



ANNUAL REPORT 2022

KAMAL STEELS LIMITED

P.O. BOX 10392

DAR ES SALAAM

KAMAL STEELS LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

TABLE OF CONTENTS

Sr. No.	Particulars	Page No.
1	Corporate Information	1
2	Directors' Report & Statement of Directors' Responsibilities	2 to 5
3	Declaration of the Head of Accounting and Finance	6
4	Independent Auditor's Report	7 & 8
5	Statement of Profit or Loss and Other Comprehensive Income	9
6	Statement of Financial Position	10
7	Statement of Changes in Equity	11
8	Statement of Cash Flows	12
9	Significant Accounting Policies	13 to 19
10	Notes to the Financial Statements	20 to 27

KAMAL STEELS LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

CORPORATE INFORMATION

Board of Directors

<u>Name</u>	<u>Nationality</u>
Mr. Gagan Santosh Gupta	Indian
Mr. Sameer Santosh Gupta	Tanzanian
Mr. Satyam S. Gupta	Indian

Registered Office of the Company

Plot 188/2, Mwakalinga Road,
Chnag'ombe, Industrial Area,
P. O. Box 10392
Dar es Salaam,
Tanzania.

Auditors

Baker Tilly DGP & Co.,
Certified Public Accountants,
P. O. Box 1314,
Dar es Salaam,
Tanzania.

Company Secretary

Satyam S. Gupta
P. O. Box 10392
Dar es Salaam,
Tanzania.

Bankers

Bank of India (Tanzania) Ltd
CRDB Bank Plc
HDFC Bank
United Bank of Africa (Tanzania) Limited
Bank of Baroda (Tanzania) Limited
NBC Bank Limited
Standard Chartered Tanzania
NMB Bank Plc
Azania Bank

**KAMAL STEELS LIMITED, P. O. BOX - 10392, DAR ES SALAAM
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2022**

The Members,

The Directors have pleasure in submitting their report together with the financial statements for the year ended 31st December, 2022 which discloses the state of affairs of the Company. The financials have been prepared for the year ending on 31st December, 2022.

1. DIRECTORS

The Directors of the Company at the date of this report, all of whom have served since 3rd February, 2004, unless otherwise stated are:

<u>Name</u>	<u>Nationality</u>	<u>Position</u>
Mr. Gagan Santosh Gupta	Indian	Chairman
Mr. Sameer Santosh Gupta	Tanzanian	Director
Mr. Satyam S. Gupta	Indian	Director

In accordance with the Company's Articles of Association, the Directors are not required to retire by rotation.

2. COMPANY SHAREHOLDING

As at 31st December, 2022 the Company had 582,949 shares of Tzs 10,000 each. The shareholders are listed below:

Name of Shareholder	No. of Shares
Mr. Gagan Santosh Gupta	284,544
Mr. Sameer Santosh Gupta	297,405
Mr. Satyam S. Gupta	1,000
Total	582,949

3. PRINCIPLE ACTIVITIES

The principal activity of the Company is manufacturing Steel Bars and Angels including rolling, re-rolling of metal scrap and steel mill manufacture.

4. CORPORATE GOVERNANCE

The Board of Directors consists of three Directors. All of the Directors are involved in day-to-day operations of the Company. The Board takes overall responsibility for the Company including responsibility of identifying key risk areas, considering and monitoring 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 Board is meeting at regular intervals. The Board delegates the day-to-day management of the business to the Managing Director, the Director and the senior management.

Senior management is invited to attend the board and management meetings and facilitates the effective control of all the Company's operational activities, as a medium of communication and coordination between all the various business units.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2022**

The Company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency and accountability.

5. 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 operations control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding: -

- The efficiency and effectiveness of operations;
- The safeguarding of 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 behavior 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's internal control system is designed to provide the Board with reasonable assurance that the procedures in place are operating efficiently.

The Board assessed the internal control systems throughout the financial year ended 31st December, 2022 and is of the opinion that they met accepted criteria.

The Board carries risk and internal control assessment through Board Meetings and Management meetings, on a regular basis.

6. SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on going concern basis. The Board of Directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

7. RESULTS AND DIVIDEND

The financial results are set out at Page No. 9-12 of this report. The Directors do not recommend any dividend for this period.

8. STATUTORY PAYMENTS

Payments of all statutory dues such as Pay As You Earn, National Social Security Fund, Skills & Development levy and VAT were made in time.

9. RELATED PARTY DISCLOSURE

Related Party Transactions are all carried out at 'Arm Length' price.

