calculated by a qualified actuary and provided for in the books of account. The obligation arising under this scheme is not funded.

## 1.2.10 Revenue from contracts with customers

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 recognised 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. Revenue is stated net of value-added tax (VAT) and excise duty.

Revenue is primarily derived from the sale of local and imported sugar, molasses and electricity. 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); and
- It is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit terms are 30 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

## 1.2.10 Revenue from contracts with customers (Continued)

*Variable consideration*

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

*Right of return*

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer. The Company currently does not have experience of returns that are material to the financial statements.

*Significant financing component*

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Company recognises revenue at the point in time when the goods have been accepted by the customer.

## 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 recognised 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 policy on trade receivables.

*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 recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### 1.2.10 Revenue from contracts with customers (Continued)

#### *Right of return assets*

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

#### *Refund liabilities*

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

### 1.2.11 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

### 1.2.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the Company on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.2.13 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### 1.2.14 Translation of foreign currencies

#### Foreign currency transactions

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

At the end of each reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Tanzanian Shillings by applying to the foreign currency amount the exchange rate between the Tanzanian Shilling and the foreign currency at the date of the cash flow.

### 1.2.15 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 either.

- 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 12 months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when either:

- 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 12 months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least 12 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.

### 1.2.16 Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset (RoU) and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and low value leases. For any short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease and variable lease payments;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there are any changes in lease terms.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The useful lives, which are consistent with the lease arrangement terms, for the right of use assets are 7 to 79 years.

## 2. Financial risk management

The Company's principal financial liabilities comprise of interest-bearing term loans, bank overdrafts, lease liabilities and trade and other payables. The Company does not enter into derivative transactions for trading purposes. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company's financial assets comprise of trade and other receivables, and cash and bank balances, which arise directly from its operations.

The main risks arising from the Company's financial instruments are liquidity risk, market risk and credit risk. Market risk comprises interest rate risk, foreign exchange risk and price risk. The Company does not have significant exposure to price risk arising from financial instruments since no price sensitive financial instruments are held.

Financial instruments by category	2024	2023
	TZS '000	TZS '000
<i>Debt instruments at amortised cost</i>		
Trade and other receivables <sup>1</sup>	1,165,020	431,325
Cash and bank balances	3,269,294	28,515,060
	<u>4,434,314</u>	<u>28,946,385</u>

## 2. Financial risk management (Continued)

Financial instruments by category (Continued)	2024	2023
	TZS '000	TZS '000
<i>Financial liabilities at amortized cost</i>		
Borrowings	44,353,454	36,880,990
Lease liabilities	190,636	209,428
Trade and other payables <sup>2</sup>	32,550,195	29,777,804
Bank overdrafts	59,996,605	18,404,753
	<u>137,090,890</u>	<u>85,272,975</u>

<sup>1</sup>Prepayments and tax related deposits are excluded from the trade and other receivables as they are not financial assets.

<sup>2</sup>Statutory liabilities are excluded from trade and other payables as they are not financial liabilities.

The Company's overall risk management programme seeks to minimise potential adverse effects on financial performance. Financial risk management is carried out by management on behalf of the directors and in line with the Company's policies. Policies are reviewed and agreed upon at Company level in order to manage the relevant financial risks as summarised below.

## Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including term borrowings and bank overdrafts), plus lease liabilities less cash and bank balances. Total capital is calculated as 'equity' as presented in the statement of financial position plus net debt.

There have been no changes to what the Company manages as capital and the strategy for capital management compared to the previous year. The Company has no externally imposed capital requirements.

The gearing ratio as at year-end was as follows:

	2024	2023
	TZS '000	TZS '000
Total equity	<u>183,943,824</u>	<u>175,148,356</u>
Borrowings	44,637,172	36,880,990
Lease liabilities	190,636	209,428
Bank overdrafts	60,642,981	18,404,753
Less: Cash and bank balances	<u>(3,269,294)</u>	<u>(28,515,060)</u>
Net debt	<u>102,201,495</u>	<u>26,980,111</u>
Total capital	<u>286,145,319</u>	<u>202,128,467</u>
Gearing ratio	<u>36%</u>	<u>13%</u>

2. Financial risk management (Continued)

Capital risk management (Continued)

Agricultural activity related price risk

The Company is exposed to financial risks arising from changes in sugar prices. However, the Company does not anticipate that sugar prices will decline significantly in the foreseeable future. The Company has not entered into derivative contracts to manage the risk of decline in sugar prices. The Company reviews its outlook for sugar prices regularly in considering the need for active financial risk management.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained. The directors may from time to time borrow from financial institutions or adjust dividend payments to the shareholders.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
At 30 June 2024					
Borrowings	17,295,912	14,204,279	19,484,249	3,726,433	54,710,872
Lease liabilities	20,671	22,738	31,822	115,406	190,637
Trade and other payables	34,304,595	-	-	-	34,304,595
Bank overdraft	59,996,605	-	-	-	59,996,605
<b>Total</b>	<b>111,617,782</b>	<b>14,227,017</b>	<b>19,516,071</b>	<b>3,841,839</b>	<b>149,202,709</b>
At 30 June 2023					
Borrowings	14,512,256	12,356,449	13,587,844	-	40,456,548
Lease liabilities	18,792	20,671	45,635	124,331	209,429
Trade and other payables	29,777,804	-	-	-	29,777,804
Bank overdraft	18,404,753	-	-	-	18,404,753
<b>Total</b>	<b>62,713,604</b>	<b>12,377,120</b>	<b>13,633,478</b>	<b>124,331</b>	<b>88,848,533</b>

2. Financial risk management (Continued)

Interest rate risk

The Company is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by close management monitoring. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings impacted with a 0.5% possible movement up or down with all other variables held constant. The impact on the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	2024	2024	2023	2023
	TZS'000	TZS'000	TZS'000	TZS'000
	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
Increase / decrease of 0.5% in interest rate	(522,703)	(345,037)	(277,476)	(185,576)

