

PHOENIX FARMS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2021



Certified Public Accountants and Tax Consultants

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**Company information**

<b>Board of directors</b>	<b>Names</b> Mr. Irfan Sultanshah Mitha Mr. Jamil Sultanshah Mitha	<b>Nationality</b> Tanzanian Tanzanian
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<b>Registered office</b>	Plot No: 102, Block No: N P.O. Box 1083 Dundani Mkuranga District Dar es Salaam Tanzania
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<b>Principal bankers</b>	Diamond Trust Bank Tanzania Limited P.O. Box 115 Masaki Branch Dar es Salaam Tanzania
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	CRDB Bank Plc P.O. Box 268 Dar es Salaam Tanzania
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<b>Independent practitioner</b>	Assad Associates Certified Public Accountants Mansfield / Bridge street P.O. Box 7286 Dar es Salaam Tanzania
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<b>Company secretary</b>	Shehzada Amir Wali P.O. Box 5664 5th Floor, Diamond Plaza Mirambo Street Dar es Salaam Tanzania
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## REPORT OF THE DIRECTORS

The directors submit their annual report together with the financial statements for the year ended 31 December 2021 which disclose the state of affairs of the company.

### INCORPORATION

The company is domiciled in Tanzania where it is incorporated as a private company limited by shares. The address of the registered office is set out on page 1.

### PRINCIPAL ACTIVITIES

The principal activity of the company is that of running a poultry farm.

### COMPOSITION OF THE BOARD OF DIRECTORS

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

Names	Position
Mr. Irfan Sultanshah Mitha	Director
Mr. Jamil Sultanshah Mitha	Director

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

### CORPORATE GOVERNANCE

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

The company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability to ensure high standards of corporate governance throughout the company.

### SHARE CAPITAL

The authorised and issued share capital of the company is shown on note 13 of the financial statements. The shareholders of the company with their respective shareholdings is as follows:

Name of the shareholders	No of shares held	Shareholding
Mr. Irfan Sultanshah Mitha	5,000	50%
Mr. Jamil Sultanshah Mitha	5,000	50%
	<u>10,000</u>	<u>100%</u>

### RESULTS

	2021	2020
	<u>T.SHS</u>	<u>T.SHS</u>
Profit/(Loss) before tax	939,643,546	(235,682,366)
Tax charge	<u>(56,414,468)</u>	-
Profit/(Loss) for the year	<u>883,229,078</u>	<u>(235,682,366)</u>

### DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2020: Nil)

REPORT OF THE DIRECTORS (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

The Board assessed the internal control systems throughout the financial year ended 31 December 2021 and is of the opinion that they met the expected criteria.

The Board carries risk and internal control assessment through board meetings and the Senior Management meetings, on regular basis.

GOING CONCERN AND SOLVENCY STATUS

During the year ended 31st December 2021, the company had net current assets TShs 670,084,884/- (2020: deficit TShs 543,021,713/-). The shareholders have undertaken to continue to finance the company to meet its financial needs for the foreseeable future. Based on the above, the directors have considered it appropriate to prepare these financial statements on the going concern basis.

RELATED PARTY BALANCES

Details of balances with related parties are disclosed in note 17 of the financial statements.

EMPLOYEES' WELFARE

Management and employees' relationship


There was continued good relationship between employees and management for the year ended 31 December 2021. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and employees.

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

INDEPENDENT PRACTITIONER

The company's independent practitioner, Assad Associates have expressed their willingness to continue in office in accordance with Section 170 of the Companies Act 2002 and are eligible for re-appointment. A resolution proposing the re-appointment for the year ended 31 December 2022 will be put in the Annual General Meeting.

BY ORDER OF THE BOARD

  
Mr. Irfan Sultanshah Mitha  
Director

25/7/ 2022

  
Mr. Jamil Sultanshah Mitha  
Director

25/7/ 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 2002, to maintain adequate accounting records. They are responsible for the accuracy and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year, the results of its operation and cash flows for the year then ended in conformity with the International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SME's) and that they are free from material misstatement whether due to fraud or error.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SME's) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the company's cashflow forecast for the year ended 31 December 2022 and in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2021 and of its profit and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Tanzania Companies Act 2002.

