

AFRISIAN GINNING LIMITED
ANNUAL REPORT AND
AUDITED FINANCIAL STATEMENTS
31 MARCH 2024

AFRISIAN GINNING LIMITED

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

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AFRISIAN GINNING LIMITED

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

CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Afrisian Ginning Limited
Plot no 34, Saza Road
Chang'ombe Industrial Area
P.O. Box 19964
Dar es Salaam, Tanzania

BANKERS

ABSA Bank Tanzania Limited
Ohio Branch
P.O. Box 5137
Dar es Salaam, Tanzania.

Stanbic Bank Tanzania
Centre Branch
Dar es Salaam, Tanzania.

National Microfinance Bank Limited
Bank House Branch
P.O. Box 9031
Dar es Salaam, Tanzania

Eco Bank (T) Limited
Acacia Branch
Dar es Salaam, Tanzania

National Bank of Commerce Limited
Corporate Branch
P.O. Box 1863
Dar es Salaam, Tanzania.

Equity Bank (T) Limited
Golden Jubilee Tower
P.O. Box 110183
Dar es Salaam, Tanzania.

I&M Bank Tanzania Limited
Maktaba Square Branch
P.O. Box 1509
Dar es Salaam, Tanzania.

Exim Bank Tanzania
Nyerere branch
Dar es Salaam, Tanzania

CRDB Bank PLC,
Tower Branch,
P.O. BOX 268,
Dar es Salaam, Tanzania

SOLICITOR

Mark & Associates Attorneys
NIC Life House
P.O. Box 8211
Dar es Salaam, Tanzania

COMPANY AUDITORS

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

AFRISIAN GINNING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

1. INTRODUCTION

The Directors submit their report and the audited financial statements for the year ended 31 March 2024 which disclose the financial performance and the state of affairs of Afrisian Ginning Limited ('the Company').

2. INCORPORATION

The Company is incorporated in Tanzania under the Tanzanian Companies Act, 2002 (formerly Companies Ordinance CAP 212) as a company limited by shares.

3. COMPANY VISION

Renowned as ginnery offering best and reliable service to its stakeholders which is favored by people who expect excellence and value individuality.

4. COMPANY MISSION

We affirm our commitment to international Standards in pursuing excellence, with continuous enhancement of product, by offering fair prices to farmers, thereby strengthening our position as market leader's in Tanzania as well as ensuring increased profitability for Afrisian Ginning Limited and the owner.

5. PRINCIPAL ACTIVITY

The principal activity of the Company is procurement for export and local sales of agricultural products.

During the year the quantities of commodities sold were as follows:

	31-Mar-24	31-Mar-23
	Kgs/Ltr	Kgs/Ltr
Pera Retail Sales	-	1,242
Pigeon Peas	6,151,700	5,096,069
Rice	767,914.45	101,403
Rice Bran	155,050	-
Sesame	6,184,950	6,051,417
Soya Bean meal	1,809,360	-
Soya Beans	3,628,940	1,447,440
Yellow Gram	5,726,464	11,291,496
Ground Nut	178,530	-
Urea Fertilizer	12,473,400	4,203,375
SA Fertilizer	2,161,550	1,568,050
CAN Fertilizer	3,526,600	499,850
Coconut Oil (Ltrs)	2,928.60	3,169
Honey 1Kg (Pcs)	1710	736
Honey 250gm (Pcs)	2,211	5
Honey 450gm (Pcs)	1,546	183

AFRISIAN GINNING LIMITED

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

5. PRINCIPAL ACTIVITY (CONTINUED)

	31-Mar-24	31-Mar-23
	Kgs/Ltr/Pcs	Kgs/Ltr/Pcs
Printed Khanga Grade B	-	5,675
Black Beans	174,140	446,000
Sunflower Oil	61,424	151,905
Ginger Powder	-	9
Turmeric Powder	-	14
Cashew Nut	1,608,531	4,102,800
Cloves	-	20
Cotton Lint	8,554,910	4,626,979
Cotton Seed	12,684,995	6,796,480
Green Mung	6,766,670	2,390,445
Jerry Can	7,093	17,843
Maize	683,000	116,960
Cooking Fat	10,640	7,229

6. DIRECTORS

The names of the directors who served during the year and to the date of this report are as follows: -

Name	Age	Nationality	Title
Samir Esmail	51	Tanzanian	Director
Esmail Abdulwahid	40	Tanzanian	Director
Ali Shariff Hussein	71	Tanzanian	Director

7. CORPORATE GOVERNANCE

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

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

AFRISIAN GINNING LIMITED

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

8. MANAGEMENT OF THE COMPANY

The Company is under the supervision of the Board of Directors and the day to day management is entrusted to the Chief Executive officer.

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

- i. Finance and Administration
- ii. Procurement
- iii. Production
- iv. Sales and Marketing
- v. Logistic

All departments are headed by Managers. The General Manager reports to the Board and all department managers report to the General Manager.

9. 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 behaviors towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system, of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 31 March 2024 and is of the opinion that they met accepted criteria.

10. GENDER PARITY

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties. As at 31 March 2024, the Company had the following distribution of employees by gender.

Gender	31-Mar-24	31-Mar-23
Male	271	238
Female	28	26
Total	299	264

11. POLITICAL AND CHARITABLE DONATIONS

The Company has made no political donations during the year. Donations made to charitable organizations during the year amounted to Nil (2023: Nil).

AFRISIAN GINNING LIMITED

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

12. CORPORATE SOCIAL RESPONSIBILITY

The Company participates actively in community activities and development programs throughout the country. Areas being given priority by the Company are health, environment conservation and education.

13. FUTURE PROSPECTS OF THE COMPANY

Future prospects of the Company seem to be good as government is giving importance to farmers and growth in agricultural products.