The table below indicates the exposure to interest rate risk. Included are the Company's financial assets and liabilities at carrying amounts, categorized by the earlier of contractual reprising or maturity dates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

2. Financial risk management (Continued)

At 30 June 2024	< 3 months	> 3 to 12 months	> 1 year	Non- interest bearing	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Financial assets					
Trade and other receivables	-	-	-	1,165,020	1,165,020
Cash and bank balances	-	-	-	3,269,293	3,269,293
	-	-	-	4,434,313	4,434,313
Financial liabilities					
Borrowings	(2,740,937)	(10,848,130)	(30,764,387)	-	(44,353,454)
Lease liabilities	-	(20,671)	(169,966)	-	(190,636)
Trade and other payables	-	-	-	(32,550,195)	(32,550,195)
Bank overdrafts	(59,996,605)	-	-	-	(59,996,605)
	(62,737,542)	(10,868,800)	(30,934,352)	(32,550,195)	(137,090,890)
Interest Sensitivity gap	(62,737,542)	(10,868,800)	(30,934,352)	(28,115,882)	(132,656,577)
At 30 June 2023	< 3 months	> 3 to 12 months	> 1 year	Non- interest bearing	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Financial assets					
Trade and other receivables	-	-	-	431,325	431,325
Cash and bank balances	-	-	-	28,515,060	28,515,060
	-	-	-	28,946,385	28,946,385
Financial liabilities					
Borrowings	(3,500,822)	(8,988,817)	(24,391,351)	-	(36,880,990)
Lease liabilities	-	(18,792)	(190,636)	-	(209,428)
Trade and other payables	-	-	-	(29,777,804)	(29,777,804)
Bank overdrafts	(18,404,753)	-	-	-	(18,404,753)
	(21,905,575)	(9,007,609)	(24,581,987)	(29,777,804)	(85,272,975)
Interest Sensitivity gap	(21,905,575)	(9,007,609)	(24,581,987)	(831,419)	(56,326,590)

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

2. Financial risk management (Continued)

Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Company. The Company deposits cash only with regulated banks. With respect to the trade and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

The maximum exposure to credit risk is as presented below.

	2024	2023
	TZS '000	TZS '000
Trade and other receivables	1,165,020	431,324
Cash and bank balances	3,229,915	28,463,770
	<u>4,434,314</u>	<u>28,895,094</u>

Impairment loss of financial assets were assessed to be insignificant to the financial statement and therefore the fair value is close to carrying amount as at period end.

Foreign exchange risk

The Company enters into contracts denominated in foreign currencies including South Africa Rand (ZAR), United States Dollars (USD), Euro and other currencies. In addition, the Company has assets and liabilities denominated in foreign currencies. As a result, the Company is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates.

The Company's exposure to foreign currency risk is mainly to the currencies indicated in the table below which are the foreign currencies in which the Company transacts most. The table discloses the Company's exposure to the foreign currencies.

	ZAR	Denominated in USD	EUR	GBP	KES	Total
	TZS '000	TZS '000	TZS '000		TZS '000	TZS '000
At 30 June 2024						
Cash and bank balances	202,485	2,707,921	284,046	46,953	-	3,241,405
Trade and other payables	(831,005)	(10,693,155)	(1,482,999)	-	(8,102)	(13,015,261)
Net foreign currency exposure	<u>(628,520)</u>	<u>(7,985,234)</u>	<u>(1,198,953)</u>	<u>46,953</u>	<u>(8,102)</u>	<u>(9,773,856)</u>
At 30 June 2023						
Cash and bank balances	18,518,403	415,770	7,690,239	1,793,701	-	28,418,112
Trade and other payables	(44,690)	(12,798,026)	(677,673)	-	-	(13,520,389)
Net foreign currency exposure	<u>18,473,713</u>	<u>(12,382,256)</u>	<u>7,012,567</u>	<u>1,793,701</u>	<u>-</u>	<u>14,897,723</u>

At 30 June 2024, if the USD had weakened/strengthened by 5% against the TZS with all other variables held constant, the impact on pre-tax profit for the year would have been TZS 399,261,710 higher/lower (2023: TZS 619,112,803). Exposure to other currencies is not significant. A change in 5% 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 30 JUNE 2024

2. Financial risk management (Continued)

The currency profile is as follows:

	2024	2024	2023	2023
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	TZS'000	TZS'000	TZS'000	TZS'000
TSH	-	21,289,334	-	15,789,864
ZAR	202,485	831,005	18,518,403	44,690
EUR	284,046	1,482,999	7,690,239	677,673
USD	2,707,921	10,693,155	415,770	12,798,026
GBP	46,953	-	1,793,701	-
KES	-	8,102	-	-

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in foreign currency with an effect of a 5% possible movement up or down of the currency against the TZS with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

		2024		2023	
	Change in rate	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
		TZS'000	TZS'000	TZS'000	TZS'000
TSH	5%	-	-	-	-
ZAR	5%	(31,426)	(20,744)	923,686	617,761
EUR	5%	(59,948)	(39,571)	350,628	234,500
USD	5%	(399,262)	(263,553)	(619,113)	(414,063)
GBP	5%	2,348	1,550	89,685	59,981
KE	5%	(405)	(267)	-	-

3. New and amended standards and interpretations

3.1 New and amended standards and interpretations that were 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 January 2023 and 1 January 2024. These pronouncements had no significant impact on the financial statements of the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- International Tax Reform–Pillar Two Model Rules - Amendments to IAS 12 (1 January 2023)
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (1 January 2023)
- IFRS 17 Insurance Contracts (1 January 2023)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 (1 January 2023)
- Definition of Accounting Estimates - Amendments to IAS 8 (1 January 2023)
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants -Amendments to IAS 1 (1 January 2024)
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 (1 January 2024)
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 (1 January 2024)

3.2 New and amended standards and interpretation issued but not yet effective

The standards and interpretations 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.