Approved by the board of directors and signed on its behalf by:



Mr. Irfan Sultanshah Mitha  
Director

25/7/ 2022



Mr. Jamil Sultanshah Mitha  
Director

25/7/ 2022



*Assad*  
ASSOCIATES

Certified Public Accountants, Authorized Auditors and Tax Consultants

**INDEPENDENT PRACTITIONER'S COMPILATION REPORT  
TO THE MEMBERS OF PHOENIX FARMS LIMITED**

**Report on the financial statements**

We have compiled the accompanying financial statements of Phoenix Farms Limited based on information you have provided. These financial statements comprise the statement of financial position of Phoenix Farms Limited as at 31st December 2021, the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

We performed this compilation engagement in accordance with International Standards on Related Services 4410 (revised), Compilation engagements.

The directors are responsible for maintaining the books of accounts that give a true and fair view in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SME's) and the requirements of the Tanzania Companies Act 2002.

These financial statements and the accuracy, authenticity and completeness of the information used to compile them are director's responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy, authenticity or completeness of the information provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements have been accurately prepared in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SME's).

We have obtained information and explanation which were necessary for the purpose of our compilation. However where adequate third party documentation were not available, and where accuracy, authenticity and completeness of the accounting records were not obtainable, we have accepted assurances from the management that the Company's transactions have been reflected correctly in the records provided to us.

FOR : ASSAD ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS

Signed by: *S. Jusab*  
Sajjad Jusab  
FCPA 216

Date

*26/7/22*

Place : Dar es Salaam

Samora Tower, Mezzanine 2<sup>nd</sup> Floor (M2), Corner of Bridge & Mansfield Street,  
Opp. Saint Joseph Church, P.O.Box 7286, Dar Es Salaam, Tanzania.

DECLARATION OF THE HEAD OF ACCOUNTING OF PHOENIX FARMS LIMITED

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act No. 33 of 1972 as amended by Act No. 2 of 1985, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of

Phoenix Farms Limited  
Annual report and financial statements  
For the year ended 31 December 2021

STATEMENT OF FINANCIAL POSITION

	Notes	2021 T.SHS	2020 T.SHS
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7a	3,251,122,260	2,574,757,147
Intangible assets	7b	4,385,200	6,513,500
Biological assets	8	588,550,411	523,105,000
		<b>3,842,557,871</b>	<b>3,104,375,747</b>
<b>Current assets</b>			
Inventory	9	1,086,818,180	255,319,346
Trade and other receivables	10	861,404,736	179,067,760
Cash and cash equivalents	11	305,487,429	131,184,470
Taxation	12	18,751,929	4,300,000
		<b>2,272,462,275</b>	<b>569,871,576</b>
<b>TOTAL ASSETS</b>		<b>6,115,020,146</b>	<b>3,674,247,323</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	100,000,000	100,000,000
Advances towards shareholders fund		502,638,600	502,638,600
Retained earnings/(losses)		497,885,436	(349,471,993)
		<b>1,100,524,036</b>	<b>253,166,607</b>
<b>Non current liabilities</b>			
Borrowings	15	3,359,752,323	2,308,187,428
Deferred tax	14	52,366,397	-
		<b>3,412,118,721</b>	<b>2,308,187,428</b>
<b>Current liabilities</b>			
Borrowings	15	762,765,325	896,726,740
Trade and other payables	16	839,612,066	216,166,550
		<b>1,602,377,391</b>	<b>1,112,893,289</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,115,020,146</b>	<b>3,674,247,323</b>

Mr. Jamil Sultanshah Mitha  
Director

25/7/ 2022

STATEMENT OF CHANGES IN EQUITY

	Share Capital T.SHS	Advance towards shareholders funds T.SHS	Retained Earnings / (Losses) T.SHS	Total T.SHS
<b>Year ended 31 December 2021</b>				
At start of year	100,000,000	502,638,600	(349,471,983)	253,166,607
Profit for the year	-	-	883,229,078	883,229,078
Prior year adjustment	-	-	(130,000)	(130,000)
Prior year taxes	-	-	(35,741,650)	(35,741,650)
<b>At end of year</b>	<b>100,000,000</b>	<b>502,638,600</b>	<b>497,885,436</b>	<b>1,100,524,036</b>
<b>Year ended 31 December 2020</b>				
At start of year	100,000,000	502,638,600	(113,789,627)	488,848,973
Loss for the year	-	-	(235,682,366)	(235,682,366)
<b>At end of year</b>	<b>100,000,000</b>	<b>502,638,600</b>	<b>(349,471,993)</b>	<b>253,166,607</b>