14. SHAREHOLDING

The shareholding of the Company is as follows:

Name of shareholder	2024	2023
Samir Esmail (Director)	60.69%	60.69%
Maheen Yakub	39.31%	39.31%
TOTAL	100%	100%

15. DIRECTORS' INTEREST

The ordinary shares of Afrisian Ginning Limited held by directors are as follows:

Name of the Director	Percentage Ownership
Samir Esmail (Director)	60.69%

16. RESULT FOR THE YEAR

These are set out on page xxx of the financial statements.

17. SOLVENCY

The Company's state of financial affairs as at 31 March 2024 is set out on page 13 of the financial statements. The directors have reviewed the current financial position of the Company and the existing short-term borrowings. On the basis of this review together with the current business financing plan, the directors are satisfied that the Company will be able to meet its current liabilities as they fall due.

18. DIVIDEND

The directors do not recommend the payment of a dividend in respect to the year ended 31 March 2024 (2023: Nil).

19. DIRECTORS REMUNERATION

Directors' remuneration during the year is TZS 42.5 million (2023: TZS 42.5Million).

20. ADMINISTRATIVE MATTERS

The Company is capable of handling all administrative matters.

AFRISIAN GINNING LIMITED

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

21. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 25 to the financial statements.

22. EVENTS AFTER THE REPORTING PERIOD

There are no subsequent events that have occurred which require adjustment of or disclosure in the financial statements.

23. DISABLED PERSONS

The Company continues with engagement of employees who become disabled while in the services of the Company.

24. EMPLOYEES WELFARE

24.1 Management and employee relationship

The relationship between employees and management is cordial. There were no unresolved complains by employees at the end of the year.

24.2 Medical facilities

Medical care is provided to all staff, spouses and up to four children not exceeding eighteen years of age.

24.3 Financial help

The Company provides advances to employees depending upon individual assessment of the need and the prevailing liquidity position of the Company.

25. RESPONSIBILITY OF THE AUDITORS

The auditors are responsible for providing assurance of the correctness and consistency of each and every piece of information contained in the report by those charged with governance within the financial statements.

26. AUDITORS

The Company's auditors, Ernst & Young, have expressed their willingness to continue in office as auditors and are eligible for reappointment. A resolution proposing the re-appointment of Ernst & Young as auditors of the Company for the year 2024 will be put to the Annual General Meeting.

Ernst & Young (EY)
Certified Public Accountants
EY House, No. 162/1 - Mzingo Way, Oysterbay,
P. O. Box 2475, Tanzania
Dar es Salaam, Tanzania
Firms' registration Number: 151, TIN number: 100-149-222

AFRISIAN GINNING LIMITED

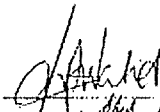
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024


27. STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

It is the responsibility of the Board of Directors to prepare financial statements of the entity which show a true and fair view in accordance with applicable standards, rules, regulations and legal provisions.

This responsibility covers the period from the beginning of the financial year to the date those Directors approve the audited financial statements, and it covers all those Directors who acted in this capacity during any part of the period covered by financial statements.

BY ORDER OF THE BOARD

Name: Samir Esmail Title: Director Signature: 

Name: Esmail Esmail Title: Director Signature: 

Date: 30th Oct. 2024

AFRISIAN GINNING LIMITED

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

The Tanzanian Companies Act, 2002 of Tanzania requires the directors to prepare financial statements for each financial year, which present fairly the state of financial affairs of the Company as at the end of the financial year and of the operating results for that year. It also requires the directors to ensure the Company keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

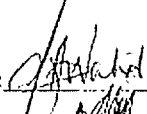
The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Tanzanian Companies Act, 2002 of Tanzania. The director accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud and error.

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, which 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 the next twelve months from the date of this statement.


Name: Samir Esmail

Title: Director

Signature: 

Name: Esmail Esmail

Title: Director

Signature: 

Date: 30th Oct 2024

AFRISIAN GINNING LIMITED

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

The National Board of Accountants and Auditors (NBAA) according to the power conferred to it under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/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 financial position and performance in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002. 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 MOHAMED OSMAN EBRAHIM being the Head of Finance of Afrisian Ginning Limited hereby acknowledge my responsibility of ensuring that the financial statements for the year ended 31 March 2024 have been prepared in compliance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002.

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

Signature: _____



Position: OUTSOURCED CONSULTANT

NBAA Membership No: ACPA 3306

Date: 30TH OCTOBER 2024



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www.ey.com
TIN: 100-149-222
VRN: 10-007372-Z

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Afrisian Ginning
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Afrisian Ginning Limited (the 'Company') set out on pages 12 to 39 which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements, which indicates that As at 31 March 2024 the Company's current liability exceeded current assets by TZS 35,786 million (2023: TZS 12,835 million). As stated in Note 2.1, these conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information included in the Company's 2024 Annual Report

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

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

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



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

to the shareholders of Afrisian Ginning Limited

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 Other Information included in the Company's 2024 Annual Report and the requirements of the Companies Act, 2002 of Tanzania, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

to the shareholders of Afrisian Ginning Limited

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

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

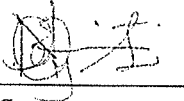
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

This report, including the opinion, has been prepared for, and only for, the Company's members as a body corporate in accordance with the Tanzanian Companies Act, 2002 and for no other purposes.

As required by the Tanzanian Companies Act, 2002, 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 purpose of the audit;
- In our opinion, except for the matter above regarding not keeping accounting records in Tanzania, proper books of account have been kept by the Company, so far as appears from our examination of those books;
- The Report of the Directors is consistent with the financial statements;
- Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and
- The Company's statements of financial position and statements of profit or loss and other comprehensive income are in agreement with the books of account.

