TPC LIMITED

ANNUAL REPORT
AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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.

Contents	Page

COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2023

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
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

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2023

1. INCORPORATION AND PRINCIPAL ACTIVITIES

The directors submit their report and the audited financial statements for the year ended 30 June 2023 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 2023 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 74,703 million (2022: TZS 69,856 million) after income tax of TZS 36,993 million (2022: TZS 40,036 million).
- Cane production increased from 1,064,758 in 2022 to 1,131,073tonnes as cane yields increased from 142 tonnes per hectare in the prior year to 148 tonnes per hectare as a result of improved climatic conditions, and better cane quality. The achieved yields for the year reflected the best ever recorded yield productivity at 12.27 tonnes of cane per hectare per month (12.11 in 2022).
- Sugar production increased by 6% from 108,672 tonnes in 2022 to 115,224 tonnes as a result of higher productivity, increased crushing rate and higher sucrose levels.

2. OPERATING RESULTS AND PERFORMANCE REVIEW (Continued)

- The turnover of the Company increased slightly in the financial year under review to TZS 235,740 million (2022: TZS 234,925 million) as a result of higher own sugar and molasses production and sales offset by lower electricity exported and no 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

The Company will continue with its initiatives to gradually increase its sugar production through the finalization of a 400ha development of additional area under cane in the coming year as well as continue its installation of more efficient irrigation systems and water supply infrastructures. These initiatives, coupled with fine tuning of cane variety distribution across the estate, would likely not offset the impact of the continued drought over the last two years in the coming season, especially considering that the last season, 2022/23, had yet again been a record season. As a result, a lower productivity has been assumed for the coming year (versus last) although it would still represent the third best ever productivity given the investments in recent years in this regard. Yields from fields harvested during the first 8 weeks of the season are confirming this assumption. As in the prior year, the main risks foreseen in maintaining these high levels of cane productivity will come from management’s ability to control the development and spread of pests but importantly also from availability of ground and surface water in the face of severe drought conditions which has prevailed since November 2021. Whilst the company has continued to invest in new equipment and infrastructure to improve its capacity to maintain irrigation activities through more efficient water usage, the current drought conditions, coupled with rapidly expanding urban and agricultural water needs in the region, does pose an unknown level of risk. Management has however, put in place increased monitoring measures for the sustainable use of the aquifer and has also engaged with authorities to create sustainable water utilization practices in the region. In relation to pest risks, the implementation of an integrated pest management approach is ongoing.

At the factory, the various improvements done in the last two years are expected to result in reduced losses, improved extraction and an increase in power generation and therefore export to the national grid.

In the past financial year agricultural firms across the world, and certainly in Tanzania, have faced unprecedented cost increases on key inputs such as fertilizers and fuel. Whilst some of the increases have reversed partially in the last few months, it is expected that sugar prices locally will increase in the coming year to offset some of these cost impacts, especially when the shortage and multiple year highs of world market sugar prices are considered. As indicated before, the competitive landscape with regard to sugar production in Tanzania is currently undergoing significant changes with various expansions and/or green field investments underway.

Finally, as Tanzania is moving toward self-sufficiency in sugar it is uncertain whether Government will issue import licenses for the coming gap period in 2024. The quantum of production and subsequent imports of sugar (if allowed) could have a significant impact on TPC’s turnover and even profitability should excessive sugar be imported.

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:

4. EXTERNAL ENVIRONMENT AND KEY RISK ANALYSIS (Continued)

- 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:

- 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.

5. ENVIRONMENTAL MATTERS (Continued)

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 2023 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 2023 of TZS 65,336,400,000 (TZS 393 per share) [2022: TZS 63,000,000,000 (TZS 379 per share)]. Ratification of the dividends for the financial year ended 30 June 2023, part of which was paid during the year, will be 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	52	7 November 2018
Mr. Arnaud Lagesse (Alternate for Mr Joseph Pilot)	Masters for management	54	29 August 2014
Mr. Hubert Leclézio	Business Administrator	54	(22 November 2022)
Mr Joseph Pilot	Business Administrator	37	22 November, 2022
Mr. Jérôme De Chasteauneuf	Chartered Accountant	56	23 July 2015
Mr. Phillipe Labro	Economist	59	29 November 2013
Sukari Investment Limited (Represented by Mr Marius Jacobs)	Mauritius Corporate Body	N/A	27 February 2023
Mr. Fred Luvanda	Accountant	60	12 August 2021
Mr. Stephane Isautier	Development Executive	52	31 December 2021
Mr. Laurent Fabry	Business Development Director	52	14 February 2022

10. DIRCTORS' INTEREST IN THE COMPANY

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

11. DIRECTORS' RENUMERATION

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

11. 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

12. 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.

13. ACQUSITIONS AND DISPOSALS

The Company acquired property, plant and equipment worth TZS 19,816,008,000 during the year ended 30 June 2023 (2022: TZS 18,178,703,000).