	Effective for annual periods beginning or after:
Lack of exchangeability - Amendments to IAS 21	1 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Postponed indefinitely

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

	<u>2024</u>	<u>2023</u>
	TZS '000	TZS '000
4. Revenue		
Recognised at a point in time:		
Sale of sugar	184,410,070	226,809,093
Sale of molasses	11,357,757	6,843,804
Sale of electricity	1,797,734	2,087,120
Total revenue from contracts with customers	<u>197,565,561</u>	<u>235,740,017</u>

The performance obligation relating to selling of sugar and molasses is satisfied upon delivery of sugar and payment is generally made in advance. Control of the goods passes to the customer when the delivery truck crosses the Company's weighbridge.

5. Cost of sales

Fields	49,719,629	52,220,190
Garage	6,424,859	6,347,010
Factory	29,979,573	23,091,525
Finance & administration	9,619,247	13,734,577
Imported sugar	15,956,407	-
Sugar stock movement	(4,524,846)	376,228
	<u>107,174,869</u>	<u>95,769,530</u>

Cost of sales is further analysed as follows:

Depreciation and amortisation	10,557,518	9,695,352
Employment costs	34,840,614	36,489,646
Other cost of sales	61,776,737	49,584,532
	<u>107,174,869</u>	<u>95,769,530</u>

6. Other income

Profit/(loss) on sale of assets	591,669	-
Rental income	82,198	77,933
Sundry income	6,264,551	1,889,741
Total other operating income	<u>6,938,418</u>	<u>1,967,674</u>

Sundry income can be analysed as:

Insurance refunds	4,171,933	776,883
Interest income	11,665	59,349
Sundry Income	2,080,953	1,053,509
	<u>6,264,551</u>	<u>1,889,741</u>

The interest income is recognised using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	TZS '000	TZS '000
7. Operating expenses		
Corporate services	19,107,715	16,708,106
Finance & administration	16,153,204	15,724,066
Non-cane projects	1,371,897	1,423,082
	<u>36,632,816</u>	<u>33,855,254</u>
Operating expenses are further analysed as follows:		
Staff costs	18,907,329	18,730,523
Depreciation and amortisation expenses	1,307,939	2,034,488
Management fees	2,326,500	2,145,225
Bank charges and other expenses	14,091,048	10,945,018
	<u>36,632,816</u>	<u>33,855,254</u>
8. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Profit/(loss) on sale of assets	591,669	(301,656)
Rental income from properties	82,198	77,932
Cost of inventories recognised as expenses	53,932,521	50,115,482
Auditor's remuneration	155,089	166,015
Directors' emoluments - non fulltime	16,370	15,430
Depreciation and amortisation	19,299,414	17,806,006
Employment costs	<u>53,728,547</u>	<u>55,220,168</u>
Analysis of depreciation and amortisation	Notes	
Depreciation of property, plant and equipment	15(a)	12,143,114
Depreciation of right of use assets	15(b)	21,912
Amortisation of intangible assets	16	306,800
Depreciation of bearer biological assets	17	6,827,588
		<u>19,299,414</u>
		<u>17,806,006</u>
The depreciation and amortisation charges are included in cost of sales and operating expenses.		
Analysis of employee benefit expenses		
Salaries and wages	44,135,297	43,395,673
Other staff costs	7,601,086	10,064,915
Movement in retirement benefit obligation	1,992,164	1,759,582
	<u>53,728,547</u>	<u>55,220,170</u>
9. Net foreign exchange (gain)/loss		
Foreign exchange gain - current account	(2,426,818)	(1,792,373)
Realized foreign exchange (gain)/loss	185,684	(197,783)
Unrealized foreign exchange (gain)/loss	5,572,527	(32,274)
	<u>3,331,393</u>	<u>(2,022,430)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

		<u>2024</u>	<u>2023</u>
		TZS '000	TZS '000
10. Finance costs			
	Notes		
Interest expense on term borrowings	25	3,710,612	4,091,299
Interest expense on bank overdrafts		4,188,494	1,569,076
Interest on lease liabilities	28	<u>19,997</u>	<u>21,705</u>
		<u>7,919,103</u>	<u>5,682,080</u>

The interest expense on term borrowings, bank overdrafts and lease liabilities is recognised using the effective interest rate.

11. Earnings before interests, taxation, depreciation and amortisation

Normalised earnings before interests, taxation, depreciation and amortisation is determined as follows:

	Notes		
Revenue	4	197,565,561	235,740,017
Fair value gain on consumable biological assets	20	27,797,884	7,273,512
Other income	6	<u>6,938,418</u>	<u>1,967,674</u>
Total Income		<u>232,301,863</u>	<u>244,981,203</u>
Adjust for:			
Interest income	6	11,665	59,349
Foreign exchange gain	9	<u>3,331,393</u>	<u>(2,022,430)</u>
		<u>1,671,529</u>	<u>(1,963,081)</u>
Normalised income		228,958,805	246,944,284
Cost of sales	5	107,174,869	95,769,530
Other Operating Expenses	7	<u>36,632,816</u>	<u>33,855,254</u>
Total Expenses		<u>143,807,685</u>	<u>129,624,784</u>
Adjust for:			
Depreciation and amortisation	8	12,471,826	11,729,792
Amortization of bearer	17	6,827,588	6,076,214
(Profit)/loss on sale of assets		<u>(591,669)</u>	<u>301,656</u>
		<u>18,707,745</u>	<u>18,107,662</u>
Normalised expenses		125,099,940	111,517,122
Normalised EBITDA		<u>103,858,865</u>	<u>135,427,162</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

		<u>2024</u>	<u>2023</u>
		TZS '000	TZS '000
12. Taxation			
Current income tax charge	Notes		
Current year charge		15,530,152	31,997,413
Prior year adjustments		<u>390,098</u>	<u>(71,682)</u>
		<u>15,920,250</u>	<u>31,925,731</u>
Deferred tax charge			
Current year charge	27	<u>10,334,261</u>	<u>5,067,929</u>
		<u>10,334,261</u>	<u>5,067,929</u>
Income tax charge		<u><u>26,254,512</u></u>	<u><u>36,993,662</u></u>