Signed by: Dr. Neema Kiure 
For and on behalf of Ernst & Young
Certified Public Accountants
Dar es Salaam

Date: 30/10/ 2024

AFRISIAN GINNING LIMITED

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

		2024	2023
		TZS '000	TZS '000
	Note		
Revenue	7	150,739,313	115,861,522
Cost of sales	8	(139,413,367)	(105,043,070)
Gross profit		11,325,946	10,818,452
Other operating income	10	546,424	223,236
Total income		11,872,371	11,041,688
Net foreign exchange differences	9	1,397,256	(1,344,198)
Administrative expenses	11	(5,929,316)	(3,451,323)
Depreciation of property, plant and equipment	13	(1,448,891)	(1,164,392)
Amortisation of intangibles		(30,537)	-
Amortisation of leasehold improvements	16	(187,856)	(177,278)
Operating profit		5,673,026	4,904,498
Finance and related costs	12	(4,814,620)	(3,904,078)
Profit before tax		858,406	1,000,419
Income tax expenses	15	(732,441)	(806,068)
Profit for the year		125,966	194,352
Other comprehensive income		-	-
Other comprehensive income net of tax		-	-
Total comprehensive income for the year net of taxes		125,966	194,352
Earnings per share		364	562

AFRISIAN GINNING LIMITED

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2024

		2024	2023
	Note	TZS '000	TZS '000
ASSETS			
Non-current assets			
Property, plant and equipment	13	131,038,850	61,623,495
Intangible assets	17	162,562	27,631
Leasehold property	16	12,102,170	11,564,398
Total non-current assets		143,303,582	73,215,525
Current assets			
Inventories	18	4,740,792	7,473,011
Tax receivable	15	-	13,321
Trade and other receivables	19	19,734,481	40,594,840
Cash and short-term deposits	20	353,534	307,031
Total current assets		24,838,808	48,388,203
Total assets		168,142,390	121,603,728
EQUITY AND LIABILITIES			
Equity			
Share capital	21	1,730,000	1,730,000
Revaluation reserve		17,356,584	17,356,584
Retained earnings		5,184,611	5,058,646
Total equity		24,271,195	24,145,230
Non-current liabilities			
Long term loan	22	75,521,183	28,621,785
Deferred tax liability	15	7,725,179	7,613,371
Total non-current liabilities		83,246,362	36,235,156
Current liabilities			
Trade and other payables	23	1,820,978	12,324,102
Short term loan	22	2,707,813	16,486,352
Tax payable	15	260,468	-
Bank overdraft	22	55,835,574	32,412,889
Total current liabilities		60,624,833	61,223,343
Total equity and liabilities		168,142,390	121,603,728

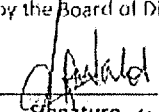
These financial statements were approved for issue by the Board of Directors on 30th Oct 2024
2024 and signed on its behalf by:


Samir Ismail

Name

Ismail Ismail

Name


Signature


Signature

Director

Title

Director

AFRISIAN GINNING LIMITED

STATEMENT OF CASH FLOWS
AS AT 31 MARCH 2024

		2024	2023
	Note	TZS '000	TZS '000
Profit before tax		858,406	1,000,419
Adjustment for:			
Depreciation	13	1,448,891	1,164,392
Amortization of Intangibles	17	30,537	-
Foreign exchange loss on borrowings	22	3,673,111	10,923
Gain on sale of fixed assets	10	(211,294)	(11,383)
Amortization of leasehold property	16	187,856	177,278
		<u>5,987,507</u>	<u>2,341,629</u>
Working capital changes:			
Decrease /(increase in inventories		2,551,933	(6,852,141)
Decrease/(increase) in trade receivables		20,860,359	(8,024,256)
(Increase)/decrease in trade payables		(10,503,124)	9,837,800
		<u>18,896,675</u>	<u>(2,696,968)</u>
Tax paid - Current	15	(211,698)	(854,224)
Tax paid - Previous year assessment	15	-	(102,059)
Net cash flows from operating activities		<u>18,684,977</u>	<u>(3,653,251)</u>
Investing activities			
Acquisitions of lease hold property	16	(1,073,083)	-
Purchase of property, plant and equipment	13	(70,919,354)	(33,657,066)
Acquisitions of intangible assets	17	(165,468)	(8,547)
Proceeds from sale of assets - PPE		139,000	161,017
Proceeds from sale of assets - Land		520,000	-
Net cash flows used in investing activities		<u>(71,498,905)</u>	<u>(33,504,596)</u>
Financing activities			
New loans and borrowings	22	30,024,063	42,154,434
Loan repayment	22	(576,316)	(9,480,407)
Net cash flows from financing activities		<u>29,447,748</u>	<u>32,674,027</u>
Net decrease in cash and cash equivalents		(23,366,181)	(4,483,820)
Cash and cash equivalents at 1 April		<u>(32,105,858)</u>	<u>(27,622,037)</u>
Cash and cash equivalents at 31 March	20	<u>(55,472,040)</u>	<u>(32,105,858)</u>

AFRISIAN GINNING LIMITED

STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2024

	SHARE CAPITAL TZS'000	REVALUATION RESERVE TZS'000	RETAINED EARNINGS TZS'000	TOTAL EQUITY TZS'000
At 1 April 2023	1,730,000	17,356,584	5,058,646	24,145,229
Profit for the year	-	-	125,966	125,966
At 31 March 2024	<u>1,730,000</u>	<u>17,356,584</u>	<u>5,184,611</u>	<u>24,271,195</u>
At 1 April 2022	1,730,000	17,356,584	4,864,294	23,950,878
Profit for the year	-	-	194,352	194,352
At 31 March 2023	<u>1,730,000</u>	<u>17,356,584</u>	<u>5,058,646</u>	<u>24,145,229</u>

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

1. CORPORATE INFORMATION

The Company is incorporated in Tanzania under the Tanzanian Companies Act, 2002 as a limited liability company and it is domiciled in Tanzania. The principal activities of the Company are disclosed in the Directors' report.

2. BASIS OF PREPARATION 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.

2.1. Going concern consideration

As at 31 March 2024 the Company's current liability exceeded current assets by TZS 37,786 million (2023: TZS 12,835 million).

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, and that therefore, the Company may be unable to realise assets and discharge liabilities in the normal course of business.