The Company disposed of property, plant and equipment worth TZS 1,618,745,000 during the year ended 30 June 2023 (2022: TZS 4,831,854,000).

14. RELATED PARTY TRANSACTIONS

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

15. 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.

15. 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 1% 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.

16. 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.

17. 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 2,937 (2022: 2,964). As at 30 June, the Company had the following distributions of employees by gender:

Gender	2023	2022
Male	2,191	2,201
Female	746	763
Total	2,937	2,964

18. POLITICAL AND CHARITABLE DONATIONS

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

19. 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 348,967,236 (2022: TZS 280,104,593).

20. 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.

20. 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.

21. 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:

	2023	2022
Authorised	Number of shares	
Ordinary shares at TZS 20 each	166,344,870	166,344,870

	2023		2022	
Issued	No. of shares	% Shareholding	No. of shares	% Shareholding
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
	166,344,870	100	166,344,870	100

22. EVENTS AFTER THE REPORTING PERIOD

The events after the reporting period are disclosed in Note 40 to the financial statements.

23. AUDITOR

Ernst & Young was the Company's auditor for the year ended 30 June 2023 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 2024 will be tabled at the Annual General Meeting.

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 2023

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 _____________

DECLARTION BY THE HEAD OF FINANCE
FOR THE YEAR ENDED 30 JUNE 2023

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 2023 have been prepared in compliance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

I thus confirm that the financial statements give a true and fair view of the financial position 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: __________________2023

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 57, which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of TPC Limited as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants 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 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 financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express 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 International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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: Joseph Sheffu (FCPA 867)
For and on behalf of Ernst & Young
Certified Public Accountants
Dar es Salaam, Tanzania

Date: ________________2023

TPC LIMITED

STATEMENT OF PROFIT 0R LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 TZS '000	2022 TZS '000
Sales	4	235,740,017	234,924,966
Normalised earnings before interests, taxation, depreciation and amortisation	11	135,427,162	129,561,170
Other income and expenses	6	(301,656)	656,317
EBITDA		135,125,506	130,217,487
Depreciation and amortization	11	(17,806,006)	(15,308,651)
Earnings before interests and taxation		117,319,500	114,908,836
Finance income	6	59,349	254,583
Finance costs	10	(5,682,080)	(5,270,624)
Profit before taxation		111,696,769	109,892,795
Income tax charge	12	(36,993,662)	(40,036,335)
Profit for the year		74,703,107	69,856,460
Other comprehensive income			
Other comprehensive income, not to be recycled:			
Actuarial gain/(loss), net of tax	13	(566,654)	(952,208)
Total other comprehensive income		(566,654)	(952,208)
Total comprehensive income for the year, net of tax		74,136,453	70,151,766
		TZS/share	TZS/share
Earnings per share			
Basic and diluted earnings per share	14	449.06	419.95

TPC LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	2023 TZS '000	2022 TZS '000
ASSETS			
Non-current assets			
Property, plant and equipment	15(a)	142,645,688	136,387,623
Right of use assets	15(b)	181,347	203,259
Intangible assets	16	1,096,572	627,889
Bearer biological assets	17	27,560,437	24,183,212
		171,484,044	161,401,984
Current assets			
Inventories	18	25,844,320	27,309,955
Other tax deposits	19	2,110,962	1,652,155
Consumable biological assets	20	152,226,828	144,953,316
Trade and other receivables	21	1,533,146	2,410,518
Cash and bank balances	22	28,515,060	5,263,874
		210,230,316	181,589,818
TOTAL ASSETS		381,714,360	342,991,802
EQUITY AND LIABILITIES			
Equity			
Share capital	23	3,326,897	3,326,897
Share premium	23	13,250	13,250
Other reserves	24	(1,169,491)	(602,837)
Retained earnings		172,563,682	163,196,975
		174,734,338	165,934,285
Non- current liabilities			
Borrowings	25	24,391,351	27,625,237
Retirement benefit obligations	26	11,029,706	9,455,806
Deferred tax liability	27	74,613,947	69,788,868
Lease liabilities	28	190,636	209,429
		110,225,640	107,079,340
Current liabilities			
Borrowings	25	12,489,639	14,159,695
Lease liabilities	28	18,792	17,083
Trade and other payable	29	32,174,561	28,583,896
Dividend payable	32	28,500,000	-
Contract liabilities	30	2,640,843	1,055,430
Current income tax payable	19	2,525,794	2,986,183
Bank overdrafts	22	18,404,753	23,175,890
		96,754,382	69,978,177
Total liabilities		206,980,022	177,057,517
TOTAL EQUITY AND LIABILITIES		381,714,360	342,991,802

The financial statements were approved by the Board of Directors on _________________2023 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 2023