**KAMAL STEELS LIMITED, P. O. BOX - 10392, DAR ES SALAAM
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2022**

10. AUDITORS

The auditors, M/s. Baker Tilly DGP & Co, have expressed their willingness to accept the appointment in office as auditors and are eligible for appointment.

11. ACKNOWLEDGEMENTS

Your Directors wish to place on records, their sincere thanks and deep sense of appreciation for the overwhelming co-operation and assistance received from the Government of Tanzania, the Tanzania Revenue Authority, Tanzania Port Authority, various other Government and Semi Government organizations, the bankers of the Company and last but not the least the employees of the Company. The management looks forward for the continued support from all for the coming future.

BY ORDER OF THE BOARD



DIRECTOR

Name: SATYAMIS GUPTA

Dated: 19/07/2023

DIRECTOR

Name:

Dated:

**KAMAL STEELS LIMITED, P. O. BOX - 10392, DAR ES SALAAM
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2022**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act requires the Directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its profit or loss. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

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 the requirements of the Companies Act. 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 and of their profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

BY ORDER OF THE BOARD



DIRECTOR

Name: SATYAM S GUPTA

Dated: 19/07/2023

DIRECTOR

Name:

Dated:

**KAMAL STEELS LIMITED, P. O. BOX - 10392, DAR ES SALAAM
ANNUAL REPORT AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST DECEMBER 2022

DECLARATION OF THE HEAD OF ACCOUNTING AND FINANCE

The National Board of Accountants and Auditors (NBAA) according to power conferred under the Auditors and Accountants (Registration) Act 33 of 1972, as amended by Act No. 2 of 1995, require 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 / Governing Body / Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity 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 / Governing Body as under Statement of Directors' Responsibilities on an earlier page.

I, CPA JOYCE WILFREDA, hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31st December, 2022 have been prepared in compliance with the applicable accounting standard and statutory requirements. I thus confirm that the financial statements give a true and fair view position of Kamal Steels Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed: 

NBAA Membership No.: ALPA 3895

Dated: 19/07/2023

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF
KAMAL STEELS LIMITED****Opinion**

We have audited the standalone financial statements of Kamal Steels Limited, which comprise the Statement of Financial Position as at 31st December, 2022, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December, 2022 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 2002.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with The National Board of Accountants and Auditors (Code of Ethics) By - Laws, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Director's Report as required by the Companies Act, 2002, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report 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.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 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.

Auditor's responsibilities for the audit of 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 disclosure made by the directors.

Conclude on the appropriateness of the director's 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.



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

As required by the Companies Act, 2002, we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books;
- iii) the director's report is consistent with the financial statements;
- iv) information specified by the law regarding director's remuneration and transactions with the Company is disclosed; and
- v) the Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.

**For, Baker Tilly DGP & Co.
Certified Public Accountants,**



**Kailas K. Bhattbhatt
Partner**

Place: Dar es Salaam

Date : **28th July 2023**

KAMAL STEELS LIMITED
P.O. Box 10392, Dar es Salaam


**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2022**

PARTICULARS	NOTE	2022 TZS '000	2021 TZS '000
Revenue		62,423,002	49,810,578
Cost of sales	4	<u>(50,741,243)</u>	<u>(39,044,298)</u>
Gross profit		11,681,759	10,766,280
Other income	5	<u>2,513,009</u>	<u>1,126,230</u>
<u>Less: Expenses</u>		<u>14,194,768</u>	<u>11,892,510</u>
Administrative expenses	6	(5,403,765)	(5,306,845)
Selling and distribution expenses	7	(1,909,328)	(1,409,397)
Financial expenses	8	<u>(4,111,092)</u>	<u>(2,598,651)</u>
		<u>(11,424,185)</u>	<u>(9,314,893)</u>
Profit / (loss) before depreciation		<u>2,770,583</u>	<u>2,577,617</u>
Less: Depreciation		<u>(1,858,548)</u>	<u>(1,476,258)</u>
Profit / (loss) before tax		912,035	1,101,359
Less: Tax expense / credit	9	<u>(338,620)</u>	<u>(743,704)</u>
Profit / (loss) after tax		<u>573,415</u>	<u>357,655</u>

The significant accounting policies on pages 13 to 19 and the notes on pages 20 to 27 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 & 8.