The Company's directors have made an assessment that there is no material uncertainty related to the Company's ability to continue as a going concern. The directors have considered the following factors and plans to ensure that the Company continues as a going concern:

- The Company is profit making and it has positive cash flows from operations of TZS 18,685 million. The Company is expected to continue being able to generate positive cash from operations to finance the expenditure requirements in the foreseeable future.
- The Company has measures in place to manage liquidity which includes a bank overdraft facility of USD 30,000,000 and term loan facility of TZS 24,000 million which are available to cover purchase of products and operations for the foreseeable future. Additionally, through the cash operating model whereby most of the sales are on cash basis, the Company is expected to continue being able to generate positive cash flows from operations to finance its activities and the expenditure required to maintain and improve its operations.
- The Company has received a letter of support from the Company Shareholders that confirms that the shareholders will provide necessary financial support to the Company to enable the Company to meet its obligations and liabilities as and when they fall due.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The ability of the Company to continue as a going concern depends on the ability of the Company to generate or otherwise have access to adequate liquidity to cover and pay for their expenses and liabilities as and when they fall due.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS), which is the Company's functional and presentation currency.

ii. Transactions and balances

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

b) Revenue recognition

Revenue represents income arising in the course of Company's ordinary activities, which leads to an increase of economic benefits during the accounting period. Revenue from contracts with customers is 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.

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:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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 services provided to customers is recognized at the point in time when service has been delivered to the customer. 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. In determining the transaction price for the sale of goods or provision of service, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any. Currently, the Company does not have contracts with customers that have significant financing components or consideration payable to customers.

Contract balances

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).

Contract liabilities

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

Contract balances

Cost to obtain a contract

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

c) Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of comprehensive income as incurred.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is calculated to write off the cost of the fixed assets on a reducing balance method over the estimated useful lives of the assets concerned. The annual rates used are as follows:

Item of PP&E	Depreciation Rate
Buildings	5%
Motor vehicles	25%
Plant and machinery	12.50%
Office equipment	33.33%
Furniture and fittings	12.50%
Air conditioners	12.50%
Generator	12.50%

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

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

d) Intangible assets

The Company's intangible assets include the value of computer software.

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation is 33.3%.

The amortisation period and amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

e) Prepaid Land rentals

These represent prepaid lease rentals for various title deeds of right of occupancy located in Tanzania and are initially recorded at cost. Subsequently, the prepaid lease are stated at historical cost less accumulated amortisation. Amortisation of the long term lease prepayments is calculated using the straight-line method to write down the residual value over their remaining lease period.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory costs are determined on a first in first out basis and comprise all expenditures that have been incurred in the normal course of business in bringing the stocks to their present location and condition. Net realizable value represents the estimated selling price in the ordinary course of business less estimated cost of disposal and after making allowance for damaged, obsolete and slow moving items. Costs incurred in bringing each product to its present locations and conditions are accounted for as follows:

Raw materials

Purchase cost on a first in, first out basis.

Finished goods and work in progress

Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Full provision is made in the financial statements for all excess, obsolete and damaged inventories.

g) Financial assets

i. Initial recognition

Initial recognition and measurement

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

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

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets (Continued)

Subsequent measurement

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

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

The Company's financial assets comprise financial assets at amortised cost (loans and receivables).

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets (Continued)

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 amounts due from related parties, bank balances, and trade receivables, 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 establishes 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 180 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.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

f) Interest bearing borrowings

Interest bearing borrowings are subsequently measured at amortised costs using the effective interest rate method. Amortised costs are calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses are recognized on the statement of comprehensive income when the liabilities are derecognised as well as through the amortization process.

g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

h) Impairment of non-financial assets

If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

i) Taxation

Current tax

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

Deferred tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income 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 carry-forward of unused tax credits and tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that at the time of transaction, affects neither accounting profit nor taxable profit or loss.

The carrying amount of the deferred income tax asset is reviewed at each statement of financial position date and reduced to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or liability settled, based on the tax rates that have been enacted at the statement of financial position date. Deferred income tax relating to items recognised in equity is recognised in equity and not in the statement of comprehensive income. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognised at amounts net of value added tax except where the value added tax is 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 part of the expense item as applicable.

Receivables and payables are stated with the amount of Value added Tax (VAT) included. The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of the receivables or payables in the statement of financial position.

j) Provisions

Provisions are made when the organization has a present obligation, as a result of past events where 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 for the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

k) Employee benefits

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

Pensions and other post-retirement benefits

All the Company employees are members of the National Social Security Fund (NSSF), which is a defined contribution plan to which employer and employees both contribute 10% of the employees' gross salaries. The contribution is charged to the statement of comprehensive income when incurred.

l) Leases

The leasehold land is amortized on a straight-line basis over the period of the lease.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Borrowings

Borrowings are recognised initially at the proceeds received; net of transaction costs incurred. Any difference between the proceeds received (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowing as an interest expense. Borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs that are incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

n) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Company receives non-monetary grants, the asset and the grant are recorded at nominal amounts and released to the statement of comprehensive over the expected useful life of the relevant asset by equal annual installments.

4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The new and amended standards and interpretations that became effective during the year, and those issued but not yet effective, did not and are not expected, respectively, to have significant impact on the Company's financial statements.

New and amended standard issued but not yet effective.

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

The new standards and interpretations are listed below:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1- effective 1 January 2024
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 - effective 1 January 2024
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7- effective 1 Jan 2024
- Lack of exchangeability - Amendments to IAS 21 - effective 1 Jan 2025
- IFRS S1
- IFRS s2

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

6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Taxation

The Company is subjected to several taxes and levies by various government bodies. As a rule of thumb, the Company recognises liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgement is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of managements in one way or other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

Deferred tax assets

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

Assets useful lives

The useful lives of property, plant and equipment have been estimated to be in line with the rate at which they are depreciated.

