

PHOENIX FARMS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023



Assad
ASSOCIATES

Certified Public Accountants and Tax Consultants

*Samora Tower, Mezzanine 2nd floor (M2),
Corner of Bridge and Mansfield Street,
P.O. Box 7286, Dar Es Salaam*
TEL.: +255(22) 2114081/2115688, FAX: +255 (22) 2131036

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Company information

Board of directors

Names

Mr. Irfan Sultanshah Mitha
Mr. Jamil Sultanshah Mitha

Nationality

Tanzanian
Tanzanian

Registered office

Plot No: 102, Block No: N
P.O. Box 1063
Dundani
Mkuranga District
Costal
Tanzania

Principal bankers

Diamond Trust Bank Tanzania Limited
P.O. Box 115
Masaki Branch
Dar es Salaam
Tanzania

CRDB Bank Plc
P.O. Box 268
Dar es Salaam
Tanzania

Independent practitioner

Assad Associates
Certified Public Accountants
Mansfield / Bridge street
P O Box 7286
Dar es Salaam
Tanzania

Company secretary

Shehzada Amir Walli
P.O Box 5664
5th Floor, Diamond Plaza
Mirambo Street
Dar es Salaam
Tanzania

REPORT BY THOSE CHARGED WITH GOVERNANCE

The directors submit their annual report together with the financial statements for the year ended 31 December 2022 which disclose the state of affairs of the company.

STATEMENT OF COMPLIANCE

The company's financial statements has been prepared in full compliance with Tanzania Financial Reporting Standard No. 1 (TFRS), The Report by Those Charged with Governance.

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%
	10,000	100%

RESULTS

	2023 <u>T.SHS</u>	2022 <u>T.SHS</u>
Profit before tax	166,657,466	42,221,558
Tax charge	(51,528,530)	(13,930,217)
Profit for the year	115,128,936	28,291,340

DIVIDEND

The directors do not recommend the declaration of dividend for the current year (2022: Nil).

REPORT BY THOSE CHARGED WITH GOVERNANCE (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 2023 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 2023, the company had net current liability TShs 2,199,743,438/- (2022: TShs 358,463,290/-). 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 16 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 2023. 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 2024 will be put in the Annual General Meeting.

BY ORDER OF THE BOARD



Mr. Irfan Sultanshah Mitha
Director

30/7/ 2024



Mr. Jamil Sultanshah Mitha
Director

30/7/ 2024

STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE

The directors are required by the Companies Act 2002, to maintain adequate accounting records and are responsible for the content 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 2024 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 2023 and of its profit and cash flow for the year then ended 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.

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



Mr. Irfan Sultanshah Mitha
Director

30/7/ 2024



Mr. Jamil Sultanshah Mitha
Director

30/7/ 2024

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 1995, 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 Directors under Directors Responsibility statement on an earlier page.

I Newton Mathew being the Head of Accounting of Phoenix Farms Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2023 have been prepared in compliance with applicable accounting standards and statutory requirements.

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

Signed by: Newton Mathew

Position:

NBAA Membership No:

NAME	NEWTON MATHEW
POSITION	PROFESSIONAL ACCOUNTANT
NBAA Reg. No	ACPA 2839



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 2022, the statement of profit or loss, statement of changes in equity and statement of cash flow 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**

SJJusab
Signed by: Sajjad Jusab
FCPA 216

 *Assad*
ASSOCIATES
Certified Public Accountants and Tax Consultants

30/7/24
Date

Place : Dar es Salaam

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


+255 22 2115688/2114081 +255 788 331 331 ✉ assad@assad.co.tz 🌐 www.assad.co.tz

STATEMENT OF PROFIT OR LOSS


	Notes	2023 <u>T.SHS</u>	2023 <u>T.SHS</u>
Revenue	1	16,162,725,720	14,614,927,076
Cost of sales	2	(12,927,293,309)	(11,718,600,432)
Gross income		3,235,432,411	2,896,326,644
Administrative cost	3	(2,560,376,153)	(2,312,115,105)
Finance cost	4	(508,398,791)	(541,989,981)
Profit before tax		166,657,466	42,221,558
Less: Tax charge	5	(51,528,530)	(13,930,217)
Profit for the year		115,128,936	28,291,340