The financial statements on Pages 9 to 27 were approved by the Board of Directors and signed on behalf by:



Director
Name: SATYAM S GUPTA
Dated: 19/07/2023

Director
Name: _____
Dated: _____

KAMAL STEELS LIMITED
P.O. Box 10392, Dar es Salaam

STATEMENT OF FINANCIAL POSITION AS ON 31ST DECEMBER 2022

PARTICULARS	NOTE	31st December	31st December
		2022	2021
		TZS '000	TZS '000
Non current assets			
Property, plant & equipment	22	34,234,218	35,295,794
Intangible assets	23	28,419	-
Investments	10	2,081,323	2,081,323
Other non-current assets	11	48,093,463	43,102,352
		<u>84,437,423</u>	<u>80,479,469</u>
Current assets			
Inventories	12	13,227,403	10,262,259
Trade and other receivables	13	34,612,731	19,482,134
Cash and cash equivalents	14	225,426	949,960
		<u>48,065,560</u>	<u>30,694,353</u>
Total assets		<u>132,502,983</u>	<u>111,173,822</u>
Equity			
Share capital	15	5,829,490	5,829,490
Revaluation reserve		17,818,653	17,947,427
Retained earnings		2,130,915	1,373,537
Share application money		1,822,129	1,822,129
		<u>27,601,187</u>	<u>26,972,583</u>
Non current liabilities			
Long term liabilities	16	417,999	418,139
Borrowings	17	53,756,280	39,307,665
Deferred tax liabilities	9	5,004,336	5,101,143
		<u>59,178,615</u>	<u>44,826,947</u>
Current liabilities			
Trade and other payables	18	19,758,210	16,188,142
Provisions	19	1,097,893	806,906
Bank overdraft	20	18,570,176	12,678,923
Borrowings	17	6,209,551	9,589,795
Current tax	21	87,353	110,526
		<u>45,723,183</u>	<u>39,374,292</u>
Total equity and liabilities		<u>132,502,983</u>	<u>111,173,822</u>

The significant accounting policies on pages 13 to 19 and the notes on pages 20 to 27 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 & 8.

The financial statements on Pages 9 to 27 were approved by the Board of Directors and signed on behalf by:

Director
Name: SATYAM S GUPTA
Dated: 19/07/2023

Director
Name: _____
Dated: _____

KAMAL STEELS LIMITED
P.O. Box 10392, Dar es Salaam

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2022

PARTICULARS	Share capital	Revaluation	Retained	Total
	TZS '000	reserve TZS '000	earnings TZS '000	TZS '000
Year ended 31st December 2021				
As at start of the year	5,829,490	18,176,992	687,932	24,694,414
Transfer of revaluation depreciation from reserve	-	(327,950)	327,950	-
Deffered tax liability on revaluation	-	98,385	-	98,385
	5,829,490	17,947,427	1,015,882	24,792,799
Net profit / (loss)	-	-	357,655.00	357,655
At the end of the year	5,829,490	17,947,427	1,373,537	25,150,454
Period ended 31st December 2022				
As at start of the year	5,829,490	17,947,427	1,373,537	25,150,454
Transfer of revaluation depreciation from reserve	-	(183,963)	183,963	-
Deffered tax liability on revaluation	-	55,189	-	55,189
	5,829,490	17,818,653	1,557,500	25,205,643
Net profit / (loss)	-	-	573,415	573,415
At the end of the year	5,829,490	17,818,653	2,130,915	25,779,058

The significant accounting policies on pages 13 to 19 and the notes on pages 20 to 27 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 & 8.

The financial statements on Pages 9 to 27 were approved by the Board of Directors and signed on behalf by:

Director
 Name: SATYAM J GUPTA
 Dated: 19/07/2023

Director
 Name: _____
 Dated: _____

KAMAL STEELS LIMITED
P.O. Box 10392, Dar es Salaam


STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2022

PARTICULARS	2022 TZS '000	2021 TZS '000
<u>Cash flows from operating activities</u>		
Profit / (loss) before tax	912,035	1,101,359
Adjustment for:		
Depreciation & amortisation	1,893,552	1,522,635
Profit / loss on sale of fixed assets	(122,839)	-
Provision for impairment	(3,857)	(3,047)
	<u>2,678,891</u>	<u>2,620,947</u>
<u>Movements in working capital:</u>		
(Increase) / decrease in inventories	(2,965,144)	(3,994,033)
(Increase) / decrease in trade and other receivables	(15,126,740)	(9,749,149)
Increase / (decrease) in trade and other payables	3,570,066	8,458,299
Increase / (decrease) in provisions	290,987	196,770
Cash generated from operations	<u>(11,551,940)</u>	<u>(2,467,166)</u>
Less: Taxes paid	(403,411)	(205,244)
Net cash generated by operating activities (A)	(11,955,351)	(2,672,410)
<u>Cash flow from investing activities</u>		
Payments for purchase of property, plant and equipment	(831,164)	(1,236,164)
Payments for purchase of intangibles	(29,231)	-
Investment	-	(271,675)
Proceed from disposal of property, plant and equipment	122,839	-
Net cash used in investing activities (B)	(737,556)	(1,507,839)
<u>Cash flow from financing activities</u>		
Increase/ (decrease) in Long term Loan	(4,991,251)	(38,892,826)
Proceed from borrowings	11,068,371	44,731,239
Net cash generated by financing activities (C)	6,077,120	5,838,413
Net increase in cash and cash equivalents (A+B+C)	(6,615,787)	1,658,164
Cash and cash equivalents at the beginning of the year	<u>(11,728,963)</u>	<u>(13,387,127)</u>
Cash and cash equivalents at the end of the year	(18,344,750)	(11,728,963)