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	<u>2024</u>	<u>2023</u>
	TZS '000	TZS '000
Profit before tax	77,243,682	111,696,769
Tax at the applicable tax rate of 30% (2023: 30%)	23,173,104	33,509,031
Tax effect of adjustments on taxable income:		
Expenses not deductible for tax purposes	2,862,168	3,417,855
Depreciation on non-qualifying assets	32,182	15,763
Profit on disposal of assets net of balancing charge not taxable	(178,881)	88,185
Deferred tax impact on opening accelerated capital deductions	(24,160)	34,511
Prior year adjustments	<u>390,098</u>	<u>(71,682)</u>
	<u>26,254,512</u>	<u>36,993,662</u>

		<u>2024</u>	<u>2023</u>
		TZS '000	TZS '000
13. Actuarial gain/(loss), net of tax			
Re-measurement gain/(loss) on defined benefit plan	Notes		
	26	1,743,309	(809,506)
Deferred tax charge	27	<u>(522,993)</u>	<u>242,852</u>
		<u>1,220,316</u>	<u>(566,654)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

14. Earnings per share

Basic earnings per share is calculated on the profit after tax attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated on the profit after tax attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding after adjustment of dilutive potential ordinary shares.

The basic and diluted earnings per share are the same as there are no dilutive instruments as indicated below:

	<u>2024</u>	<u>2023</u>
	TZS '000	TZS '000
Profit after tax attributed to ordinary equity holders (TZS '000)	50,989,170	74,703,107
Basic and weighted average number of shares	166,344,870	166,344,870
Earnings per share - Basic and diluted (TZS/share)	<u>306.53</u>	<u>449.09</u>

TPC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

15 (a) Property, plant and equipment

	Land developments and buildings	Plant and machinery	Furniture, tools and equipment	Motor vehicles, locomotives and tractors	Computer equipment	Maintenance spares	Work in Progress	Total
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Cost								
At 01 July 2022	69,426,934	112,601,420	7,072,440	42,837,160	343,254	3,170,041	7,837,153	243,288,401
Additions	-	-	-	-	-	-	19,028,687	19,028,687
Transfers	6,449,875	3,118,867	520,820	8,945,624	676,704	-	(19,711,890)	-
Disposals	-	-	-	(539,020)	-	(1,079,725)	-	(1,618,745)
At 30 June 2023	<u>75,876,809</u>	<u>115,720,287</u>	<u>7,593,260</u>	<u>51,243,763</u>	<u>1,019,958</u>	<u>2,090,316</u>	<u>7,153,950</u>	<u>260,698,343</u>
At 01 July 2023	75,876,809	115,720,287	7,593,260	51,243,763	1,019,958	2,090,316	7,153,950	260,698,343
Additions	-	-	-	-	-	867,472	21,870,604	22,738,076
Reclassification	-	-	-	-	38,090	-	-	38,090
Transfers	7,315,004	1,711,912	991,881	9,628,635	119,700	-	(19,767,133)	-
Disposals	-	(46,642)	(17,227)	(2,905,492)	-	-	-	(2,969,362)
At 30 June 2024	<u>83,191,813</u>	<u>117,385,557</u>	<u>8,567,914</u>	<u>57,966,907</u>	<u>1,177,748</u>	<u>2,957,788</u>	<u>9,257,421</u>	<u>280,505,148</u>
Accumulated depreciation								
At 01 July 2022	(25,388,538)	(50,674,667)	(4,275,475)	(26,287,018)	(275,081)	-	-	(106,900,778)
Charge for the year	(2,218,844)	(4,259,086)	(539,550)	(4,156,698)	(235,892)	-	-	(11,389,241)
Disposals	-	-	-	237,364	-	-	-	237,364
At 30 June 2023	<u>(27,586,553)</u>	<u>(54,933,753)</u>	<u>(4,815,025)</u>	<u>(30,206,352)</u>	<u>(510,973)</u>	<u>-</u>	<u>-</u>	<u>(118,052,655)</u>
At 01 July 2023	(27,586,553)	(54,933,753)	(4,815,025)	(30,206,352)	(510,973)	-	-	(118,052,655)
Charge for the year	(2,198,015)	(4,343,374)	(540,372)	(4,822,850)	(217,674)	-	-	(12,143,114)
Reclassification	-	-	-	-	(30,472)	-	-	(30,472)
Disposals	-	46,589	17,227	2,895,021	-	-	-	2,958,837
At 30 June 2024	<u>(29,805,397)</u>	<u>(59,230,538)</u>	<u>(5,338,170)</u>	<u>(32,134,181)</u>	<u>(759,119)</u>	<u>-</u>	<u>-</u>	<u>(127,267,405)</u>
Net carrying amount								
At 30 June 2023	<u>48,290,256</u>	<u>60,786,534</u>	<u>2,778,236</u>	<u>21,037,411</u>	<u>508,985</u>	<u>2,090,316</u>	<u>7,153,950</u>	<u>142,645,688</u>
At 30 June 2024	<u>53,386,416</u>	<u>58,155,019</u>	<u>3,229,744</u>	<u>25,832,726</u>	<u>418,629</u>	<u>2,957,788</u>	<u>9,257,421</u>	<u>153,237,743</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

15. (a) Property, plant and equipment (Continued)

Capital expenditure incurred is initially recorded and accumulated under capital-work-in-progress (CWIP). Amounts are transferred from CWIP to the relevant asset categories of property, plant and equipment or intangible assets at the point when the asset is ready for use and is in the condition and location intended. Technical inspection is done before capitalisation of an asset, where relevant.