STATEMENT OF FINANCIAL POSITION

	Notes	2023 T.SHS	2023 T.SHS
ASSETS			
Non-current assets			
Property, plant and equipment	6a	8,193,897,859	6,920,309,714
Intangible assets	6b	1,628,400	3,256,800
Biological assets	7	696,427,745	696,427,745
		8,891,954,004	7,619,994,259
Current assets			
Inventory	8	989,267,589	1,161,138,315
Trade and other receivables	9	1,509,271,380	2,526,117,298
Cash and cash equivalents	10	494,897,956	382,119,972
Taxation	11	47,000,000	12,000,000
		3,040,436,924	4,081,375,584
TOTAL ASSETS		11,932,390,929	11,701,369,843
EQUITY AND LIABILITIES			
Equity			
Share capital	12	100,000,000	100,000,000
Advances towards shareholders fund		502,638,600	502,638,600
Retained earnings		536,011,612	507,424,848
		1,138,650,212	1,110,063,448
Non current liabilities			
Deferred tax	13	117,825,145	66,296,614
Borrowings	14	5,435,735,211	6,085,170,908
		5,553,560,356	6,151,467,522
Current liabilities			
Borrowings	14	3,205,126,099	3,065,026,099
Trade and other payables	15	2,035,054,264	1,374,812,776
		5,240,180,362	4,439,838,874
TOTAL EQUITY AND LIABILITIES		11,932,390,929	11,701,369,843


Mr. Irfan Sultanshah Mitha
Director

30/7/ 2024


Mr. Jamil Sultanshah Mitha
Director

30/07/ 2024

STATEMENT OF CHANGES IN EQUITY

	Share Capital <u>T.SHS</u>	Advance towards shareholders funds <u>T.SHS</u>	Retained earnings <u>T.SHS</u>	Total <u>T.SHS</u>
Year ended 31 December 2023				
At start of year	100,000,000	502,638,600	507,424,848	1,110,063,448
Profit for the year	-	-	115,128,936	115,128,936
Prior year taxes	-	-	(86,542,172)	(86,542,172)
At end of year	100,000,000	502,638,600	536,011,612	1,138,650,212
Year ended 31 December 2022				
At start of year	100,000,000	502,638,600	497,885,436	1,100,524,036
Profit for the year	-	-	28,291,340	28,291,340
Prior year taxes	-	-	(18,751,929)	(18,751,929)
At end of year	100,000,000	502,638,600	507,424,848	1,110,063,448

STATEMENT OF CASH FLOW

	Notes	2023 <u>T.SHS</u>	2023 <u>T.SHS</u>
Cash flow from operating activities			
Profit for the year		166,657,466	42,221,558
<i>Adjustment for:</i>			
Depreciation	7a & b	<u>856,549,603</u>	<u>557,286,868</u>
Profit before changes in working capital		1,023,207,069	599,508,425
<i>Changes in working capital</i>			
Inventory		171,870,726	(74,320,135)
Trade and other receivables		1,016,845,916	(1,664,712,562)
Trade and other payable		<u>800,341,488</u>	<u>2,837,461,484</u>
<i>Cash generated from operating activities</i>		3,012,265,199	1,697,937,212
<i>Tax paid for prior year</i>		(86,542,172)	-
<i>Tax paid for current year</i>		<u>(35,000,000)</u>	<u>(12,000,000)</u>
Net cash generated from operating activities		<u>2,890,723,028</u>	<u>1,685,937,212</u>
Cash flow from investing activities			
Cash purchase of property and equipment	7a & b	(2,128,509,349)	(4,224,845,922)
Cash purchase of biological assets	8	-	(109,877,334)
Net cash used in investing activities		<u>(2,128,509,349)</u>	<u>(4,334,723,256)</u>
Cash flow from financing activities			
Borrowings		<u>(649,435,697)</u>	2,725,418,584
Net cash generated from financing activities		<u>(649,435,697)</u>	<u>2,725,418,584</u>
<i>Net increase in cash and cash equivalents</i>		112,777,984	76,632,543
Cash and cash equivalents at start of year		<u>382,119,972</u>	<u>305,487,429</u>
Cash and cash equivalents at end of year	10	<u><u>494,897,956</u></u>	<u><u>382,119,972</u></u>

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 (IFRS for SME's), 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)

1e) 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 purpose.
- 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%