The significant accounting policies on pages 13 to 19 and the notes on pages 20 to 27 form an integral part of these financial statements.

Report of the Independent Auditor's on page 7 & 8.

The financial statements on Pages 9 to 27 were approved by the Board of Directors and signed on behalf by:

Director 
Name: SATYAM S GUPTA
Dated: 19/07/2023

Director _____
Name: _____
Dated: _____

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

1. GENERAL INFORMATION

Kamal Steels Limited is incorporated in Tanzania under the 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. The address of its registered office is:

Plot No. 188/2, Mwakalinga Road,
Chnag'ombe, Industrial Area,
P.O. Box 10392,
Dar es Salaam,
Tanzania.

2. ADOPTION OF NEW AND REVISED STANDARDS & INTERPRETATIONS

A. Standards, Amendments to the standards and Interpretations effective in the year 2022

The following standards, amendments and new interpretations issued by the IFRIC and are mandatory for the accounting periods beginning on or after 1st January 2022:

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Conceptual Framework for Financial Reporting (Amendments to IFRS 3)

The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Company.

Amendments to IAS 1 and IAS 8 Definition of Material (issued in October 2018)

The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.

Proceeds before Intended Use (Amendment to IAS16)

In May 2020, the IASB issued amendments to IAS 16, which prohibit a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of property, plant and equipment. Instead, a company will recognize such sales proceeds and any related costs in profit or loss rather than offset against the cost of the property.

Onerous Contracts-Cost of Fulfilling a Contract — (Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts)).

In May 2020, the IASB issued amendments to IAS 37, added paragraph 68A to specify which costs an entity includes in determining the cost of fulfilling a contract for the purposes of assess whether the contract is onerous. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment.

B. Standards, Amendments and Interpretations issued but not yet effective

At the date of authorization of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current (issued in January 2020), effective for annual periods beginning or after 1 January 2023, clarify a criterion for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2.
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards "Subsidiary as a first-time adopter" (issued in May 2020), effective for annual beginning on or after 1 January 2022 with earlier adoption permitted, permits a subsidiary reporting period that elects to apply paragraph D16 (a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of IFRS 1.
- Definition of Accounting Estimates (Amendment to IAS 8) In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g., a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.
- IFRS 17 'Insurance Contracts' (issued in May 2017) effective for annual periods beginning on or after 1 January 2023 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that

entities provide relevant information in a way that faithfully represents those contracts. The company does not issue insurance contracts.

- The directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The company plans to apply the changes above from their effective dates.

3. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

A. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are presented in the functional currency, Tanzania Shillings (Tzs). The policies set out below have been consistently applied to all the years presented except for those relating to the classification and measurement of financial instruments.

The Financial Statements are made for the year ended on 31st December, 2022.

These financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying company's accounting policies. The areas involving a high degree of judgement or complexity, on where assumptions and estimates are significant to the financial statement are disclosed in Note 3.2

B. REVENUE RECOGNITION

Revenue is recognised when the goods are sold and is represented net of VAT.

C. 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 entity operates ('the functional currency'). The functional currency for the company is the Tanzania Shillings.

(ii) Transactions and balances

Foreign currency transactions are translated into Tanzania Shillings using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at the Balance sheet date, which are expressed in foreign currencies, are translated into Tanzania Shillings at rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss account.

D. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are shown initially at cost, less subsequent depreciation and impairment. Cost includes expenditure directly attributable to the acquisition of the items. Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be reliably measured.

The company has adopted cost model for the valuation of assets as provided in IAS 16, Property, Plant and Equipment.

Depreciation is calculated using the written down value method to allocate the cost of each asset to its residual value over the estimated useful life as follows:

Assets	Rate (%)
Building	5.00
Plant & Machinery	12.50
Trucks	12.50
Computer & IT Equipment	33.00
Software	33.33
Lease Assets	01.00
Furniture, fixtures & Office equipment	12.50
Motor Vehicles Class I	12.50
Motor Vehicles Class II	12.50

All repairs and maintenance expenditures are charged to the profit and loss account during the financial period in which they are incurred. Lease hold assets are amortized.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain or losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the profit and loss account.