Financial Statements  
 Approved by the Board of Directors  
 For the year ended 31 December 2021

STATEMENT OF CASH FLOWS

	Notes	2021 T.SHS	2020 T.SHS
<b>Cash flows from operating activities</b>			
Profit/(Loss) for the year		939,643,540	(235,582,366)
<i>Adjustment for:</i>			
Unrealized gain from biological assets fair value change		(60,043,886)	(200,359,371)
Prior year adjustment		(130,000)	-
Depreciation	7a & b	470,539,592	279,176,938
<b>Profit/(Loss) before changes in working capital</b>		<b>1,342,009,252</b>	<b>(156,564,799)</b>
<i>Changes in working capital</i>			
Inventory		(631,498,834)	(206,272,306)
Trade and other receivables		(682,336,976)	(58,053,516)
Trade and other payable		489,484,102	360,373,301
<b>Cash generated from/(used in) operations</b>		<b>317,657,543</b>	<b>(60,517,240)</b>
Tax paid for prior year		(35,741,650)	-
Tax paid for current year		(18,500,000)	(4,000,000)
<b>Net cash generated from/(used in) operating activities</b>		<b>263,415,893</b>	<b>(64,517,240)</b>
<b>Cash flows from investing activities</b>			
Cash purchase of property and equipment	7a & b	(1,145,276,304)	(1,090,978,431)
Cash purchase of biological assets	8	4,598,475	(323,045,629)
<b>Net cash used in investing activities</b>		<b>(1,140,677,829)</b>	<b>(1,414,024,060)</b>
<b>Cash flows from financing activities</b>			
Increase in share capital		-	-
Advances towards shareholders fund		-	-
Borrowings		1,051,564,896	1,483,427,336
<b>Net cash generated from financing activities</b>		<b>1,051,564,896</b>	<b>1,483,427,336</b>
<b>Net increase in cash and cash equivalents</b>		<b>174,302,959</b>	<b>4,886,036</b>
Cash and cash equivalents at start of year		131,184,470	126,298,434
<b>Cash and cash equivalents at end of year</b>	11	<b>305,487,429</b>	<b>131,184,470</b>

## SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 1a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium sized Entities, and the requirements of the Companies Act of United Republic of Tanzania. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

### 1b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods in the normal course of business, net of discounts and volume rebates.

### 1c) Taxation

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

#### Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### Tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax movement for the current period. The tax currently payable is based on taxable profit for the year.

### 1d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Tanzanian Shillings (the functional currency), at the rates ruling at the transaction dates.

At the end of each reporting period:

- i) Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
- ii) Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.
- iii) Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1c) Property, plant and equipment

Property, plant and equipment are tangible items that

- i) Are held for use in the supply of services and for administrative purposes
- ii) Are expected to be used for more than one period

Items of property, plant and equipment are initially recognised at cost. Costs include all costs incurred to bring the asset to the condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying value only 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. Repairs and maintenance is charged to the statement of profit or loss in the year to which it relates.

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided using the reducing balance method to write down the cost less estimated residual value over the useful life of property, plant and equipment. The following annual rates are used for the depreciation of property, plant and equipment.

Items	Rates
Poultry building	5%
Poultry equipment	25%
Motor vehicle	25%
Plant and machinery - other	25%
Furniture and fittings	12.5%
Land	0%

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

Gains and losses on disposal of property & equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

**Intangible assets**

Intangible assets are purchased computer software that is stated at cost. Depreciation is calculated on straight line method and the depreciation rate used is 20%. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

1f) Impairment of asset

At each reporting date, the company assesses whether there is any indication that any asset (or group of related assets) may be impaired. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, this does not apply to impairment losses allocated to goodwill, the reversal of which is prohibited by the standard.