	Share capital	Share premium	Actuarial reserve	Retained earnings	Total equity
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
At 01 July 2021	3,326,897	13,250	349,371	156,340,515	160,030,033
Profit for the year	-	-		69,856,460	69,856,460
Other comprehensive income	-	-	(952,208)	-	(952,208)
Total comprehensive income for the year, net of tax	-	-	(952,208)	69,856,460	68,904,252
Dividend paid	-	-	-	(63,000,000)	(63,000,000)
At 30 June 2022	3,326,897	13,250	(602,837)	163,196,975	165,934,285
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 paid	-	-	-	(65,336,400)	(65,336,400)
As 30 June 2023	3,326,897	13,250	(1,169,491)	172,563,682	174,734,338

TPC LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 TZS '000	2022 TZS '000
Operating activities			
Cash generated from operations	31	135,265,674	119,635,859
Interest income received		59,349	254,583
Income tax paid	19	(32,386,120)	(32,944,513)
Finance costs paid		(5,682,018)	(5,270,224)
Lease liabilities interest paid	28	(21,705)	(23,258)
Net cash flows from operating activities		97,235,180	81,652,447
Investing activities			
Purchase of property, plant and equipment	15 (a)	(19,816,007)	(18,197,302)
Net proceeds from sale of property, plant and equipment		-	713,869
Bearer replantation costs	17	(9,453,439)	(9,194,442)
Net cash flows used in investing activities		(29,269,446)	(26,677,875)
Financing activities			
Proceeds from borrowing	25	10,000,000	15,000,000
Repayment of borrowings	25	(14,882,299)	(12,103,570)
Repayment of lease liabilities - principal	28	(17,084)	(15,530)
Dividend paid	32	(36,836,400)	(63,000,000)
Net cash flows used in financing activities		(41,735,783)	(60,119,100)
Net (decrease)/increase in cash and cash equivalents		26,229,950	(5,144,528)
Cash and cash equivalents at 1 July		(17,912,016)	(13,090,682)
Foreign exchange effects		1,792,373	323,194
Cash and cash equivalent at 30 June	22	10,110,307	(17,912,016)

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 significant 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.

1.2.1 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

1.2.2 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.

1.2.3 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.

1.2.4 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 it’s 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.

1.2.5 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.

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.

1.2.5 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.

1.2.6 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.

1.2.6 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.

1.2.7 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.

1.2.8 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.

1.2.8 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.

1.2.9 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.

1.2.9 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.

1.2.9 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.

1.2.10 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.

1.2.11 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.

1.2.12 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.

1.2.13 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.

1.2.14 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.

1.2.15 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	2023	2022
	TZS '000	TZS '000
Debt instruments at amortised cost		
Trade and other receivables[1]	431,325	861,408
Cash and bank balances	28,515,060	5,263,874
	28,946,385	6,125,282

Financial instruments by category (Continued)	2023	2022
	TZS '000	TZS '000
Financial liabilities at amortized cost		
Borrowings	36,880,990	41,784,932
Lease liabilities	209,428	226,512
Trade and other payables[2]	29,777,804	28,093,656
Bank overdrafts	18,404,753	23,175,890
	85,272,975	93,280,990

[1]Prepayments and tax related deposits are excluded from the trade and other receivables as they are not financial assets.

[2]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:

	2023	2022
	TZS '000	TZS '000
Total equity	175,148,356	165,934,285
Borrowings	36,880,990	41,784,932
Lease liabilities	209,428	226,512
Bank overdrafts	18,404,753	23,175,890
Less: Cash and bank balances	(28,515,060)	(5,263,874)
Net debt	26,980,111	59,923,460
Total capital	202,128,467	225,857,745
Gearing ratio	13%	27%

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	< 3 months	> 3 to 6 months	> 6 to 12 months	> 1 year	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
At 30 June 2023					
Borrowings	4,911,865	4,095,451	5,504,940	25,944,293	40,456,548
Lease liabilities	-	18,792	190,636	-	209,428
Trade and other payables	29,777,804	-	-	-	29,777,804
Bank overdraft	18,404,753	-	-	-	18,404,753
	53,094,421	4,114,243	5,695,576	25,944,293	88,848,533
At 30 June 2022					
Borrowings	4,237,160	4,744,860	8,725,404	31,423,438	49,130,862
Lease liabilities		38,788	-	637,404	676,192
Trade and other payables	28,093,656	-	-	-	28,093,656
Bank overdraft	23,175,890	-	-	-	23,175,890
	55,506,706	4,783,648	8,725,404	32,060,842	101,076,600

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. Assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year, an increase/decrease of 100 basis points per annum on average borrowing rates would have resulted in an increase/decrease in pre-tax profit by TZS 554,951,706 (2022: TZS 651,873,332).

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.

At 30 June 2023	< 3 months	> 3 to 6 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)

At 30 June 2022	< 3 months	> 3 to 6 months	> 1 year	Non- interest bearing	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Financial assets					
Trade and other receivables	-	-	-	861,408	861,408
Cash and bank balances	-	-	-	5,263,874	5,263,874
	-	-	-	6,125,282	6,125,282
Financial liabilities					
Borrowings	(3,214,760)	(10,944,935)	(27,625,237)	-	(41,784,932)
Lease liabilities	-	(17,083)	(209,429)	-	(226,512)
Trade and other payables	-	-	-	(28,093,656)	(28,093,656)
Bank overdrafts	(23,175,890)	-	-	-	(23,175,890)
	(26,390,650)	(17,391,538)	(27,834,666)	(28,583,896)	(93,280,990)
Interest Sensitivity gap	(26,390,650)	(17,391,538)	(27,834,666)	(22,458,614)	(87,155,708)

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.