Impairment of non-financial assets

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for the customers. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

AFRISIAN GINNING LIMITED

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

	2024	2023
	TZS' 000	TZS' 000
7 REVENUE		
Pera Retail sales	1,489,959	1,603,608
Rice bran sales	21,531	-
Cashew Nut Sale	4,298,397	11,584,101
Cotton lint sale	39,661,529	28,835,625
Cotton seeds sale	8,077,021	6,190,587
Green mung sales	9,416,724	3,513,066
Jerry can sales	21,039	65,682
Maize Sale	444,345	127,122
Pigeon peas sales	16,739,603	8,337,613
Soya bean meal (DOC) sales	2,559,164	-
Soya beans sales	5,317,276	2,783,991
Fertiliser Subsidy Recovery	2,581,213	5,791,652
Rent Sales	110,143	73,839
Fertilizer	21,435,338	8,053,323
Sesame Sales	27,225,360	22,862,140
Local Rice Sale A/c	1,420,050	25,553
Ground nut sales	454,064	-
Black Beans Sales A/c	471,657	775,285
Yellow gram sales	8,679,173	14,846,923
AGL Transport Revenue	315,728	391,413
	<u>150,739,313</u>	<u>115,861,522</u>
8 COST OF SALES		
Opening stock	7,473,011	631,792
Purchases	113,740,388	92,663,978
Shipment expenses	8,083,844	7,961,253
Purchase expenses	14,856,917	11,259,059
	<u>144,154,159</u>	<u>112,516,081</u>
Closing stock	(4,740,792)	(7,473,011)
Cost of sales	<u>139,413,367</u>	<u>105,043,070</u>
9 NET FOREIGN EXCHANGE DIFFERENCES		
Foreign currency exchange revaluations losses	<u>(1,397,256)</u>	<u>1,344,198</u>
10 OTHER OPERATING INCOME		
Gain on disposal of Assets	211,294	11,383
Misc. Income	335,130	211,853
	<u>546,424</u>	<u>223,236</u>

AFRISIAN GINNING LIMITED

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

	2024 TZS' 000	2023 TZS' 000
11 ADMINISTRATION EXPENSES		
Director's fees	42,500	42,500
Advertisement & Promotional expenses	25,900	7,639
Audit fees	91,787	58,215
Business licence	32,813	44,094
Insurance expenses	243,084	177,125
Land rent and property Tax	43,823	31,161
Cash transfer charges	119	317.05
Bad debts	36,602	941
Newspaper and magazine expenses	81,367	37,496
Postage and courier	12,543	1,794
Printing and stationery	13,842	29,286
Security expenses	51,091	37,691
Consultancy fees	88,697	30,898
Telephone and communication charges	26,010	25,432
Travelling expenses	259,633	175,388
Donation and miscellaneous expenses	-	32,749
Staff cost - 11(a)	2,249,754	1,920,853
Legal expenses	19,030	4,464
Computer & Office Supplies	106,012	35,366
Utilities	89,335	72,712
Freight Costs	840	38,517
Vehicle & Fuel Expenses	404,415	115,591
General expenses	21,394	30,789
Repairs & Maintenance	811,764	68,264
Visa & Permits	115,515	48,795
Write off expenses	-	382,963
VAT Expense	1,005,992	-
Corporate Tax Penalties	31,699	-
Fines & Penalties	23,753	280
	<u>5,929,316</u>	<u>3,451,323</u>
11.(a)Staff cost		
Social security contribution	161,963	137,752
Medical expenses	86,408	10,097
Salary	1,619,508	1,419,169
Skill development levy	59,169	53,362
Workers' compensation	11,136	9,718
Severance Pay	1,027	3,789
Food and Travel Expense Reimbursement	310,543	286,967
	<u>2,249,754</u>	<u>1,920,853</u>
12 FINANCE AND RELATED COSTS		
Bank charges	412,677	377,511
Interest on working capital loan	4,401,943	3,526,567
	<u>4,814,620</u>	<u>3,904,078</u>

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

13. PROPERTY, PLANT AND EQUIPMENT

Cost	BUILDINGS TZS '000'	FURNITURE & FITTINGS TZS '000'	PLANT AND MACHINERY TZS '000'	MOTOR VEHICLES TZS '000'	OFFICE EQUIPMENT TZS '000'	AIR CONDITION & GENERATOR TZS '000'	CAPITAL WIP TZS '000'	Total TZS '000'
At 01st April 2022	16,906,177	280,940	10,079,771	4,696,363	487,128	246,032	11,762,051	44,458,462
Reclassification	412,065	-	-	(46,738)	-	-	(993,137)	(27,811)
Additions	-	-	-	-	-	-	33,657,066	33,657,066
Transfer	1,514,935	185,231	1,287,324	80,431	62,627	-	(3,330,548)	(200,000)
Disposal	-	-	(201,872)	(227,134)	-	-	-	(429,006)
At 31st March 2023	18,833,177	466,171	11,165,223	4,502,923	549,754	246,032	41,695,432	77,458,712
Additions	2,009,344	12,652	1,124,952	671,901	57,617	-	67,042,888	70,919,354
Disposal	-	-	-	(68,656)	-	-	-	(68,656)
At 31st March 2024	20,842,521	478,823	12,290,175	5,106,168	607,371	246,032	108,738,320	148,309,410
<u>Accumulated depreciation</u>								
At 01st April 2022	3,529,355	190,847	6,799,576	3,821,232	374,918	196,266	-	14,912,214
Reclassification	-	-	1,115	8,252	-	837	27,678	37,882
Charge for the year	399,297	13,456	491,584	210,272	43,670	6,114	-	1,164,392
Disposal	-	-	(131,166)	(148,206)	-	-	-	(279,372)
At 31st March 2023	3,928,652	204,302	7,161,109	3,891,550	418,588	203,236	27,678	15,835,116
Charge for the year	515,196	32,846	592,535	251,510	51,454	5,350	-	1,448,891
Disposal	-	-	-	(13,448)	-	-	-	(13,448)
At 31st March 2024	4,443,848	237,148	7,753,644	4,129,612	470,042	208,586	27,678	17,270,560
NET BOOK VALUE								
At 31st March 2024	16,398,673	241,675	4,536,531	976,556	137,329	37,446	108,710,642	131,038,850
At 31st March 2023	14,904,525	261,869	4,004,114	611,373	131,166	42,796	41,667,754	61,623,495
At 31st March 2022	13,376,823	90,093	3,280,195	875,131	112,211	49,746	11,762,051	29,485,102