1g) Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (this includes transaction cost except in the initial measurement of financial assets and liabilities that will be measured at fair value through profit or loss). If however the arrangement constitutes a financing transaction it is then measured at the present value of the future payments, discounted at a market related interest rate.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 1g) **Financial instruments (continued)**
- Trade and other receivables**  
Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.
- Trade and other payables**  
Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Trade and other payables denominated in a foreign currency are translated into functional currency using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.
- 1h) **Cash and cash equivalents**  
For the purposes of the statement of cash flows, cash and cash equivalents comprises of cash in hand and bank balances.
- 1i) **Share capital**  
Ordinary shares are classified as equity.
- 1j) **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 leave pay, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.
- Defined contribution plans**  
Payments to defined contribution plans are expensed as they fall due. The company and its employees contribute to National Social Security Fund (NSSF) a statutory defined contribution scheme registered under the NSSF Act.
- 1k) **Provisions and contingencies**  
Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably.  
Contingent assets and contingent liabilities are not recognised.
- 1l) **Inventory**  
Inventories are stated at the lower of cost or net realisable value. Cost is determined by the first in first out (FIFO) method. Net realisable value is the estimated selling price less any other costs necessary to make the sale. The value of inventory is determined by the Directors of the Company.
- 1m) **Borrowings**  
Borrowings are initially recognised at fairvalue, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.  
Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired and its costs are expensed in the year in which they are incurred.  
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.
- 1n) **Comparatives**  
Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2) Key sources of estimation uncertainty

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

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

(i) Property, plant and equipment

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

(ii) Income taxes

Estimates made in determining the income tax expense for transactions for which the ultimate determination of the income tax expense is uncertain in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS	2021 I.SHS	2020 I.SHS
<b>1 Revenue</b>		
Egg sales	6,558,296,874	1,608,615,475
Bird Sales	569,944,500	-
Chicken Sales	1,356,295,120	-
Manure sales	-	2,040,000
	<u>8,784,536,494</u>	<u>1,610,655,475</u>
<b>2 Cost of sales</b>		
Opening stock	255,319,346	49,047,040
Add: Purchases (Note 2.1)	6,434,571,541	1,383,908,930
Direct costs (Note 2.2)	575,367,560	109,929,693
	<u>7,265,258,447</u>	<u>1,542,885,663</u>
Less: Closing stock	(1,086,818,180)	(255,319,346)
	<u>6,178,440,267</u>	<u>1,287,566,317</u>
<b>2.1 Purchases</b>		
Raw feed	5,378,888,274	1,306,456,230
Vaccine	-	46,251,100
Biological Asset- Birds	237,934,088	-
Purchase of Broiler Chicks	477,025,000	-
Medicine, vitamin and disinfection	340,724,179	31,201,600
	<u>6,434,571,541</u>	<u>1,383,908,930</u>
<b>2.2 Direct expenses</b>		
Brooding expenses	6,201,070	3,891,861
Chicken drinker	-	1,152,000
Damaged or expired eggs	-	71,400
Electricity charges	270,740,419	75,778,406
General running expenses	-	10,376,584
Lab testing fees	368,000	150,000
Packing material	140,062,676	11,648,910
Generator Running Expenses	4,871,748	-
Labour Charges	40,347,882	-
Meat Inspection Charges	2,409,200	-
Mortality Loss	91,618,731	6,860,532
Repairs and Maintenance	17,750,235	-
Uniform	676,000	-
Water	321,600	-
	<u>575,367,560</u>	<u>109,929,693</u>
<b>3 Other income</b>		
Gain on exchange rate	10,871,152	5,982,336
Changes in fair value	68,043,886	200,059,371
	<u>78,915,038</u>	<u>206,041,707</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2021 T.SHS	2020 T.SHS
<b>4 Administrative costs</b>		
Audit fees	3,000,000	3,508,000
Bad Debts	7,031,889	-
Bank charges	21,995,881	4,806,751
City service levy	26,360,001	4,242,185
Cleaning expenses	7,687,573	363,000
Depreciation and amortization	470,539,592	279,176,938
Employment costs (Note 4a)	552,365,606	180,006,001
Fines and penalties	127,500	60,300
Fire and rescue fees	500,000	1,000,000
Generator Fuel	39,945,238	-
Insurance	32,670,792	2,539,924
Land rent	-	210,000
Licence and other fees	8,173,000	7,225,000
Motor vehicle running expenses	81,450,448	20,275,646
Office and general expenses	30,419,581	2,000,501
Postage, telephone and internet	17,362,955	5,798,520
Printing and stationery	4,560,358	80,000
Professional fees	6,738,000	3,850,000
Rent	48,140,000	4,690,000
Repairs and maintenance	19,585,680	1,871,000
Security charges	36,344,000	17,464,000
Stamp duty	855,000	625,500
Subscription charges	814,200	-
Transport and travelling	27,278,360	8,461,990
<b>Total administrative costs</b>	<b>1,444,345,652</b>	<b>548,325,265</b>
<b>4a Employment costs</b>		
Director remuneration	145,000,000	70,000,000
Salaries and wages	310,804,014	86,359,544
Skills and development levy	19,834,076	6,442,622
NSSF contribution	45,680,402	15,635,956
Staff Welfare	186,500	-
Visa and permits	27,638,400	-
Workers compensation fund	3,322,214	1,567,879
<b>Total employment costs</b>	<b>552,365,606</b>	<b>180,006,001</b>
<b>5 Finance cost</b>		
Bank interest	246,850,115	144,768,185
Loan facility fees	2,107,952	20,081,381
Interest on related party loan	52,064,000	51,638,400
<b>Total finance costs</b>	<b>301,022,067</b>	<b>216,487,966</b>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2021 T.SHS	2020 T.SHS
<b>6 Tax expense</b>		
Current tax	4,048,071	-
Deferred tax charge (Note 14)	52,366,397	-
<b>Tax charge</b>	<b>56,414,468</b>	<b>-</b>
<b>Reconciliation of tax expense</b>		
Profit/(Loss) before tax	939,643,546	(235,682,366)
Tax calculated at a tax rate of 30%	281,893,064	(70,704,710)
Tax effect of:		
income not subject to tax	38,250	18,090
tax loss reversed	(225,516,846)	-
deferred tax asset not recognised	-	(70,586,620)
<b>Tax charge</b>	<b>56,414,468</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7a. Property, plant and equipment