	2023	2022
	TZS '000	TZS '000
Trade and other receivables	431,324	861,408
Cash and bank balances	28,463,770	5,263,874
	28,895,094	6,125,282

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.

	Denominated in			Other Currencies	Total
	ZAR	USD	EUR		
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
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)	-	(13,520,388)
Net foreign currency exposure	18,473,713	(12,382,256)	7,012,567	1,793,701	14,897,724
At 30 June 2022					
Cash and bank balances	403,207	3,956,768	233,721	189,867	4,783,563
Trade and other payables	(883,952)	(8,786,311)	(229,406)	-	(9,899,669)
Net foreign currency exposure	(480,745)	(4,829,543)	4,315	189,867	(5,116,106)

At 30 June 2023, 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 619,112,803 higher/lower (2022: TZS 241,477,159). 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.

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 2022. 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.

Standard or amendment	Key requirement	Effective Date
IFRS 17 - Insurance Contracts	In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by: • A specific adaptation for contracts with direct participation features (the variable fee approach) • A simplified approach (the premium allocation approach) mainly for short-duration contracts. • IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.	1 January 2023
Disclosure of Accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2	In February 2021, the Board issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by: • Replacing the requirement for entities to disclose their ‘significant accounting policies’ with a requirement to disclose ‘material accounting policy information’ • Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.	1 January 2023

3. New and amended standards and interpretations (Continued)

3.1 New and amended standards and interpretations that were effective during the year (Continued)

Standard or amendment	Key requirement	Effective Date
Disclosure of Accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2 (Continued)	The amendments to IAS 1 require that if an entity decides to disclose accounting policy information that is not material, it needs to ensure that this immaterial information does not obscure material information. The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires use of judgement.	
Deferred tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expenses) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.	1 January 2023

3. New and amended standards and interpretations (Continued)

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.

Standard or amendment	Key requirement	Effective Date
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	In January 2020 and October 2022, the Board issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer settlement must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification • Disclosures The combined impact of the 2020 amendments and the 2022 amendments will have implications for practice. Entities will, therefore, need to carefully consider the impact of the amendments on existing and planned loan agreements. In this context, it is important to highlight that the amendments must be applied retrospectively.	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the sellerlessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16. The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy in accordance with IAS 8 that results in information that is relevant and reliable.	1 January 2024

3. New and amended standards and interpretations (Continued)

3.2 New and amended standards and interpretation issued but not yet effective (Continued)

Standard or amendment	Key requirement	Effective Date
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers. The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.	1 January 2024

	2023	2022
	TZS '000	TZS '000

4. Sales

	2023 TZS '000	2022 TZS '000
Sugar sales	226,809,093	226,174,042
Molasses sales	6,843,804	5,845,092
Electricity sales	2,087,120	2,905,832
	235,740,017	234,924,966

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

	2023 TZS '000	2022 TZS '000
Fields	52,220,190	45,002,631
Garage	6,347,010	6,380,284
Factory	23,091,525	17,437,162
Finance & administration	13,734,577	13,368,708
Imported sugar	-	15,949,051
Sugar stock movement	376,228	1,416,093
	95,769,530	99,553,929

Cost of sales is further analysed as follows:		
Depreciation and amortisation	9,695,352	8,777,324
Employment costs	36,489,646	33,969,711
Other cost of sales	49,584,532	56,806,894
	95,769,530	99,553,929

6. Other income

	2023 TZS '000	2022 TZS '000
Profit/(loss) on sale of assets		656,317
Interest income	59,349	254,583
Sundry income	1,908,325	1,252,830
	1,967,674	2,163,730

The interest income is recognised using the Effective Interest Rate method.

7. Operating expenses

	2023 TZS '000	2022 TZS '000
Corporate services	16,708,106	15,681,349
Finance & administration	15,724,066	14,820,324
Non-cane projects	1,423,082	1,412,936
	33,855,254	31,914,609

Operating expenses are further analysed as follows:		
Depreciation and amortisation	2,034,488	1,466,271
Employment costs	18,730,523	17,008,234
Other administrative expenses	13,090,243	13,440,104
	33,855,254	31,914,609

		2023	2022
		TZS '000	TZS '000

8. Operating profit

Operating profit for the year is stated after accounting for the following:

		2023 TZS '000	2022 TZS '000
(Profit)/loss on sale of assets		301,656	(656,317)
Rental income from properties		77,932	(61,351)
Cost of inventories recognised as expenses		50,115,482	59,361,746
Auditor's remuneration		166,015	148,915
Directors' emoluments - non fulltime		15,430	16,579
Depreciation of bearer biological assets		6,076,214	5,065,057
Depreciation and amortisation		11,729,792	10,243,594
Employment costs		55,220,168	50,977,945

Analysis of depreciation and amortisation	Notes	2023 TZS '000	2022 TZS '000
Depreciation of property, plant and equipment	15(a)	11,389,241	10,104,159
Depreciation of right of use assets	15(b)	21,912	21,912
Amortisation of intangible assets	16	318,639	117,523
		11,729,792	10,243,594

The depreciation and amortisation charges are included in cost of sales and operating expenses.