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

	2024 TZS' 000	2023 TZS' 000
14 EARNINGS PER SHARE		
Basic earnings per share amount is calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.		
Profit attributable to ordinary equity holders	125,966	194,352
Weighted average number of ordinary shares	<u>346,000</u>	<u>346,000</u>
Earnings per share	<u>364</u>	<u>562</u>
15 TAXATION		
a) Tax expense		
Current tax	540,035	496,079
Previous year tax paid	-	89,086
Capital gain tax	48,900	
Previous year tax paid	31,698	344,824
Deferred tax (credit)/charge	<u>111,808</u>	<u>(123,922)</u>
	<u>732,441</u>	<u>806,068</u>
b) Tax Receivable/(Payable)		
Balance at 1 April	13,321	(12,973)
Previous year tax paid	(31,698)	102,059
Charge for the year	(540,035)	(496,079)
Paid during the year	180,000	484,800
Under provision last year	7,458	(89,086)
Withholding tax at source	110,485	24,600
Balance at 31 March	<u>(260,468)</u>	<u>13,321</u>
c) Deferred tax liability		
Balance at 1 April	7,613,371	7,737,293
Charge/(credit) to profit	<u>111,808</u>	<u>(123,922)</u>
Balance at 31 March	<u>7,725,179</u>	<u>7,613,371</u>
Details of the deferred income tax liability are as follows:		
Property, plant and equipment	<u>7,725,179</u>	<u>7,613,743</u>
	<u>7,725,179</u>	<u>7,613,743</u>
d) Reconciliation of standard tax to effective tax		
Profit before tax	<u>858,406</u>	<u>1,000,419</u>
Standard tax at 30%	257,522	300,126
Tax effect of expenses not deductible for tax	<u>474,919</u>	<u>505,941</u>
	<u>732,441</u>	<u>806,067</u>

AFRISIAN GINNING LIMITED

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

	2024 TZS' 000	2023 TZS' 000
16 PREPAID LAND RENTAL		
Leased asset	12,746,400	12,546,400
Additions	1,073,083	-
Disposals	(473,000)	-
Transfer from WIP	-	200,000
	<u>13,346,483</u>	<u>12,746,400</u>
Amortisation Accumulated amortisation		
Opening balance	1,182,002	1,004,724
Disposals	(125,545)	-
Amortisation charge during the year	187,856	177,278
	<u>1,244,313</u>	<u>1,182,002</u>
At 31 March	<u><u>12,102,170</u></u>	<u><u>11,564,398</u></u>
17 INTANGIBLE ASSETS		
Cost - 1 April 2022		
Opening balance	27,631	19,085
Addition during the year	165,468	8,547
As at 30 March	<u>193,099</u>	<u>27,631</u>
Accumulated amortisation		
Charge during the year	30,537	-
	<u>30,537</u>	<u>-</u>
Carrying amount	<u><u>162,562</u></u>	<u><u>27,631</u></u>
18 INVENTORIES		
Agricultural products	4,740,792	7,473,011
	<u>4,740,792</u>	<u>7,473,011</u>
19 TRADE AND OTHER RECEIVABLES		
Trade debtors	19,069,438	31,918,728
Prepayments	657,267	618,736
Loans and advances	7,776	356,202
Valued added tax receivable	-	7,701,174
	<u>19,734,481</u>	<u>40,594,840</u>
Trade receivables are non interest bearing and are generally on 30 days terms. As at 31 March, the ageing analysis of trade receivables was as follows:		
Up to 30 days	4,697,958	6,164,538
61 days	2,975,133	1,425,671
>91 days	11,396,348	24,333,518
As 31 March	<u><u>19,069,438</u></u>	<u><u>31,923,727</u></u>

AFRISIAN GINNING LIMITED

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

	2024 TZS' 000	2023 TZS' 000
20 CASH AND BANK BALANCE		
Cash at bank	363,534	307,031
	<u>363,534</u>	<u>307,031</u>
For the purpose of the statement of cash flows, cash and cash equivalents are made up of the following:		
Cash and bank balances	363,534	307,031
Bank overdraft	(55,835,574)	(32,412,889)
	<u>(55,472,040)</u>	<u>(32,105,858)</u>
21 SHARE CAPITAL		
Authorised share capital		
400,000 ordinary shares of TZS 5,000 each	2,000,000	2,000,000
Issued and paid up capital		
346,000 ordinary shares of TZS 5,000 each	1,730,000	1,730,000
22 BORROWINGS		
(a) Bank I&M		
Opening balance	-	9,178,818
Additions during the year	2,805,000	-
Repayment during the year	(236,347)	(9,178,818)
Forex gain	51,919	-
	<u>2,620,572</u>	<u>-</u>
(b) Bank CRDB		
Opening balance	27,844,677	-
Additions during the year	-	27,844,677
Foreign exchange differences	1,452,469	-
	<u>29,297,146</u>	<u>27,844,677</u>
(c) Bank ECOBANK		
Opening balance	777,108	1,067,774
Repayment during the year	(339,968)	(301,589)
Forex gain	60,025	10,923
	<u>497,164</u>	<u>777,108</u>
(d) Tanzania Agricultural Development Bank-TADB		
Addition during the year	15,394,113	-
	<u>15,394,113</u>	<u>-</u>
(e) Corporate Bonds - 2		
Opening balance	16,486,352	3,244,370
Additions during the year	11,824,950	13,241,982
Forex gain	2,108,698	-
	<u>30,420,000</u>	<u>16,486,352</u>
Total loan	<u>78,228,996</u>	<u>45,108,138</u>
Classification		
Current	2,707,813	16,486,352
Noncurrent	75,521,183	28,621,785
	<u>78,228,996</u>	<u>45,108,138</u>

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

22 BORROWINGS (BORROWINGS)

	2024 TZS' 000	2023 TZS' 000
<i>(f) Bank overdraft</i>		
Bank NBC	(583)	(1,865)
Bank Absa	18,262,758	8,254,588
Bank I&M	11,909,189	6,873,683
Bank CRDB	25,664,527	17,286,484
Bank Nedbank	(317)	-
	<u>55,835,574</u>	<u>32,412,889</u>

a) Term loan I & M

The term loan was given from I & M Bank, the facility available was shall be USD 4,000,000 (United States Dollar Four Million Only), the purposes of the loan shall only be towards Construction of Packaging plan and for imported palm and sunflower oil.