E. IMPAIRMENT OF ASSETS

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists; the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

F. LEASES

The Company recognizes all lease liabilities and corresponding right of use assets, with the exception of short-term (12 months or fewer) and low value leases, on the balance sheet. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease. The Company leases property under operating lease and

- Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- Recognizes depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

G. INVENTORIES

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the open market less applicable selling expenses. Stores and consumables are stated at cost less any provision for obsolescence.

H. ACCOUNTS RECEIVABLE

Receivables are initially recognised at fair value and subsequently measured at their amortised costs using effective interest method. A provision for impairment trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the expected cash flows discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

I. CASH AND CASH EQUIVALENTS

Cash & Cash equivalents comprise of cash held by the company, current accounts operated with banks for company's normal trade transactions and short-terms deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

J. BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs are expensed in the period they accrue unless they can be related, with certainty, to fixed assets construction projects in which case they are capitalised as part of the asset's cost.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

K. DEFERRED INCOME TAXES

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that the Directors consider that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is recognised as income tax benefit or expense in the year in which it arises.

L. TAXATION

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004.

M. EMPLOYEES BENEFITS

The Company has defined benefits contributions plans. Under defined contribution plan, the Company contributions to publicly administered pension plans (NSSF or PPF) on a mandatory basis. The Company has no further payment obligations once the contributions have been paid.

N. PROVISIONS

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

O. FINANCIAL RISK MANAGEMENT

The Companies activities expose it to a variety of financial risks: foreign currency risk, credit risk, commodity price fluctuation risk and cash flow interest-rate risk. The Company's overall

**KAMAL STEELS LIMITED, P. O. BOX - 10392, DAR ES SALAAM
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022**

risk management programme seeks to minimize potential adverse effects on the financial performance. Risks management is carried out by the management on behalf of the Board of Directors.

P. CREDIT RISK

The Company has no significant concentrations of credit risk. It has policies in place to ensure that the sales of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via strictly credit terms.

Q. FOREIGN CURRENCY RISK

As and when the need arises, the Company enters into transactions denominated in foreign currencies (primarily United States Dollars ("US\$")). In addition, the Company has assets and liabilities denominated in United States Dollars ("US\$"). As a result, it is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. The company is generally dealing in local currency and thus, it is not much exposed to foreign currency risk.

R. INTEREST RATES AND LIQUIDITY RISK

Fluctuation in interest rates has impact on the operating activities. In the ordinary course of business, the Company receives cash from its operations and is required to fund working capital and capital expenditure requirements. The company has availed long term and short-term funding from the banks. The interest rates are dependent upon the market conditions and are subject to change. The said change can affect the profitability of the company. However, the management keeps a close watch on the developments in the market and accordingly takes steps to minimize the risk.

3.2 INVESTMENTS

Investments are stated at cost. Provision is made where in the opinion of Directors; there is a permanent diminution in value. Permanent diminution is recognized as an expense in the period in which it is identified.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

PARTICULARS	2022	2021
	TZS '000	TZS '000
4 Cost of sales		
Opening stock of raw materials	8,834,205	5,894,887
Purchases	46,799,824	36,962,613
Less: Closing stock of raw materials & consumables	(8,434,887)	(8,834,205)
Cost of material consumption	<u>47,199,142</u>	<u>34,023,295</u>
Add: Direct costs		
Salaries and wages - direct	508,598	424,019
Insurance - direct	146,087	253,099
Other factory overheads	-	79,633
Electricity and water expenses - direct	3,647,063	3,121,076
Repairs and maintenance - direct	973,804	684,157
Natural gas, oxygen and LPG cylinder	1,561,530	1,464,517
Safety accessories	36,439	15,842
Amortisation - direct	33,042	33,375
	<u>6,906,563</u>	<u>6,075,718</u>
Add : Opening stock of finished goods	1,428,054	373,339
Less: Closing stock of finished goods	(4,792,516)	(1,428,054)
Total	<u>50,741,243</u>	<u>39,044,298</u>
5 Other income		
Interest income	1,785,328	411,303
Electricity income	138,121	165,591
Miscellaneous income	32,016	41,499
Transportation charges (Income)	109,354	233,589
Profit on sale of fixed assets	122,839	-
Rent received	325,351	274,248
Total	<u>2,513,009</u>	<u>1,126,230</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