	Land	Poultry equipment	Work in progress Poultry building	Poultry building	Plant & machinery - other	Furniture and fittings	Motor vehicle	Computer and accessories	Total
	T.SHS	T.SHS	T.SHS	T.SHS	T.SHS	T.SHS	T.SHS	T.SHS	T.SHS
Year ended 31 December 2021									
<b>Cost</b>									
As at 1 January 2021	851,560,556	1,137,082,269	68,104,200	661,203,636	328,162,723	16,480,403	37,533,640	-	2,590,197,827
Additions	36,000,000	203,242,050	-	32,396,640	216,840,094	147,232,770	424,260,680	6,384,100	1,148,276,334
Transfer	-	-	(66,104,200)	66,104,200	-	-	-	-	-
As at 31 December 2021	<u>886,560,556</u>	<u>1,420,304,309</u>	-	<u>761,704,376</u>	<u>544,992,767</u>	<u>163,723,170</u>	<u>451,794,520</u>	<u>6,384,000</u>	<u>4,035,383,717</u>
<b>Depreciation</b>									
As at 1 January 2021	-	(190,161,995)	-	(33,060,182)	(88,168,100)	(1,667,619)	(2,294,470)	-	(315,350,266)
Disposal	-	-	-	-	-	-	-	-	-
Charge for the year	-	(288,832,950)	-	(34,812,383)	(91,316,321)	(4,203,872)	(48,362,565)	(384,000)	(488,911,192)
As at 31 December 2021	-	<u>(479,994,945)</u>	-	<u>(67,872,565)</u>	<u>(179,481,421)</u>	<u>(5,871,491)</u>	<u>(50,647,035)</u>	<u>(384,000)</u>	<u>(784,261,457)</u>
<b>Net Book Value</b>									
As at 31 December 2021	<u>886,560,556</u>	<u>940,309,363</u>	-	<u>693,831,812</u>	<u>365,511,366</u>	<u>157,851,678</u>	<u>401,147,485</u>	<u>5,910,000</u>	<u>3,251,122,260</u>
<b>Net Book Value</b>									
As at 31 December 2020	<u>651,560,556</u>	<u>946,900,263</u>	<u>68,104,200</u>	<u>628,143,455</u>	<u>239,986,623</u>	<u>14,822,881</u>	<u>25,239,170</u>	-	<u>2,574,757,147</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7b. Intangible assets