Analysis of employee benefit expenses		2023 TZS '000	2022 TZS '000
Salaries and wages		43,395,673	39,180,222
Other staff costs		10,064,915	9,960,952
Movement in retirement benefit obligation		1,759,580	1,836,771
		55,220,168	50,977,945

9. Foreign exchange (gain)/loss

		2023 TZS '000	2022 TZS '000
Net gain on foreign currency translation		(2,022,430)	(499,766)

10. Finance costs

	Notes	2023 TZS '000	2022 TZS '000
Interest expense on term borrowings	25	4,091,299	4,284,133
Interest expense on bank overdrafts		1,569,076	963,233
Interest on lease liabilities	28	21,705	23,258
		5,682,080	5,270,624

	Notes	2023	2022
		TZS '000	TZS '000

11. Normalised earnings before interests, taxation, depreciation and amortisation

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

	Notes	2023 TZS '000	2022 TZS '000
Revenue	4	235,740,017	234,924,966
Fair value gain/(loss) on consumable biological assets	20	7,273,512	9,043,495
Other income	6	1,967,674	2,163,730
Total Income		244,981,203	246,132,191
Adjust for:			
Interest income	6	59,349	254,583
Profit/(loss) on sale of assets	6	-	656,317
Foreign exchange gain	9	(2,022,430)	(499,766)
		(1,963,081)	411,134
Normalised income		246,944,284	245,721,057
Cost of sales	5	95,769,530	99,553,929
Other Operating Expenses	7	33,855,254	31,914,609
Total Expenses		129,624,784	131,468,538
Adjust for:			
Depreciation and amortisation	8	11,729,792	10,243,594
Amortization of bearer	17	6,076,214	5,065,057
Loss on sale of assets		301,656	-
		18,107,662	15,308,651
Normalised expenses		111,517,122	116,159,887
Normalised EBITDA		135,427,162	129,561,170

12. Taxation

	Notes	2023 TZS '000	2022 TZS '000
Current income tax charge			
Current year charge		31,997,413	32,028,059
Prior year adjustments		(71,682)	2,967,875
		31,925,731	34,995,934
Deferred tax charge			
Current year charge	27	5,067,931	5,040,401
		5,067,931	5,040,401
Income tax charge		36,993,662	40,036,335

12. Taxation (Continued)

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

	2023	2022
	TZS '000	TZS '000
Profit before tax	111,696,769	109,892,795
Tax at the applicable tax rate of 30% (2022: 30%)	33,509,031	32,967,839
Tax effect of adjustments on taxable income:		
Expenses not deductible for tax purposes	3,417,855	4,044,955
Depreciation on non-qualifying assets	15,763	55,665
Profit on disposal of assets net of balancing charge not taxable	88,185	-
Deferred tax impact on opening accelerated capital deductions	34,511	-
Prior year adjustments	(71,682)	2,967,875
	36,993,662	40,036,335

13. Actuarial gain/(loss), net of tax

	Notes		
Re-measurement gain/(loss) on defined benefit plan	26	(809,506)	(1,360,297)
Deferred tax charge	27	242,852	408,089
		(566,654)	(952,208)

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:

Profit after tax attributed to ordinary equity holders (TZS '000)	74,703,107	69,856,460
Basic and weighted average number of shares	166,344,870	166,344,870
Earnings per share - Basic and diluted (TZS/share)	449.09	419.95

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 2021	66,174,527	102,643,354	6,127,959	42,212,872	286,154	2,389,148	8,932,161	228,766,176
Additions	-	-	-	-	-	1,264,187	18,089,892	19,354,079
Transfers	3,269,160	9,958,066	961,449	4,939,127	57,100	-	(19,184,902)	-
Disposals	(16,753)	-	(16,968)	(4,314,839)	-	(483,294)	-	(4,831,854)
At 3O June 2022	69,426,934	112,601,420	7,072,440	42,837,160	343,254	3,170,041	7,837,153	243,288,401
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 3O June 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
Accumulated depreciation								
At 01 July 2021	(23,417,490)	(46,493,390)	(3,778,463)	(27,162,767)	(254,517)	-	-	(101,106,626)
Charge for the year	(1,979,317)	(4,181,277)	(507,900)	(3,415,101)	(20,564)	-	-	(10,104,159)
Disposals	8,269	-	10,888	4,290,850		-	-	4,310,007
At 30 June 2022	(25,388,538)	(50,674,667)	(4,275,475)	(26,287,018)	(275,081)	-	-	(106,900,778)
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	(2,198,015)	(4,259,086)	(539,550)	(4,156,698)	(235,892)	-	-	(11,389,241)
Disposals	-	-	-	237,364	-	-	-	237,364
At 30 June 2023	(27,586,553)	(54,933,753)	(4,815,025)	(30,206,352)	(510,973)	-	-	(118,052,655)
Net carrying amount								
At 30 June 2022	44,038,396	61,926,753	2,796,966	16,550,142	68,173	3,170,041	7,837,153	136,387,623
At 30 June 2023	48,290,256	60,786,534	2,778,236	21,037,411	508,985	2,090,316	7,153,950	142,645,688

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.