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

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

(i) 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	2023 <u>T.SHS</u>	2023 <u>T.SHS</u>
1 Revenue		
Egg sales	7,129,874,900	7,276,706,152
Bird sales	620,502,000	111,214,500
Chicken sales	8,412,348,820	7,227,006,424
	<u>16,162,725,720</u>	<u>14,614,927,076</u>
2 Cost of sales		
Opening stock	1,161,138,315	1,086,818,180
<u>Add: Purchases (Note 2.1)</u>	11,692,190,425	10,762,767,250
Direct costs (Note 2.2)	1,063,232,158	1,030,153,317
	<u>13,916,560,898</u>	<u>12,879,738,747</u>
<u>Less: Closing stock</u>	(989,267,589)	(1,161,138,315)
	<u>12,927,293,309</u>	<u>11,718,600,432</u>
2.1 Purchases		
Raw feed	7,861,973,164	7,224,658,950
Biological asset- Birds	353,083,219	384,989,970
Purchase of broiler chicks	1,709,872,120	1,807,240,000
Medicine, vitamin and disinfection	1,767,261,922	1,345,878,330
	<u>11,692,190,425</u>	<u>10,762,767,250</u>
2.2 Direct cost		
Brooding expenses	-	6,612,500
Electricity charges	622,098,540	486,230,147
Lab testing fees	931,000	791,417
Laboratories and consultancy Charges	12,000,000	
Packing material	226,620,249	188,445,044
Generator running expenses	-	220,000
Labour Charges	33,229,781	140,683,301
Meat inspection charges	6,653,000	25,162,250
Mortality loss	-	95,070,000
Repairs and maintenance	161,199,588	86,168,658
Uniform	-	770,000
Water	500,000	-
	<u>1,063,232,158</u>	<u>1,030,153,317</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023 <u>T.SHS</u>	2023 <u>T.SHS</u>
3 Administrative cost		
Accountancy fees	4,720,000	8,000,000
Bad debts	115,000	2,470,500
Bank charges	9,512,720	13,324,673
City service levy	48,373,767	42,966,411
Cleaning expenses	11,097,600	7,992,000
Depreciation and amortization	856,549,603	557,286,868
Employment costs (Note 3a)	1,049,643,960	930,774,150
Fines and penalties	5,104,301	4,212,500
Fire and rescue fees	-	1,000,000
Generator fuel	68,985,879	62,902,172
Insurance	26,865,650	40,284,610
Licence and other fees	14,134,000	29,898,156
Motor vehicle running expenses	111,814,221	252,503,517
Medical expenses	250,000	223,700
Office and general expenses	21,557,835	15,308,950
Postage, telephone and internet	18,651,430	45,807,670
Printing and stationery	9,328,899	11,092,384
Professional fees	58,319,028	11,162,094
Rent	93,850,000	93,570,000
Repairs and maintenance	1,471,000	38,970,090
Security charges	110,588,000	102,901,000
Stamp duty	-	-
Subscription charges	920,400	720,000
Transport and travelling	38,522,860	38,743,661
Total administrative cost	<u>2,560,376,153</u>	<u>2,312,115,105</u>
3a Employment cost		
Director remuneration	180,000,000	180,000,000
Recruitment expenses	3,000,000	
Salaries and wages	717,780,498	610,571,731
Skills and development levy	34,381,134	37,466,648
NSSF contribution	89,374,350	78,933,173
Staff welfare	-	91,000
Visa and permits	20,836,858	19,392,250
Workers compensation fund	4,271,121	4,319,348
Total employment cost	<u>1,049,643,960</u>	<u>930,774,150</u>
4 Finance cost		
Bank interest	429,581,842	255,261,184
Forex loss	78,515,813	36,260,717
Loan facility fees	301,136	56,786,640
Interest on related party loan	-	193,681,440
Total finance cost	<u>508,398,791</u>	<u>541,989,981</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023	2023
	<u>T.SHS</u>	<u>T.SHS</u>
5 Tax expense		
Current tax	-	-
Deferred tax charge (Note 13)	51,528,530	13,930,217
	<u>51,528,530</u>	<u>13,930,217</u>
Tax charge	<u><u>51,528,530</u></u>	<u><u>13,930,217</u></u>
Reconciliation of tax expense		
Profit before tax	<u>166,657,466</u>	<u>42,221,558</u>
Tax calculated at a tax rate of 30%	49,997,240	12,666,467
Tax effect of:		
Income not subject to tax	-	1,263,750
Expenses not deducted for tax purpose	<u>1,531,290</u>	<u>-</u>
Tax charge	<u><u>51,528,530</u></u>	<u><u>13,930,217</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6a Property, plant and equipment