	Software T.SHS	Total T.SHS
<b>Year ended 31 December 2021</b>		
<b>Cost</b>		
As at 1 January 2021	8,142,000	8,142,000
Additions	-	-
Disposal	-	-
<b>As at 31 December 2021</b>	<b>8,142,000</b>	<b>8,142,000</b>
<b>Depreciation</b>		
As at 1 January 2021	(1,628,400)	(1,628,400)
Disposal	-	-
Charge for the year	(1,628,400)	(1,628,400)
<b>As at 31 December 2021</b>	<b>(3,256,800)</b>	<b>(3,256,800)</b>
<b>Net Book Value</b>		
<b>As at 31 December 2021</b>	<b>4,885,200</b>	<b>4,885,200</b>
<b>Net Book Value</b>		
<b>As at 31 December 2020</b>	<b>6,513,600</b>	<b>6,513,600</b>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2021 TShs	2020 TShs
<b>8 Biological assets</b>		
Opening stock as at 01/01/2021	523,105,000	-
Add: Purchases of chicks & direct costs	324,954,344	329,806,161
Less: Mortality loss	(91,618,731)	(6,860,532)
Less: Transfer to purchase a/c for selling of birds	(237,934,088)	-
Changes in fair value	68,043,388	200,050,371
	<b>586,550,411</b>	<b>523,105,000</b>
<b>9 Inventories</b>		
Raw feed	769,266,020	198,854,652
Finished feed	-	55,013,170
Eggs	14,467,000	105,000
Broiler chicks	211,427,500	-
Chicken	91,637,660	-
Medicine, vitamin and disinfection	-	1,346,525
	<b>1,086,818,180</b>	<b>265,319,346</b>
<b>10 Trade and other receivables</b>		
Trade receivables	365,271,110	37,439,500
Advance payment to suppliers	489,533,626	131,222,838
Other receivables and prepayments	6,600,000	10,405,422
	<b>861,404,736</b>	<b>179,067,760</b>
<b>11 Cash and cash equivalents</b>		
Cash in hand	10,573,368	6,566,673
Cash at bank	294,914,060	124,617,797
	<b>305,487,429</b>	<b>131,184,470</b>
<b>12 Taxation</b>		
Balance brought forward	(4,300,000)	(300,000)
Tax recoverable for the year	(14,451,929)	(4,000,000)
	<b>(18,751,929)</b>	<b>(4,300,000)</b>
<b>13 Share capital</b>		
<b>Authorised:</b>		
10,000 (2020: 10,000 shares) ordinary shares of TShs 10,000 each	100,000,000	100,000,000
<b>Issued and fully paid:</b>		
10,000 (2020: 10,000 shares) ordinary shares of TShs 10,000 each	100,000,000	100,000,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2021 T.SHS	2020 T.SHS
<b>14 Deferred tax</b>		
Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30%. The movement on the deferred tax account is as follows:		
At start of year	-	-
Deferred tax charge (Note 6)	52,366,397	-
At end of year	<u>52,366,397</u>	<u>-</u>

Deferred tax (asset), deferred tax (liability) in the statement of profit or loss are attributable to the following items:

	At start of year T.SHS.	Charge to SPL T.SHS.	At end of year T.SHS.
<b>Year ended 31 December 2021</b>			
<b>Deferred tax charge</b>			
Excess capital allowances over depreciation	124,741,408	48,318,326	173,059,735
Tax losses	(229,564,916)	4,048,071	(225,516,846)
	<u>(104,823,508)</u>	<u>52,366,397</u>	<u>(52,457,111)</u>
Less: Deferred tax not recognised	104,823,508	-	104,823,508
<b>Net deferred tax charge</b>	<u>-</u>	<u>52,366,397</u>	<u>52,366,397</u>
		2021 T.SHS	2020 T.SHS