		2023	2022
		TZS '000	TZS '000
15.	(b) Right of use asset		
	Costs		
	At 1 July	203,259	268,995
	Addition	-	-
	At 30 June	203,259	268,995
	Accumulated depreciation		
	At 1 July	65,736	43,824
	Charge for the year	21,912	21,912
	At 30 June	87,648	65,736
	Net carrying amount	181,347	203,259

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

	2023			2022		
	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	3,023,851	(2,291,428)	732,423	2,414,771	(1,972,790)	441,981
Work in progress	364,149	-	364,149	185,908	-	185,908
	3,388,000	(2,291,428)	1,096,571	2,600,679	(1,972,790)	627,889

Reconciliation of intangible assets - 2023

	At 1 July 2022	Transfers	Amortisation	At 30 June 2023
	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	627,889	-	(318,639)	1,096,572

Reconciliation of intangible assets - 2022

	At 1 July 2021	Transfers (Note 15)	Amortisation	At 30 June 2022
	TZS'000	TZS'000	TZS'000	TZS'000
Computer software	559,504	-	(117,522)	441,981
Work in progress	97,497	-	-	185,908
Total	657,001	-	(117,522)	627,889

	2023	2022
	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.

	2023	2022
Cost		
At July	41,176,748	36,442,728
Additions	9,453,439	9,194,442
Disposals	-	(4,460,422)
At 30 June	50,630,187	41,176,748
Depreciation		
At July	16,993,536	16,388,901
Charge for the year	6,076,214	5,065,057
Disposals	-	(4,460,422)
At 30 June	23,069,750	16,993,536
Net carrying amount	27,560,437	24,183,212

18. Inventories

	2023	2022
Raw sugar	1,024,303	1,400,531
Consumables and spares	24,820,017	25,909,424
	25,844,320	27,309,955

19. Other tax deposits

	2023	2022
Income tax deposits recoverable	185,828	185,828
Withholding tax recoverable	14,198	14,198
TRA Objection deposits	1,910,936	1,452,129
	2,110,962	1,652,155

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 include one-third payment related to open tax matters objections.

Income tax payable	Notes	2023	2022
At 1 July		2,986,183	934,762
Current income tax charge	12	31,925,731	32,028,059
Income tax paid		(32,386,120)	(29,976,638)
At 30 June		2,525,794	2,986,183

20. Consumable biological assets

Reconciliation of carrying amount of standing cane:

	2023	2022
At July	144,953,316	135,909,821
Net fair value gain	7,273,512	9,043,495
At 30 June	152,226,828	144,953,316

	2023	2022
	TZS '000	TZS '000

20. Consumable biological assets (Continued)

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

	2023	2022
Discount rate	9.06%	9.35%
Estimated cane production in metric tonnes	1,083,648	1,080,104
Estimated sugar extraction	10.26%	10.11%
Average net sugar price per ton	1,758,107	1,707,387

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

	2023		2022	
	Change (%)	Change (TZS'000')	Change (%)	Change (TZS'000')
Discount rate	1%	(796,097)	1%	(757,574)
Estimated cane production in metric tonnes	5%	9,315,997	5%	7,122,177
Estimated sugar extraction	1%	18,158,855	1%	17,540,588
Average net sugar price per ton	5%	9,315,997	5%	8,870,472

21. Trade and other receivables

	2023	2022
Trade receivables	242,143	420,479
Provision for bad and doubtful debts	(169,560)	-
Net trade receivables	72,583	420,479
Prepayments	1,093,679	730,106
VAT recoverable	-	819,004
Other receivables	366,884	440,929
	1,533,146	2,410,518

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.

The carrying amount of trade and other receivables are denominated in the following currencies:

	2023	2022
TZS	609,027	861,804
USD	-	-
EURO	-	-
GBP	-	-
ZAR	-	-
	609,027	861,804

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

	2023	2022
Up to 30 days	802,140	646,456
> 30 days to 60 days	-	700
> 60 days to 90 days	(6)	9,000
> 90 days to 120 days	(194,375)	-
> 120 days	1,268	205,252
	609,027	861,408

The probability of default by the counterparties was insignificant.