15. (b) Right of Use Assets

	2024 TZS '000	2023 TZS '000
Costs		
At 1 July	268,995	268,995
Addition	-	-
At June	<u>268,995</u>	<u>268,995</u>
Accumulated depreciation		
At 1 July	87,648	65,736
Charge for the year	21,912	21,912
At June	<u>109,560</u>	<u>87,648</u>
Net carrying amount	<u>159,435</u>	<u>181,347</u>

Bank borrowings are secured by fixed and floating charges on the assets of the Company including property, plant and equipment (Notes 22 and 25).

16. Intangible assets

	2024			2023		
	Cost TZS'000	Accumulated amortisation TZS'000	Net carrying value TZS'000	Cost TZS'000	Accumulated amortisation TZS'000	Net carrying value TZS'000
Computer software	3,471,400	(2,567,757)	903,643	3,023,852	(2,291,429)	732,423
Work in progress	221,312	-	221,312	364,149	-	364,149
	<u>3,692,712</u>	<u>(2,567,757)</u>	<u>1,124,955</u>	<u>3,388,001</u>	<u>(2,291,429)</u>	<u>1,096,572</u>

Reconciliation of intangible assets - 2024

	At 1 July 2023 TZS'000	Additions TZS'000	Reclassification TZS'000	Transfers TZS'000	Amortization TZS'000	At 30 June 2024 TZS'000
Computer software	732,423	-	(7,618)	485,639	(306,800)	903,645
Work in progress	364,149	342,802	-	(485,639)	-	221,313
Total	<u>1,096,572</u>	<u>342,802</u>	<u>(7,618)</u>	<u>-</u>	<u>(306,800)</u>	<u>1,124,958</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

16. Intangible assets (Continued)

Reconciliation of intangible assets - 2023

	At 1 July 2022	Additions	Transfers	Amortization	At 30 June 2023
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Computer software	441,981	-	609,080	(318,639)	732,423
Work in progress	185,908	-	(609,080)	-	364,149
Total	<u>627,889</u>	-	-	(318,639)	<u>1,096,572</u>

	<u>2024</u>	<u>2023</u>
	TZS '000	TZS '000

17. Bearer biological assets

Bearer biological assets represent cane replantation expenditures that have an expected life cycle of six years as it would normally generate an average of six crop harvests. The corresponding replantation cost is deferred and amortised over six years.

Cost		
At July	50,630,187	41,176,748
Additions	<u>5,727,586</u>	<u>9,453,439</u>
At 30 June	<u>56,357,773</u>	<u>50,630,187</u>
Depreciation		
At July	23,069,750	16,993,536
Charge for the year	<u>6,827,588</u>	<u>6,076,214</u>
At 30 June	<u>29,897,338</u>	<u>23,069,750</u>
Net carrying amount	<u><u>26,460,435</u></u>	<u><u>27,560,437</u></u>

18. Inventories

Raw sugar	12,508,796	1,024,303
Consumables and spares	<u>28,932,529</u>	<u>24,820,017</u>
	<u><u>41,441,325</u></u>	<u><u>25,844,320</u></u>

19 (a). Other tax deposits

Income tax deposits recoverable	185,828	185,828
Withholding tax recoverable	14,198	14,198
TRA objection deposits	<u>2,110,144</u>	<u>1,910,936</u>
	<u><u>2,310,170</u></u>	<u><u>2,110,962</u></u>

The income tax deposits relate to income tax overpaid in the prior years. The tax laws require that approval should be obtained from TRA before the amount is offset from current period income tax liabilities. The other amount includes one-third payment related to open tax matters objections.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

		2024	2023
		TZS '000	TZS '000
19(b). Other tax deposits (Continued)			
Income tax payable	Notes		
At 1 July		2,525,794	2,986,183
Current income tax charge	12	15,920,250	31,925,731
Income tax paid		<u>(18,213,609)</u>	<u>(32,386,120)</u>
At 30 June		<u>232,435</u>	<u>2,525,794</u>
20. Consumable biological assets			
Reconciliation of carrying amount of standing cane:			
At July		152,226,828	144,953,316
Net fair value gain		<u>27,797,884</u>	<u>7,273,512</u>
At 30 June		<u>180,024,712</u>	<u>152,226,828</u>

The following are the key inputs used in the determination of the fair value:

Discount rate	10.01%	9.06%
Estimated cane production in metric tonnes	1,269,190	1,083,648
Estimated sugar extraction	9.82%	10.26%
Average net sugar price per ton	<u>1,863,474</u>	<u>1,758,107</u>

The sensitivity of the fair value to changes in the key inputs is as follows:

	2024		2023	
	Change (%)	Change (TZS'000')	Change (%)	Change (TZS'000')
Discount rate	1%	(1,083,491)	1%	(796,097)
Estimated cane production in metric tonnes	5%	10,917,534	5%	9,315,997
Estimated sugar extraction	1%	22,234,493	1%	18,158,855
Average net sugar price per ton	5%	<u>10,917,534</u>	5%	<u>9,315,997</u>

  

	2024	2023
	TZS '000	TZS '000

21. Trade and other receivables

Trade receivables	775,184	242,143
Provision for bad and doubtful debts	<u>(169,560)</u>	<u>(169,560)</u>
Net trade receivables	605,624	72,583
Prepayments	11,993,038	1,093,679
Other receivables	<u>570,124</u>	<u>366,884</u>
	<u>13,168,786</u>	<u>1,533,146</u>

The carrying amounts of trade and other receivables approximate their fair values due to the short-term nature of the instruments.

The Company does not hold any collateral as security for trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

	<u>2024</u>	<u>2023</u>
	TZS '000	TZS '000
21. Trade and other receivables (Continued)		
The carrying amount of trade and other receivables are denominated in the following currencies:		
TZS	9,821,028	754,011
USD	498,523	454,014
EURO	2,675,452	98,499
GBP	15,990	-
ZAR	157,792	246,763
	<u>13,168,786</u>	<u>1,553,287</u>

Trade and other receivables are due on 30 days terms. The ageing analysis of trade and other receivables was as follows:

Up to 30 days	313,115	1,726,259
> 30 days to 60 days	3,453,993	-
> 60 days to 90 days	182,025	(7)
> 90 days to 120 days	32,653	(194,375)
> 120 days	9,187,003	1,268
	<u>13,168,786</u>	<u>1,533,146</u>

The probability of default by the counterparties was insignificant.