PARTICULARS	2022	2021
	TZS '000	TZS '000
6 Administrative expenses		
Amortisation - Admin	1,962	13,002
Audit fees	30,000	27,576
Salaries and wages - Admin	2,294,890	2,243,683
Conveyance charges	35,313	23,563
Director's remuneration and fees	420,000	420,000
Donations	45,021	91,974
Electricity and water expenses - Admin	39,393	32,408
Fines and penalties	7,037	225
Guest house / hotel expenses	127,801	135,193
Guest house rent	171,184	143,185
License fees	67,774	90,369
Legal and professional fees	139,306	206,291
Leave allowance	19,409	31,597
Medical and local expenses	124,497	67,850
NSSF contribution - Admin	322,507	304,159
NHIF contribution - Admin	87,072	84,424
Factory canteen expenses	100,248	82,097
Rent - others	31,899	46,695
Telephone, Postage and Internet expenses	56,818	59,518
Provision for impairment	(3,857)	(3,047)
Testing fees	18,235	16,334
SDL cost	132,824	125,127
Printing and stationery expenses	31,940	35,765
Security expenses	70,823	26,105
Stamp duty	24	2,823
Office expenses	163,404	107,999
Workers' compensation fund	15,205	20,767
Visa and permit expenses	130,654	258,186
Rounding off	-	3
Uniform expenses	12,361	7,229
VAT disallowed expenses	42,627	-
Travelling expenses	480,415	452,600
Training and education expenses	86,287	81,655
Property tax	-	1,648
Newspaper, Periodicals and Subscription charges	29,298	10,739
Incentive expenses	71,394	59,103
Total	5,403,765	5,306,845
7 Selling and distribution expenses		
Advertisement expenses	190,656	141,117
City service levy charges	189,482	153,753
Other selling & distribution expenses	1,407,828	1,058,010
Sales promotion expenses	121,362	56,517
Total	1,909,328	1,409,397

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

PARTICULARS	2022 TZS '000	2021 TZS '000		
8 Financial expenses				
Bank charges	1,078,642	405,763		
Bank interest	2,943,276	1,878,964		
Interest on loan from others	230,900	-		
Other finance cost	7,186	336,751		
Foreign exchange loss / (gain)	(148,912)	(22,827)		
Total	4,111,092	2,598,651		
9 Tax expenses				
Current tax	380,238	315,770		
Deferred tax	(41,618)	427,934		
Total	338,620	743,704		
Reconciliation of tax expenses:				
Net profit as per statement of profit or loss	912,035	1,101,359		
Tax @ 30 %	273,611	330,408		
Adjustment for:				
Effect of disallowances under tax laws	65,009	413,296		
Tax expenses as per books	338,620	743,704		
Break-up of deferred tax:				
	At start of the year	Charge to statement of profit or loss	Charge to statement of equity	At end of the year
	TZS '000	TZS '000	TZS '000	TZS '000
Deferred tax liabilities				
Property, plant and equipment				
- accelerated capital allowance	3,820,728	(41,618)	-	3,779,110
- revaluation	1,280,415	-	(55,189)	1,225,226
Net deferred tax liability / (asset)	5,101,143	(41,618)	(55,189)	5,004,336
10 Investments				
Investment in shares			2,390,751	2,390,751
Provision for impairment of investments			(309,428)	(309,428)
			2,081,323	2,081,323
11 Other non-current assets				
Due from associate companies and related parties			4,553,071	4,131,796
Other long term advances			43,540,392	38,970,556
			48,093,463	43,102,352

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

PARTICULARS	2022 TZS '000	2021 TZS '000
12 Inventories		
Closing stock of raw materials	8,434,887	8,834,205
Closing stock of finished goods	4,792,516	1,428,054
	13,227,403	10,262,259
13 Trade and other receivables		
Advance to employees	28,264	26,678
Advance to suppliers	15,259,714	1,056,261
Deposits and prepayments	36,208	147,030
Short term advances	5,016,790	9,848,397
Trade debtors	12,337,677	6,826,998
Provision for impairment	(196,521)	(200,378)
Previous years tax receivable	693,846	693,846
VAT receivable	1,436,753	1,083,302
	34,612,731	19,482,134
Age of Receivables	% provision for impairment	
< 90 Days	1%	10,905,357
91 - 120 Days	2%	637,477
121 - 365 Days	5%	95,343
> 366 Days	10%	699,500
Total Debtors		12,337,677
		196,521
14 Cash and cash equivalents		
Cash in hand - TSH	33,358	27,474
Cash in hand - USD	16,463	43,148
Bank accounts - TSH	132,222	569,127
Bank account - USD	43,383	310,211
	225,426	949,960
15 Share capital		
<u>Authorised capital</u>		
7,00,000 shares of Tzs 10,000/- each	7,000,000	7,000,000
<u>Issued and paid up share capital</u>		
582,949 shares of Tzs 10,000/- each	5,829,490	5,829,490
	5,829,490	5,829,490
16 Long term liabilities		
Lease liability	123,654	123,794
Loan from director	22,745	22,745
Other liabilities	271,600	271,600
	417,999	418,139