	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>
	Land	Poultry equipment	Work in progress Poultry building	Poultry building	Plant and machinery - other	Furniture and fittings	Motor vehicle	Computer and accessories	Total		
	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>	<u>I.SHS</u>
Year ended 31 December 2023		25%	5%	25%	12.50%	25%	37.50%				
Cost											
As at 1 January 2023	1,359,013,356	2,663,636,995	1,581,546,564	1,206,676,589	701,301,118	179,278,570	559,922,448	8,854,000	8,260,229,639		
Additions	60,000,000	1,122,220,673	182,061,529	381,880,803	177,693,164	5,960,000	198,693,180		2,128,509,349		
As at 31 December 2023	1,419,013,356	3,785,857,668	1,763,608,093	1,588,557,392	878,994,282	185,238,570	758,615,628	8,854,000	10,388,738,988		
Depreciation											
As at 1 January 2023	-	(715,072,286)	-	(124,812,766)	(295,741,489)	(25,871,474)	(175,094,473)	(3,327,438)	(784,261,457)		
Charge for the year	-	(487,141,177)	-	(54,093,191)	(145,813,198)	(19,920,887)	(145,880,289)	(2,072,461)	(854,921,203)		
As at 31 December 2023	-	(1,202,213,463)	-	(178,905,957)	(441,554,687)	(45,792,361)	(320,974,762)	(5,399,898)	(1,639,182,661)		
Net Book Value											
As at 31 December 2023	1,419,013,356	2,583,644,204	1,763,608,093	1,409,651,435	437,439,595	139,446,209	437,640,866	3,454,102	8,193,897,859		
Net Book Value											
As at 31 December 2022	1,359,013,356	1,948,564,708	1,581,546,564	1,081,863,824	405,559,630	153,407,096	384,827,975	5,526,563	6,920,309,714		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6b Intangible assets

	Software T.SHS	Total T.SHS
Year ended 31 December 2023		
Cost		
As at 1 January 2023	8,142,000	8,142,000
Additions	-	-
As at 31 December 2023	8,142,000	8,142,000
Depreciation		
As at 1 January 2023	(4,885,200)	(4,885,200)
Charge for the year	(1,628,400)	(1,628,400)
As at 31 December 2023	(6,513,600)	(6,513,600)
Net Book Value		
As at 31 December 2023	1,628,400	1,628,400
Year ended 31 December 2022		
Cost		
As at 1 January 2022	8,142,000	8,142,000
Additions	-	-
As at 31 December 2022	8,142,000	8,142,000
Depreciation		
As at 1 January 2022	(3,256,800)	(3,256,800)
Charge for the year	(1,628,400)	(1,628,400)
As at 31 December 2022	(4,885,200)	(4,885,200)
Net Book Value		
As at 31 December 2022	3,256,800	3,256,800
Net Book Value		
As at 31 December 2021	4,885,200	4,885,200

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023 <u>T.SHS</u>	2022 <u>T.SHS</u>
7 Biological assets		
Opening stock as at 01.01.2023	696,427,745	586,550,411
Add: Purchases of chicks and direct costs		204,947,334
Less: Mortality loss	-	(95,070,000)
TOTAL	<u>696,427,745</u>	<u>696,427,745</u>
8 Inventories		
Raw feed	595,350,928	698,784,415
Eggs	1,463,277	1,717,500
Broiler chicks	83,494,122	98,000,000
Chicken	308,959,262	362,636,400
	<u>989,267,589</u>	<u>1,161,138,315</u>
9 Trade and other receivables		
Trade receivables	1,099,209,923	1,015,466,421
Advance payment to suppliers	393,495,798	1,499,266,809
Other receivables and prepayments	16,565,659	11,384,068
	<u>1,509,271,380</u>	<u>2,526,117,298</u>
10 Cash and cash equivalents		
Cash in hand	20,235,063	9,005,349
Cash at bank	474,662,893	373,114,623
	<u>494,897,956</u>	<u>382,119,972</u>
11 Taxation		
Balance brought forward	(12,000,000)	(18,751,929)
Tax written off	-	18,751,929
Tax recoverable for the year	(35,000,000)	(12,000,000)
	<u>(47,000,000)</u>	<u>(12,000,000)</u>
12 Share capital		
Authorised:		
10,000 (2022: 10,000) ordinary shares of TShs 10,000 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
10,000 (2022: 10,000) ordinary shares of TShs 10,000 each	<u>100,000,000</u>	<u>100,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023	2022	
	<u>T.SHS</u>	<u>T.SHS</u>	
13 Deferred tax			
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	66,296,614	52,366,397	
Deferred tax charge (Note 5)	51,528,530	13,930,217	
At end of year	<u>117,825,145</u>	<u>66,296,614</u>	
Deferred tax (asset), deferred tax (liability) in the statement of profit or loss are attributable to the following items:			
	At start of year	Charge to SPL	At end of year
	<u>T.SHS.</u>	<u>T.SHS.</u>	<u>T.SHS.</u>
Year ended 31 December 2023			
Deferred tax charge			
Excess capital allowances over depreciation	300,851,869	118,667,635	419,519,504
Tax losses	(339,378,763)	(67,139,105)	(406,517,867)
	(38,526,893)	51,528,530	13,001,637
Less: Deferred tax not recognised	104,823,508	-	104,823,508
Net deferred tax charge	<u>66,296,615</u>	<u>51,528,530</u>	<u>117,825,144</u>
	At start of year	Charge to SPL	At end of year
	<u>T.SHS.</u>	<u>T.SHS.</u>	<u>T.SHS.</u>
Year ended 31 December 2022			
Deferred tax charge			
Excess capital allowances over depreciation	173,059,735	127,792,134	300,851,869
Tax losses	(225,516,846)	(113,861,917)	(339,378,763)
	(52,457,111)	13,930,217	(38,526,893)
Less: Deferred tax not recognised	104,823,508	-	104,823,508
Net deferred tax charge	<u>52,366,397</u>	<u>13,930,217</u>	<u>66,296,614</u>
		2023	2022
		<u>T.SHS</u>	<u>T.SHS</u>
14 Borrowings			
Non current liability			
Diamond Trust Bank (T) Limited	5,435,735,211	6,008,200,692	
Bank overdraft	-	76,970,216	
	<u>5,435,735,211</u>	<u>6,085,170,908</u>	
Current liability			
Related party loan (Note 16a)	3,205,126,099	3,065,026,099	
	<u>3,205,126,099</u>	<u>3,065,026,099</u>	