	2023	2022
	TZS '000	TZS '000

22. Cash and bank balances

Cash and cash equivalents comprise of:

	2023 TZS '000	2022 TZS '000
Cash and bank balances	28,515,060	5,263,874
Bank overdraft	(18,404,753)	(23,175,890)
	10,110,307	(17,912,016)
Current assets	28,515,060	5,263,874
Current liabilities	(18,404,753)	(23,175,890)
	10,110,307	(17,912,016)

The Company has a bank overdraft facility of TZS 30 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%.

Cash and cash equivalents are denominated in the following currencies:

	2023 TZS '000	2022 TZS '000
TZS	(18,307,805)	(22,695,578)
USD	415,770	3,956,768
EURO	7,690,239	233,721
ZAR	18,518,402	403,206
GBP	1,793,701	189,867
	10,110,307	(17,912,016)

23. Authorised share capital

	2023 TZS '000	2022 TZS '000
166,344,870 Ordinary shares of TZS 20 each	3,326,897	3,326,897
Issued and fully paid up share capital		
166,344,870 Ordinary shares of TZS 20 each	3,326,897	3,326,897
Share premium	13,250	13,250
	3,340,147	3,340,147

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

	2023	2022
	TZS '000	TZS '000
24. Other reserves		
At 1 July	602,837	(349,371)
Actuarial (gain)/loss, net of tax (Note 13)	566,654	952,208
At 30 June	1,169,491	602,837

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

	2023	2022
At 1 July	41,784,932	38,911,360
Proceeds received	10,000,000	15,000,000
Interest accrued during the year	4,091,299	4,284,133
Repayments – principal	(14,882,299)	(12,103,570)
Repayments – interest	(4,112,942)	(4,306,991)
At 30 June	36,880,990	41,784,932

The Company has three loans due to CRDB Bank Plc of TZS 10 billion which was effective from December 2018, with a 5-year term, TZS 15 billion effective from June 2021 with a 5-year term and another of TZS 10 billion effective from December 2022 with a 5-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 last two loans) and a maximum of 16% and 14% (for last two loans) respectively per annum.

The Company has also three loans due to Stanbic Bank of TZS 15 billion each. They are effective from August 2018, 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 12.5%,10% and 9.75% and a maximum of 18%,16% and 15% per annum respectively.

	2023	2022
	TZS '000	TZS '000
25. Borrowings (Continued)		
The borrowings are further analysed as follows:		
CRDB Bank Plc - loan 1	1,253,116	3,651,564
CRDB Bank Plc - loan 2	9,910,645	12,552,908
CRDB Bank Plc - loan 3	9,205,734	-
Stanbic Bank - loan 1	511,495	3,580,460
Stanbic Bank - loan 2	5,500,000	8,500,000
Stanbic Bank - loan 3	10,500,000	13,500,000
	36,880,990	41,784,932
Maturity analysis		
Non-current	24,391,351	27,625,237
Current	12,489,639	14,159,695
	36,880,990	41,784,932

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

	2023	2022
Carrying value		
Present value of the defined benefit obligation wholly unfunded	11,029,706	9,455,806

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".

	2023	2022
Movement for the year		
At 1 July	(9,455,806)	(7,349,685)
Benefits paid	995,186	1,090,947
Actuarial gains/(loss) recognised in Other Comprehensive Income	(809,506)	(1,360,297)
Net expense recognised in profit or loss	(1,759,580)	(1,836,771)
At 30 June	(11,029,706)	(9,455,806)
Net expense recognized in profit or loss		
Current service costs	(718,845)	(785,232)
Interest costs	(1,040,736)	(1,051,539)
	(1,759,581)	(1,836,771)
Key assumptions used		
Discount rate used	12.85%	11.60%
Future salary increase rate - Senior staff	7.50%	7.50%
Future salary increase rate - Others	7.00%	7.00%
Salary increase effective 1 July	4.70%	5.50%
Increase in price of sugar	2.90%	3.70%
Increase in other benefits	4.70%	5.50%
Annual proportion of employees leaving	1.00%	1.00%

	2023	2022
	TZS '000	TZS '000
26. Retirement benefit obligation (Continued)		
The assumption with the greatest impact on the obligation are:		
Discount rate		
1% increase	574,136	457,337
Future salary increase rate		
1% increase	527,385	496,374

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 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	-	2,877,635
Net deferred tax liability	(69,788,868)	-	(5,067,931)	242,852	(74,613,947)

	At 1 July 2021	(Charge)/credit to profit or loss		(Charge)/ credit to OCI	At 30 June 2022
		Prior year	Current year		
	TZS'000'	TZS'000'	TZS'000'	TZS'000'	TZS'000'
Accelerated depreciation of property, plant and equipment	(22,992,647)	-	(1,633,446)	-	(24,626,093)
Provision for retirement obligation	2,110,281	-	223,747	408,089	2,742,117
Bearer biological assets	(6,016,147)	-	(1,238,816)	-	(7,254,963)
Consumable biological assets	(40,772,948)	-	(2,713,048)	-	(43,485,996)
Other timing differences	2,514,905	-	321,161	-	2,836,066
Net deferred tax liability	(65,156,555)	-	(5,040,402)	408,089	(69,788,868)