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

PARTICULARS	2022 TZS '000	2021 TZS '000
17 Borrowings		
Non current		
Long term loan from banks	53,756,280	39,307,665
	<u>53,756,280</u>	<u>39,307,665</u>
Current		
Short term loan from banks	1,210,074	9,384,992
Short term loan from others	4,999,477	204,803
	<u>6,209,551</u>	<u>9,589,795</u>
	<u>59,965,831</u>	<u>48,897,460</u>

Security details:

The borrowings including overdraft disclosed in note below, are secured by the following:

- a) Legal mortgage by way of first charge over Certificate of title no. 59089, Land office No. 235240, Plot No. 188/2, Chang'ombe, Dar es Salaam in the name of Kamal Steels Limited.
- b) Legal mortgage by way of first charge over Certificate of title no. 15786, Land office No. 21782, Plot No. 397, Masasani, Dar es Salaam in the name of Kamal Steels Limited.
- c) Legal mortgage by way of first charge over Certificate of title no. 3373, Land office No. 21782, Plot No. 1285/84, Zaramo Street, Dar es Salaam in the name of Kamal Steels Limited.
- d) A first ranking debenture over all assets of the Borrower registered to secure TZS 2.75 billion and USD 9,591,000.
- e) Corporate guarantee executed by Kamal Alloys Limited to secure TZS 2.75 billion and USD 9,591,000.
- f) Director's guarantee executed by Sameer Gupta, Gagan Gupta and Satyam Gupta to secure TZS 2.75 billion and USD 9,591,000.
- g) That the Demand Promissory Note(s) in your favour signed/endorsed for TZS/ USD 500,000.00 (US Dollars Five Hundred Thousands) in respect of the mentioned accounts, is to stand and be regarded as a continuing security and be enforceable for all moneys which now are or which may at any time(s) hereafter become due and owing by the undersigned Kamal Steels Limited to the Bank on the said account and on any other account or accounts and whether or not from time to time there be nothing owing in such account or the same may be in credit.
- h) 105% of margin in form of SBLC acceptable to HDFC Bank (The SBLC will be issued for 1 year on renewal basis of 105% of balance outstanding).

18 Trade and other payables

Trade creditors	18,153,251	13,950,588
Other expense payable	496,020	243,272
Advance from customers	1,108,939	1,340,700
Due to associate companies and related parties	-	653,582
	<u>19,758,210</u>	<u>16,188,142</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

PARTICULARS	2022	2021
	TZS '000	TZS '000
19 Provisions		
NSSF payable	63,702	64,307
PAYE payable	49,257	50,049
Provision for electricity expenses	259,461	295,429
Salary and benefits payable	482,557	309,493
Provision for deposits	6,864	6,864
Withholding tax payable	189,192	35,933
Audit fees payable	30,888	28,788
SDL payable	14,544	14,323
WCF payable	1,428	1,720
	1,097,893	806,906
20 Bank overdraft		
Bank overdraft - TSH	5,813,637	293,332
Bank overdraft - USD	12,756,539	12,385,591
	18,570,176	12,678,923
Security details:		
Refer above security note.		
21 Current tax		
Balance at the beginning of the year	110,526	-
Tax paid as per last year final returns	(105,853)	-
Provision for tax current year tax	380,238	315,770
Advance tax paid	(100,000)	(55,000)
Withholding tax receivable	(197,558)	(150,244)
	87,353	110,526