Note:

Amount: USD 400,000, USD 1,000,000, USD 1,695,000 and USD 100,000

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)

	<u>2023</u> <u>T.SHS</u>	<u>2022</u> <u>T.SHS</u>
15 Trade and other payables		
Trade payables	1,534,293,607	1,021,914,645
Advance payment from customers	45,885,000	21,382,210
Other payables and accruals	454,875,657	331,515,921
	<u>2,035,054,264</u>	<u>1,374,812,776</u>

16 Related party balances

The following balances arose out of transactions carried out with related parties:

a) Due to related party

Amount due to related party	<u>3,205,126,099</u>	<u>3,065,026,099</u>
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17 Going concern

During the year ended 31st December 2023, the company had net had net current liability TShs 2,199,743,438/- (2022: TShs 358,463,290/-). The shareholders have undertaken to continue to finance the company to meets 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.

18 Contingent liability

As at 31 December 2023, the Company had no litigations.

19 Subsequent event

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

20 Capital Commitments

As at 31 December 2023, the Company had no capital expenditure contracted or accrued.

TAX COMPUTATION	2023 <u>T.SHS</u>
Profit before tax as per accounts	166,657,466
Add: Non-allowable expenses	
Depreciation	856,549,603
Fines and penalties	5,104,301
	<u>861,653,904</u>
Less: Allowable deductions	
Wear and tear allowance	(1,252,108,386)
	<u>(1,252,108,386)</u>
Adjusted loss for the year	(223,797,016)
Add: Unrelieved losses brought forward	(379,539,724)
Adjusted loss for the year	<u><u>(603,336,740)</u></u>
POSITION OF TAXATION:	
Corporation tax at 30%	-
Less: Provisional tax paid for the year	(35,000,000)
Tax payable	<u><u>(35,000,000)</u></u>

WEAR AND TEAR ALLOWANCES SCHEDULE FOR THE YEAR 2023

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 01.01.2023	4,056,250	2,154,710,968	137,383,344	2,296,150,562
Additions	-	1,498,607,017	5,960,000	1,504,567,017
Disposal	4,056,250	3,653,317,985	143,343,344	3,800,717,579
	-	-	-	-
Wear and tear allowances	4,056,250	3,653,317,985	143,343,344	3,800,717,579
	(1,521,094)	(913,329,496)	(17,917,918)	(932,768,508)
WDV as at 31.12.2023	2,535,156	2,739,988,488	125,425,426	2,867,949,071

STRAIGHT LINE METHOD:

	CLASS V 20% Cost T.SHS	CLASS VII 5 years Cost T.SHS	TOTAL WDV T.SHS
As at 01.01.2023	1,206,676,589	8,142,000	1,214,818,589
Additions	381,880,803	-	381,880,803
Disposal	1,588,557,392	8,142,000	1,596,699,392
	-	-	-
Accumulated wear and tear allowances	1,588,557,392	8,142,000	1,596,699,392
	(525,916,920)	(4,885,200)	(530,802,120)
Wear and tear allowances	(317,711,478)	(1,628,400)	(319,339,878)
WDV as at 31.12.2023	744,928,994	1,628,400	746,557,394