28. Lease liabilities

	Notes	2023 TZS '000	2022 TZS '000
At 1 July		226,512	242,042
Interest accretion	10	21,705	23,258
Payment - interest		(21,705)	(23,258)
Payment - principal		(17,084)	(15,530)
At 30 June		209,428	226,512

The following is the maturity analysis of the lease liabilities:

	2023 TZS '000	2022 TZS '000
Current	18,792	17,083
Non-current	190,636	209,429
	209,428	226,512

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	2023	2022
Rental expenses		38,788	38,788
Depreciation of right of use asset	15(b)	21,912	21,912
Lease liability interest accretion		21,705	23,258
		82,405	83,958

29. Trade and other payables

	2023	2022
Trade payables	929,619	1,396,830
Other payables	846,549	305,270
Accrued expenses	28,804,400	26,881,796
Dividend payables	28,500,000	-
VAT payable	1,593,997	-
	60,674,565	28,583,896

Trade and other payables are denominated in the following currencies:

	2023	2022
TZS	18,654,177	18,664,542
USD	41,298,026	8,805,996
ZAR	44,690	883,952
EUR	677,673	229,406
	60,674,565	28,583,896

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:

	2023	2022
At July	1,055,430	1,315,258
Advances received during the year	235,238,310	231,759,306
Advances amortised to revenue	(233,652,897)	(232,019,134)
At 30 June	2,640,843	1,055,430

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.

		2023	2022
		TZS'000	TZS'000
31. Cash generated from operations			
	Notes		
Profit before tax		111,696,766	109,892,795
Adjustments for non-cash items:			
Interest income	6	(59,349)	(254,583)
Depreciation and amortisation	8	11,729,792	10,243,594
(Profit)/loss on sale of assets	8	301,656	(656,317)
Foreign exchange (gain)/loss		(1,824,647)	(378,180)
Finance costs	10	5,682,080	5,270,624
Amortisation of bearer biological assets	17	6,076,214	5,065,057
Fair value (gain)/loss on consumable biological assets	20	(7,273,512)	(9,043,495)
Reclassification of assets from inventories		1,079,725	(780,893)
Net retirement benefit expense recognised in profit or loss	26	1,759,581	1,836,771
Retirement benefits paid	26	(995,186)	(1,090,947)
Increase in provision for doubtful debts	21	169,560	-
Changes in working capital:			
(Increase)/decrease in inventories		1,465,635	3,122,040
Movement in other tax deposits		(458,807)	280,391
(Increase)/decrease in trade and other receivables		707,811	12,102,614
Increase/(Decrease) in trade and other payables		3,622,943	(15,713,784)
Increase/(decrease) in contract liabilities		1,585,413	(259,828)
		135,265,674	119,635,859

32. Dividend

	2023	2022
Dividend declared and paid	36,836,400	63,000,000
Dividend declared but not paid	28,500,000	-
Total dividend declared	65,336,400	63,000,000
Dividend per share (TZS/Share)	393	379

33. Commitments

Authorised capital expenditure

	2023	2022
Already contracted for but not provided for:		
Property, plant and equipment	4,893,517	5,830,561
Immediate commitments	20,897,099	18,880,111
To be ratified in November commitments	5,261,435	4,611,534

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 2022 financial year. The Company objected to open tax assessments including assessments amounting to TZS 3.2 billion (2022: TZS 3.3 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.

35. Related party disclosures

	2023	2022
	TZS '000	TZS '000
Related party balances:		
Amount due to:		
Immediate holding company		
Sucriere des Mascareignes Ltd	12,656,357	8,466,613

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.

	2023	2022
Dividend paid		
Sukari Investment Ltd	48,750,000	47,250,000
Government of Tanzania	16,250,000	15,750,000
Foreign exchange loss	336,400	-
	65,336,400	63,000,000
Management fees		
Sucriere des Mascareignes Ltd	13,216,560	12,978,786
Directors' fees		
Directors' emoluments	15,430	16,579

	2023	2022
	TZS'000	TZS'000

35. Related party disclosures (Continued)

	2023 TZS'000	2022 TZS'000
Remuneration - Key management personnel		
Salaries and other short-term benefits	8,582,403	7,408,018
Post-employment benefits - social security contributions	74,701	67,482
Post-employment benefits - retirement benefits	28,645	27,289
	8,685,749	7,502,789

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

36. Employee costs

The following items are included within employee costs:

	2023 TZS'000	2022 TZS'000
Direct employee costs		
Salaries and wages	43,395,673	39,180,223
Other staff costs	10,064,915	9,960,952
Movement in retirement benefit obligation	1,759,581	1,836,771
	55,220,169	50,977,945

	2023	2022
Number of persons employed as at 30 June		
Top staff	44	40
Senior staff	84	84
Junior and other staff	2,809	2,840
	2,937	2,964

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.

40. Events after the reporting period

The directors are not aware of any event after the reporting period that requires adjustments to or disclosure in the financial statements.