22. Cash and bank balances

Cash and cash equivalents comprise of:

Cash and bank balances	3,269,294	28,515,060
Bank overdraft	<u>(59,996,605)</u>	<u>(18,404,753)</u>
	<u>(56,727,311)</u>	<u>10,110,307</u>
Current assets	3,269,294	28,515,060
Current liabilities	<u>(59,996,605)</u>	<u>(18,404,753)</u>
	<u>(56,727,311)</u>	<u>10,110,307</u>

The Company has a bank overdraft facility of TZS 50 billion with CRDB Bank Plc. and the facility is secured against:

(i) First charge legal mortgage over farms and buildings with titles number NP. 12, NP 91, NP 15492 and NP 16179, in the name of the Company.

(ii) First charge fixed and floating debenture over the Company's entire assets.

Interest on the bank overdraft is based on the 365 days treasury bill rate plus 400 basis points, with a minimum of 12% and a maximum of 15% per annum.

The Company has another bank overdraft facility of TZS 10 billion with Stanbic Bank Tanzania Limited and the facility is secured against:

(i) First charge legal mortgage over farms and buildings with titles number NP 1189, and NP 6140, in the name of the Company; and

(ii) First charge fixed and floating debenture over the Company's entire assets.

Interest on the bank overdraft is based on the 184 days treasury bill rate plus 500 basis points, with a minimum of 9%.

TPC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

	<u>2024</u>	<u>2023</u>
	TZS '000	TZS '000
22. Cash and bank balances (Continued)		
Cash and cash equivalents are denominated in the following currencies:		
TZS	(59,968,717)	(18,307,805)
USD	2,707,921	415,770
EURO	284,046	7,690,239
ZAR	202,485	18,518,402
GBP	46,954	1,793,701
	<u>(56,727,311)</u>	<u>10,110,307</u>

23. Authorised share capital

166,344,870 Ordinary shares of TZS 20 each	<u>3,326,897</u>	<u>3,326,897</u>
Issued and fully paid-up share capital		
166,344,870 Ordinary shares of TZS 20 each	3,326,897	3,326,897
Share premium	<u>13,250</u>	<u>13,250</u>
	<u>3,340,147</u>	<u>3,340,147</u>

The Company has one class of ordinary shares which carries no right to fixed income.

24. Actuarial reserves

At 1 July	1,169,491	602,837
Actuarial (gain)/loss, net of tax (Note 13)	<u>(1,220,316)</u>	<u>(1,220,316)</u>
At 30 June	<u>(50,825)</u>	<u>1,169,491</u>

The actuarial reserve comprises the retirement benefits obligation net re-measurement gains or losses including actuarial gains and losses which are recognised directly to this reserve through other comprehensive income in the period in which they occur. The reserve is not distributable to the shareholders.

25. Borrowings

At 1 July	36,880,990	41,784,932
Proceeds received	20,000,000	10,000,000
Interest expenses accrued	3,710,612	4,091,299
Repayments - principal	(12,477,517)	(14,882,299)
Repayments - interest	(3,476,913)	(4,062,923)
Interest accrued	<u>(283,718)</u>	<u>(50,019)</u>
At 30 June	<u>44,353,456</u>	<u>36,880,990</u>
Interest accrued	283,718	50,019
At 30 June	<u>44,637,174</u>	<u>36,931,009</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

25. Borrowings (Continued)

The Company has three loans due to CRDB Bank Plc of TZS 15 billion effective from June 2021 with a 5-year term, TZS 10 billion effective from December 2022 with a 5-year term and another of TZS 20 billion effective from April 2024 with a 6-year term. The loans were used to enhance plant capacity and for general capital expenditure and are secured against:

(i) First charge legal mortgage over farms and buildings with titles number NP 12, NP 91, NP 15492 and NP 16179, in the name of the Company; and

(ii) First charge fixed and floating debenture over the Company's entire assets.

The credit facility is charged interest at a margin of 100 base points above the weighted average yield (WAY) of the 364 days treasury bill rate with a minimum of 11% and 10% (for first two loans) and a maximum of 16% and 14% (for first two loans) respectively per annum. Interest for the third loan is based on the 184 days treasury bill rate plus 300 basis points, with a minimum of 12%.

The Company has also two loans due to Stanbic Bank of TZS 15 billion each. They are effective from April 2020 and December 2021 and have a 5-year term. The loans were used for general capital expenditure and are secured against:

(i) First charge legal mortgage over farms and buildings with titles number NP 1189, and NP 6140, in the name of the Company; and

(ii) First charge fixed and floating debenture over the Company's entire assets.

The credit facilities are charged interest at a margin of 100 base points above the weighted average yield (WAY) of the 364 days treasury bill rate with a minimum of 10% and 9.75% and a maximum of 16% and 15% per annum respectively.

	<u>2024</u>	<u>2023</u>
	TZS '000	TZS '000
The borrowings are further analysed as follows:		
CRDB Bank Plc - loan 1	-	1,253,116
CRDB Bank Plc - loan 2	6,891,215	9,910,645
CRDB Bank Plc - loan 3	7,941,440	9,205,734
CRDB Bank Plc - loan 4	19,520,800	-
Stanbic Bank - loan 1	-	511,495
Stanbic Bank - loan 2	2,500,000	5,500,000
Stanbic Bank - loan 3	7,500,000	10,500,000
	<u>44,353,455</u>	<u>36,880,990</u>
Maturity analysis		
Non-current	30,764,387	24,391,351
Current*	<u>13,872,785</u>	<u>12,489,639</u>
	<u>44,637,172</u>	<u>36,880,990</u>

\*The current loans and borrowings include the interest accrued but not paid for the year end.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

26. Retirement benefit obligation

Defined benefit plan

The retirement gratuity consists of a lump sum based on the duration of service to the Company and final wage to be paid at normal retirement date and at contract-end date for permanent employees on open (PO) and limited duration contracts (PL), respectively. In addition, all employees are entitled to luggage and transport fares while only permanent staff (PO) will receive one bag of 50kg of sugar at retirement

	2024	2023
	TZS '000	TZS '000
Carrying value		
Present value of the defined benefit obligation wholly unfunded	9,851,229	11,029,706

Other post-retirement benefits comprise of retirement benefits payable according to the "Record of Voluntary Agreement between the Tanzania Social Services Industry Workers Union (TASIWU) and TPC Limited".