Interest and Commissions

The Company Shall pay the interest on daily outstanding amount of the loans, the rates will be, the sublimit of export bills Discounting and New term loan facilities will be charged at Bank USD Prime Lending rate minus 2% effective 8% per annum.

Repayment

The new term loan shall be repayable through 84 equal monthly principal payments of USD 55,556 (united states Dollar Fifty-five Dollars fifty five thousand five hundred fifty six only.) plus interest commencing after expiry 12 months moratorium period during which only interest will be serviced.

b) Term loan CRDB Bank

The term loan was given from CRDB Bank, The principal amount available under the facility shall be USD 36,200,000 (United States Dollars Three Million Only), the purposes of the loan is to finance the acquisition and commissioning of expelling plant, solvent extraction, refinery plants, storage facilities and imported civil structures.

Interest and Commissions

Interest rate shall be based on 12 months LIBOR plus margin of 4.25% with a minimum floor rate of 7% per annum. If utilization is in TZS, the interest rate shall be based on 365 weighted average yield on treasury bills (issued by the bank of Tanzania) plus a margin of 5.5% with a minimum floor rate of 14% per annum.

Repayment

Without prejudice to the continuous right of the bank to demand repayment of all amounts due under this facility letter (upon an occurrence of an event of default as specified under the facility agreement), the outstanding facility and any interest accrued thereon from time to time shall be repaid in equal monthly instalments.

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

22. BORROWINGS (CONTINUED)

c) Term loan Eco Bank

The term loan was given from Eco Bank, the principal amount available under the two different facilities shall be USD 120,870 and USD 346,500 (United States Dollars), the purposes of the loan for the importation of plants and machinery.

Interest and Commissions

Interest rate will be charged at the bank's Tanzania base lending rate currently at 10% per annum minus 4% spread, meaning 6% payable monthly in arrears. The bank's base lending rate is subject to review from time to time by the bank in line conditions with 14 days prior notice to the borrower from the bank.

Repayment

Principal and interest will be repaid in 36 equal monthly instalments from the date of disbursement. Loan instalments will be collected monthly by debiting the current account of the obligor maintained with the lender.

d) TADB Bank Loan

The term loan was given from TADB Bank, the principal amount available under the facility shall be TZS 26,118,400,000 to be utilized to finance phase II of eligible oil project on capital expenditure to purchase installation and commissioning of multiple seed solvent processing plant, preparatory, civil works and storage facilities for edible oil. Funds shall be disbursed directly to the supplier service provider where necessary through borrower account subject to submission of invoices/quotations acceptable to TADB.

Interest and Commissions

Interest charge will be 9% per annum. The facility will be available to the borrower by means of disbursing borrower's account number held at CRDB.

Repayment

The facility will be for a period of 120 months including a grace period of 24 months counted from the day of first disbursement.

The company has four Overdraft facilities. The first one is at ABSA Bank for financing working capital with the limit of USD 1,000,000 which is inter available between Tanzania Shillings and US Dollar on Afrisian option. The interest rate is at 12 months T-bills + 5.5 per cent (Minimum 11.25% per annum for TZS or 3 Month SOFR + 3% per annum for USD and also the Afrisian has facility of revolving short-term loan (RSTL) with the limit of USD 7,000,000 which is inter available between Tanzania Shillings and US Dollar on Afrisian option. The interest rate is at 3-month SOFR + 3% per annum for USD or (12 months T-bill + 5.5% (minimum 11.25%) per annum for TZS. The second overdraft facility of term loan cum letters of credit and export bills discounting facility is at I&M Bank with the limit of USD 4,700,000 out of which USD 3,000,000 as overdraft facility to be used interchangeably with TZS currency and USD 1,700,000 as new export bill discounting / import letter of credit facility. The borrower shall pay interest on the daily outstanding amounts of the loans (as well as before any demand, judgement, insolvency or liquidation of the borrower (as the case may be) the following rates, the Sub-limit of Export Bills Discounting and New Term Loan Facilities will be charged at Bank's USD Prime Lending rate minus 2% effective 8% per annum and at banks TZS prime lending rate minus 7.75% with minimum floor rate of 11.25% per annum and The third overdraft facility is at CRDB Bank with the limit of USD 17,200,000 and TZS. 10,800,000,000. The interest rate is at 7% & 14% per Annum for respectively for USD and Tanzania Shilling facilities.

AFRISIAN GINNING LIMITED

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

	2024 TZS' 000	2023 TZS' 000
23 TRADE AND OTHER PAYABLES		
Trade payables	1,549,178	12,190,115
Accrued expenses	271,801	114,387
	<u>1,820,978</u>	<u>12,304,502</u>

24 CAPITAL COMMITMENT AND CONTINGENCIES

No capital commitments during the year

Legal claims

Litigation is common occurrence in the agricultural trading business due to the nature of the business. The Company has an established protocol for dealing with such claims. Once professional advice has been obtained and the amount of damages reasonably estimated, the Company makes adjustments to account for any adverse effects which the claims may have on its financial standing. At year-end, the Company had no pending legal claims (2023: Nil claim).

25 RELATED PARTY TRANSACTIONS

In the course of its operations, the Company enters into transactions with related parties, which include the Directors and key management personnel. The related party transactions during the year are:

Key management compensation

Salaries and allowances	414,000	424,100
Director's fee	42,500	42,500
	<u>456,500</u>	<u>466,900</u>

Key management personnel of the Company comprise of the general manager, ginnery manager, sales & marketing manager and the directors.