**15 Borrowings**

**Non current liability**

DTB Bank loan	3,128,540,271	2,242,104,278
Bank overdraft	231,212,052	66,083,149
	<u>3,359,752,323</u>	<u>2,308,187,428</u>

**Current liability**

DTB Bank loan	-	185,599,814
Related party loan (Note 17a)	762,765,325	711,126,925
	<u>762,765,325</u>	<u>896,726,740</u>

**Note:**

Amount: Usd 400,000 and Usd 698,000

Interest: 8% per annum

Repayment: Within 5 years starting from 01 July 2020 and related party loan is payable on demand

Purpose: DTB Bank loan is for acquisition of fixed assets and funding working capital while the related party loan is for funding working capital of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2021 T,SHS	2020 T,SHS
<b>16 Trade and other payables</b>		
Trade payables	514,185,265	165,742,079
Advance payment from customers	161,873,340	-
Other payables and accruals	163,553,461	50,424,471
	<u>839,612,066</u>	<u>216,166,550</u>
<b>17 Related party balances</b>		
The following balances arose out of transactions carried out with related parties:		
<b>a) Due to related party</b>		
Amount due to related party	<u>762,765,325</u>	<u>711,126,925</u>

**18 Going concern**

During the year ended 31st December 2021, the company had net current assets TShs 670,084,884/- (2020: deficit TShs 543,021,713/-). The shareholders have undertaken to continue to finance the company to meet its financial needs for the foreseeable future. Based on the above, the directors have considered it appropriate to prepare these financial statements on the going concern basis.

**19 Contingent liability**

As at 31 December 2021, the Company had no litigations.

**20 Subsequent event**

There were no subsequent events after the year end, which requires adjustments or disclosures in the financial statements.

**21 Capital Commitments**

As at 31 December 2021, the Company had no capital expenditure contracted or accrued.

TAX COMPUTATION	2021 T.SHS
Profit before tax as per accounts	939,643,546
<b>Add: Non-allowable expenses</b>	
Depreciation	470,539,592
Fines and penalties	127,500
	<u>470,667,092</u>
<b>Less: Allowable deductions</b>	
Wear and tear allowance	(631,600,680)
	<u>(631,600,680)</u>
	778,709,958
Add: Loss brought forward as per 2020 accounts	(765,216,389)
<b>Adjusted taxable income for the year</b>	<u>13,493,569</u>
<b>POSITION OF TAXATION:</b>	
Corporation tax at 30%	4,048,071
<b>Less: Provisional tax paid for the year</b>	(18,500,000)
<b>Tax repayable</b>	<u>(14,451,929)</u>

**WEAR AND TEAR ALLOWANCES SCHEDULE FOR THE YEAR 2021**

**REDUCING BALANCE METHOD:**

	CLASS I 37.5% T.SHS	CLASS II 25% T.SHS	CLASS III 12.5% T.SHS	TOTAL T.SHS
WDV as at 01.01.2021	-	895,895,688	14,429,100	910,324,788
Additions	6,304,000	924,342,994	147,232,770	1,077,879,764
	6,304,000	1,820,238,682	161,661,870	1,988,204,552
Disposal	-	-	-	-
	6,304,000	1,820,238,682	161,661,870	1,988,204,552
Wear & Tear allowances	(2,364,000)	(455,059,671)	(20,207,734)	(477,631,404)
WDV as at 31.12.2021	3,940,000	1,365,179,012	141,454,136	1,510,573,148

**STRAIGHT LINE METHOD:**

	CLASS V 20% Cost T.SHS	CLASS VII 5 years Cost T.SHS	TOTAL WDV T.SHS
As at 01.01.2021	661,203,636	8,142,000	669,345,636
Additions	100,500,740	-	100,500,740
	761,704,376	8,142,000	769,846,376
Disposal	-	-	-
	761,704,376	8,142,000	769,846,376
Accumulated wear and tear allowances	(132,240,727)	(1,628,400)	(133,869,127)
Wear & Tear allowances	(152,340,875)	(1,628,400)	(153,969,275)
WDV as at 31.12.2021	477,122,774	4,885,200	482,007,974