Movement for the year		
At 1 July	(11,029,706)	(9,455,806)
Benefits paid	1,427,333	995,186
Actuarial gains/(loss) recognised in Other Comprehensive Income	1,743,309	(809,506)
Net expense recognised in profit or loss	(1,992,164)	(1,759,580)
At 30 June	(9,851,228)	(11,029,706)

Net expense recognized in profit or loss		
Current service costs	(663,782)	(718,845)
Interest costs	(1,328,382)	(1,040,736)
	(1,992,164)	(1,759,581)

Key assumptions used		
Discount rate used	15.13%	12.85%
Future salary increase rate - Senior staff	7.50%	7.50%
Future salary increase rate - Others	7.00%	7.00%
Salary increase effective 1 July	5.30%	4.70%
Increase in price of sugar	2.60%	2.90%
Increase in other benefits	4.30%	4.70%
Annual proportion of employees leaving	1.00%	1.00%

	2024	2023
	TZS '000	TZS '000
The assumption with the greatest impact on the obligation are:		
Discount rate		
1% increase	519,895	(574,136)
1% decrease	(463,046)	802,928
Future salary increase rate		
1% increase	503,118	527,385
1% decrease	(453,925)	(771,231)

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

26. Retirement benefit obligation (Continued)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

27. Deferred tax liability

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 30%. The details of the deferred tax liability are as follows:

	At 1 July 2023	(Charge)/credit to profit or loss		(Charge)/ credit to OCI	At 30 June 2024
		Prior year	Current year		
	TZS'000'	TZS'000'	TZS'000'	TZS'000'	TZS'000'
Accelerated depreciation of property, plant and equipment	(26,864,314)	-	(1,505,414)	-	(28,369,728)
Provision for retirement obligation	3,308,912	-	169,449	(522,993)	2,955,368
Bearer biological assets	(8,268,131)	-	330,001	-	(7,938,130)
Consumable biological assets	(45,668,048)	-	(8,339,365)	-	(54,007,413)
Other timing differences	2,877,633	-	(988,932)	-	1,888,701
Net deferred tax liability	<u>(74,613,947)</u>	<u>-</u>	<u>(10,334,261)</u>	<u>(522,993)</u>	<u>(85,471,201)</u>

	At 1 July 2022	(Charge)/credit to profit or loss		(Charge)/ credit to OCI	At 30 June 2023
		Prior year	Current year		
	TZS'000'	TZS'000'	TZS'000'	TZS'000'	TZS'000'
Accelerated depreciation of property, plant and equipment	(24,626,093)	-	(2,238,221)	-	(26,864,314)
Provision for retirement obligation	2,836,066	-	229,994	242,852	3,308,912
Bearer biological assets	(7,254,963)	-	(1,013,168)	-	(8,268,131)
Consumable biological assets	(43,485,996)	-	(2,182,052)	-	(45,668,048)
Other timing differences	2,742,117	-	135,518	-	2,877,633
Net deferred tax liability	<u>(69,788,868)</u>	<u>-</u>	<u>(5,067,929)</u>	<u>242,852</u>	<u>(74,613,947)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

		2024	2023
		TZS '000	TZS '000
28. Lease liabilities			
	Notes		
At 1 July		209,428	226,512
Interest accretion	10	19,997	21,705
Payment - interest		(19,997)	(21,705)
Payment - principal		(18,792)	(17,084)
At 30 June		<u>190,636</u>	<u>209,428</u>
The following is the maturity analysis of the lease liabilities:			
Current		20,671	18,792
Non-current		<u>169,965</u>	<u>190,636</u>
		<u>190,636</u>	<u>209,428</u>

The incremental borrowing rate applied as the discount rate as at year-end was 10% per annum.

The following were the expenses charged to profit or loss in respect to lease arrangements

	Notes		
Rental expenses		38,788	38,788
Depreciation of right of use asset	15(b)	21,912	21,912
Lease liability interest accretion		19,997	21,705
		<u>80,697</u>	<u>82,405</u>

29. Trade and other payables

Trade payables	9,091,323	929,619
Other payables	1,301,688	846,549
Accrued expenses	24,141,427	28,804,400
VAT payable	248,194	1,593,997
	<u>34,782,632</u>	<u>32,174,561</u>

Trade and other payables are denominated in the following currencies:

TZS	21,767,369	18,654,177
USD	10,693,155	12,798,026
ZAR	831,005	44,690
EUR	1,482,999	677,673
KES	8,102	-
	<u>34,782,630</u>	<u>32,174,565</u>

Trade and other payables are due on 30 to 60 days terms. The carrying amounts of trade and other payables approximate their fair values.

30. Contract liabilities

Contract liabilities comprise advance payments received from customers for services and goods not delivered by year-end. The contract liabilities are made up as follows:

At July	2,640,843	1,055,430
Advances received during the year	195,218,105	235,238,310
Advances amortised to revenue (Note 4)	(195,767,827)	(233,652,897)
At 30 June	<u>2,091,121</u>	<u>2,640,843</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

30. Contract liabilities (Continued)

The carrying amount of the advance payments from customers represents the aggregate amount of the transaction price for the performance obligations not satisfied at year-end. These performance obligations are expected to be satisfied during the following year.