26 NUMBER OF EMPLOYEES

The number of employees employed by the Company at the end of the year was 299 (2023:264).

Pension benefit plan

The Company operates a defined contribution plan through National Social Security Fund (NSSF) and Public Pension Fund (PPF) to which both the employer and employee contribute 10% of employee's gross salary. All employees are members of the National Social Security Fund (NSSF) or Public Pension Fund (PPF).

Company's contribution to the NSSF/PPF	<u>161,963</u>	<u>137,752</u>
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

27. RISK MANAGEMENT

The Company's principal financial liabilities are bank overdraft, trade payables and loans given. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash at banks and on-hand, which arise directly from its operations.

The main risks arising from the Company's financial instruments are liquidity risk, foreign currency risk, interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks which are summarized below.

a) Liquidity risk

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

b) Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar (US\$). The Company invoices customers in US\$ and pays foreign suppliers in US\$. This mode of billing and account settlement mitigates any foreign exchange exposure. Management monitors on timely basis the foreign exchange risk of the Company.

c) Interest rate risk

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

d) Credit risk

Credit risk is the risk that a customer or counter party to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Company. Potential concentration of credit risk consists principally of trade debtors. Trade debtors are presented net of allowance of doubtful debts. Accordingly, the Company has no significant concentration of credit risk which has not been adequately provided for.

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available and thus the Company being unable to fulfil its existing and future cash flow obligations. The Company has set the finance department which among other functions monitors the maturity gap of the Company's assets against maturing liabilities. The table below summarizes the maturity profile of the Company's financial liabilities as 31 March 2024 and 31 March 2023:

At 31 March 2024	Up to 6 months TZS'000	Total TZS'000
Bank overdraft	55,832,498	55,832,498
Trade and other payables	1,549,178	1,549,178
Total financial liabilities	57,384,752	57,384,752
At 31 March 2023		
Bank overdraft	34,899,096	34,899,096
Trade and other payables	1,717,051	1,717,051
Total financial liabilities	36,616,147	36,616,147

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

27. RISK MANAGEMENT (CONTINUED)

e) Credit risk management

Credit risk is the risk that a customer or counter party of a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables is grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the statement of financial position. The Company does not hold collateral as security.

f) Currency risk

Foreign currency exchange risk

The various currencies to which Afrisian Ginning Limited is exposed at 31 March 2024 are as shown below:

	TZS '000	US\$	Total TZS '000
Financial assets			
Trade and other receivables	14,469,718	4,736,251	19,205,968
Cash and bank balances	355,682	8,016	363,698
	<u>14,825,399</u>	<u>4,744,267</u>	<u>19,569,666</u>
Financial liabilities			
Bank overdraft	28,373,303	27,459,195	55,832,498
Trade and other payables	1,717,051	12,397,041	14,114,092
	<u>30,090,354</u>	<u>39,856,237</u>	<u>69,946,590</u>
Net exposure	<u>(15,264,954)</u>	<u>(35,111,970)</u>	<u>(50,376,924)</u>
Applied exchange rates			
	US\$/TZS		
On 1 April 2023	2,583		
On 31 March 2024	2,600		

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

27 RISK MANAGEMENT (CONTINUED)

f) Currency risk (Continued)

Foreign currency exchange risk

The various currencies to which Afrisian' Ginning Limited is exposed at 31 March 2023 are as shown below:

	TZS '000	US\$	Total TZS '000
Financial assets			
Trade and other receivables	36,785,119	3,814,720	40,599,840
Cash and bank balances	-	307,031	307,031
	<u>36,785,119</u>	<u>4,121,752</u>	<u>40,906,871</u>
Financial liabilities			
Bank overdraft	19,411,932	13,000,958	32,412,889
Trade and other payables	12,303,744	758	12,304,502
	<u>31,715,676</u>	<u>13,001,716</u>	<u>44,717,393</u>
Net exposure	<u>5,069,443</u>	<u>(8,879,964)</u>	<u>(3,810,521)</u>

Applied exchange rates

US\$/TZS

On 1 April 2022 2,313

On 31 March 2023 2,383

a) Interest rate risk

The Company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of interest rates on its financial position and cash flows. The table below summarizes the exposure to interest rate risk.

	3 to 6 months	Non-interest bearing	Total
	TZS'000	TZS'000	TZS'000
At 31 March 2024			
Bank overdraft	55,832,498	-	55,832,498
Trade and other payables	-	1,820,978	1,820,978
Total financial liabilities	<u>55,832,498</u>	<u>1,820,978</u>	<u>57,656,553</u>
At 31 March 2023			
Bank overdraft	32,412,889	-	32,412,889
Trade and other payables	-	12,324,102	12,324,102
Total liabilities	<u>32,412,889</u>	<u>12,324,102</u>	<u>44,736,992</u>

AFRISIAN GINNING LIMITED

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

28 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2024 and 31 March 2023. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, bank overdraft, trade and other payables, less cash and cash equivalents. Capital includes issued and full paid capital, retained earnings and other reserves.

	2024 TZS'000	2023 TZS'000
Bank overdraft	55,832,498	32,412,889
Trade and other payables (Note 23)	1,820,978	12,304,502
Less: Cash and bank balance (Note 20)	(363,698)	(307,031)
Net debt	<u>57,349,521</u>	<u>44,600,789</u>
Capital	<u>24,145,229</u>	<u>23,807,469</u>
Capital and net debt	81,494,751	68,408,258
Gearing ratio	<u>30%</u>	<u>35%</u>

29. FAIR VALUE ADJUSTMENTS

The fair value of the Company's financial instruments reasonably approximates its fair value due to the short-term nature of the instruments or the fact that interest bearing instruments bear interest rates that are in line with the market.

30. EVENT AFTER THE REPORTING PERIOD

There is no known event after the reporting period that requires disclosure or adjustment in the financial statements.