		2024	2023
		TZS'000	TZS'000
31. Cash generated from operations			
	Notes		
Profit before tax		77,243,682	111,696,766
Adjustments for non-cash items:			
Interest income	6	(11,665)	(59,349)
Depreciation and amortisation	8	12,471,826	11,729,792
(Profit)/loss on sale of assets	8	(591,669)	301,656
Foreign exchange (gain)/loss		3,145,709	(1,824,647)
Finance costs	10	7,919,103	5,682,080
Amortisation of bearer biological assets	17	6,827,588	6,076,214
Fair value (gain)/loss on consumable biological assets	20	(27,797,884)	(7,273,512)
Reclassification of assets from inventories		(867,472)	1,079,725
Net retirement benefit expense recognised in profit or loss	26	1,992,164	1,759,581
Retirement benefits paid	26	(1,427,333)	(995,186)
Increase in provision for doubtful debts	21	-	169,560
Changes in working capital:			
(Increase)/decrease in inventories		(15,597,005)	1,465,635
Movement in other tax deposits		(199,208)	(458,807)
(Increase)/decrease in trade and other receivables		(11,635,640)	707,811
Increase/(decrease) in trade and other payables		(3,610,832)	3,622,939
Increase/(decrease) in contract liabilities		(549,722)	1,585,413
		<u>47,311,642</u>	<u>135,265,674</u>
32. Dividend			
At July 1,		28,500,000	-
Dividend declared during the year		43,000,000	65,336,400
Dividend paid during the year		<u>(71,500,000)</u>	<u>(36,836,400)</u>
At June 30,		<u>-</u>	<u>28,500,000</u>
Dividend per share (TZS/Share)		<u>258</u>	<u>393</u>
33. Commitments			
Authorised capital expenditure			
<i>Already contracted for but not provided for:</i>			
Property, plant and equipment		2,254,235	4,893,517
Immediate commitments		59,363,797	20,897,099
To be ratified in November commitments		<u>10,156,394</u>	<u>5,261,435</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

34. Contingencies

The normal procedure for agreeing final tax liabilities in Tanzania involves the Company filing its tax self-assessment returns with the Tanzania Revenue Authority (TRA) followed by TRA performing its review and/or audit of the Company's submissions and issuing notice of final tax assessment to the Company. The TRA final tax assessment determined after the TRA review and/or audit may differ from the Company's self-assessment. The Tanzania tax laws stipulate the tax assessment objection and appeal procedures that the Company may follow in case of disagreement with the TRA assessments. It is possible that the timeframe between the Company's self-assessment and TRA issuing its notice of final tax assessment may be several months or years.

The Company duly submitted the tax self-assessment returns for all the prior years. TRA has done tax audits up to the 2023 financial year. The Company objected to open tax assessments including assessments amounting to TZS 3.6 billion (2022: TZS 3.2 billion) for which the directors have assessed that it is possible, but not probable, that the Company may be required to pay the amounts. The directors' assessment, based on advice by the Company's tax consultants and lawyers, and the status of the other open tax assessments, is that they do not anticipate liabilities that may have a material impact on the Company's financial statements.

TRA's interpretation of the tax laws and regulations relating to the above matters differs from the Company and its tax advisors. As such, the Company has objected to TRA's assessment as the directors and management are of the view that the Company has a valid case to rebut the assessments.

	<u>2024</u>	<u>2023</u>
	TZS '000	TZS '000
35. Related party disclosures		
Related party balances:		
Amount due to:		
<i>Immediate holding company</i>		
Sucriere des Mascareignes Ltd	<u>8,458,721</u>	<u>12,656,357</u>
Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided for any related party payables.		
<i>Dividend paid</i>		
Sukari Investment Ltd	32,250,000	48,750,000
Government of Tanzania	10,750,000	16,250,000
Foreign exchange loss	-	336,400
	<u>43,000,000</u>	<u>65,336,400</u>
<i>Management fees</i>		
Sucriere des Mascareignes Ltd	<u>10,403,303</u>	<u>13,216,560</u>
<i>Directors' fees</i>		
Directors' emoluments	<u>16,370</u>	<u>15,430</u>
<i>Remuneration - Key management personnel</i>		
Salaries and other short-term benefits	9,240,023	8,582,403
Post-employment benefits - social security contributions	80,456	74,701
Post-employment benefits - retirement benefits	31,313	28,645
	<u>9,351,792</u>	<u>8,685,749</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

35. Related party disclosures (Continued)

Key management personnel are described as the persons having responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

	<u>2024</u>	<u>2023</u>
	TZS'000	TZS'000
36. Employee costs		
The following items are included within employee costs:		
Direct employee costs		
Salaries and wages	44,135,297	43,395,673
Other staff costs	7,601,086	10,064,915
Movement in retirement benefit obligation	1,992,164	1,759,582
	<u>53,728,547</u>	<u>55,220,170</u>
Number of persons employed as at 30 June		
Top staff	46	44
Senior staff	91	84
Junior and other staff	2,719	2,809
	<u>2,856</u>	<u>2,937</u>
Male	2,160	2,191
Female	696	746
	<u>2,856</u>	<u>2,937</u>

37. Ultimate Holding Company

The ultimate holding company of TPC Limited is Miwa Sugar Limited a public limited liability company incorporated in Mauritius.

38. Approval of the financial statements

The financial statements were authorised for issue by the Board of Directors on the date shown under the statement of financial position. They are subject to approval by the shareholders in the Annual General Meeting.

39. Events after the reporting period

Subsequent to the reporting period, the Company invested 2 million US dollars (US\$) into TPC Distillery (TPCD). The US\$ 2 million is part of the US\$ 5.5 million to be invested by the Company into TPCD. TPCD was incorporated in June 2024. TPCD shareholders are TPC Limited who owns 85% of the shares and Isautier Drinks Africa Limited who owns 15% of the shares. As at year end no transaction or investment was done in TPCD.

The Company also took a 7-year term loan from Exim Bank of US\$ 3,934,900 for the Cogen project.

Both events do not require adjustments to the financial statements.