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

22 Property, plant & equipment

Particulars	Leasehold Land - Mahando	Building	Plant and machinery	Leasehold Land	Leasehold Land - Oysterbay	Trucks	Computer & IT Equipment	Lease Asset	Furniture, fixtures & Office equipment	Motor vehicles Class I	Motor vehicles Class II	Leasehold Land - Kalenga	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
Cost													
Balances at 1st January 2021	2,564,797	9,846,870	16,391,704	16,020,000	427,501	398,894	246,081	154,023	1,005,286	578,363	209,350	406,152	48,249,020
Additions	-	924,813	1,578,806	-	-	-	88,877	-	90,927	9,821	450	-	2,693,694
Balances at 31st December 2021	2,564,797	10,771,683	17,970,510	16,020,000	427,501	398,894	334,958	154,023	1,096,213	588,184	209,800	406,152	50,942,714
Comprising:													
Cost	2,564,797	6,175,683	17,970,510	-	427,501	398,894	334,958	154,023	1,096,213	588,184	209,800	406,152	29,920,562
Revaluation	-	4,596,000	-	16,020,000	-	-	-	-	-	-	-	-	20,616,000
Balances at 1st January 2022	2,564,797	10,771,683	17,970,510	16,020,000	427,501	398,894	334,958	154,023	1,096,213	588,184	209,800	406,152	50,942,715
Additions	-	558,552	-	-	-	-	156,289	-	65,768	50,555	-	-	831,164
Balances at 31st December 2022	2,564,797	11,330,235	17,970,510	16,020,000	427,501	398,894	491,247	154,023	1,161,981	638,739	209,800	406,152	51,773,879
Comprising:													
Cost	2,564,797	6,734,235	17,970,510	-	427,501	398,894	491,247	154,023	1,161,981	638,739	209,800	406,152	30,751,727
Revaluation	-	4,596,000	-	16,020,000	-	-	-	-	-	-	-	-	20,616,000
Accumulated depreciation													
Balances at 1st January 2021	51,814	1,785,676	8,683,250	2,306,916	251,114	75,513	135,340	26,004	491,602	182,607	93,834	40,616	14,124,286
Depreciation for the year charged to P&L	25,389	93,019	1,159,050	-	4,128	40,423	48,977	13,002	69,939	50,364	14,486	3,858	1,522,635
Balances at 31st December 2021	77,203	1,878,695	9,842,300	2,306,916	255,242	115,936	184,317	39,006	561,541	232,971	108,320	44,474	15,646,920
Balances at 1st January 2022	77,203	1,878,695	9,842,300	2,306,916	255,242	115,936	184,317	39,006	561,541	232,971	108,320	44,474	15,646,921
Depreciation for the year charged to P&L	25,135	468,393	1,016,026	134,305	4,087	35,370	75,054	1,150	71,787	44,928	12,685	3,820	1,892,740
Balances at 31st December 2022	102,338	2,347,088	10,858,326	2,441,221	259,329	151,306	259,371	40,156	633,328	277,899	121,005	48,294	17,539,661
Carrying value													
Balances at 31st December 2022	2,462,459	8,983,147	7,112,184	13,578,779	168,172	247,588	231,876	113,867	528,653	360,840	88,795	357,858	34,234,218
Balances at 31st December 2021	2,487,594	8,892,989	8,128,210	13,713,084	172,259	282,958	150,641	115,017	534,671	355,213	101,480	361,678	35,295,794

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

23 Intangible assets

Particulars	Software	Total
	TZS '000	TZS '000
<u>Cost</u>		
Balances at 1st January 2022	-	-
Additions	29,231	29,231
Balances at 31st December 2022	<u>29,231</u>	<u>29,231</u>
<u>Accumulated depreciation</u>		
Balances at 1st January 2022	-	-
Amortisation for the year	812	812
Balances at 31st December 2022	<u>812</u>	<u>812</u>
<u>Carrying value</u>		
Balances at 31st December 2022	<u>28,419</u>	<u>28,419</u>

KAMAL STEELS LIMITED
P.O. Box 10392, Dar es Salaam
FOR THE YEAR ENDED 31ST DECEMBER 2022
COMPUTATION OF TAXABLE INCOME

	2022 TZS '000
Profit / (loss) as per statement of profit or loss	912,035
Add:	
Depreciation and amortisation	1,892,740
Fines and penalties	7,037
Donation	45,021
	<u>2,856,833</u>
Less:	
Wear and tear allowance	1,190,816
Initial allowance	394,702
Provision for impairment	3,857
Taxable income / (loss)	<u>1,267,459</u>
Less: Brought forward of loss	
Taxable income / (loss) for the year	<u>1,267,459</u>
Tax on income @ 30%	380,238

Wear and tear schedule:

Particulars	Class I		Class II		Class III		Class VI		Class VII		Total
	WDV	Rate	WDV	Rate	WDV	Rate	SLM	Rate	SLM	Rate	
Method of Depreciation	WDV	Rate	WDV	Rate	WDV	Rate	SLM	Rate	SLM	Rate	
Rate	37.50%	25.00%	25.00%	12.50%	12.50%	5.00%	33.33%		33.33%		
Opening balance at 1st January 2022	168,767	3,052,739	3,052,739	426,221	426,221	878,572	-	-	-	-	4,526,299
Add: Additions qualifying 50%	-	789,403	789,403	-	-	-	-	-	-	-	789,403
Add: Additions	206,844	-	-	65,768	65,768	558,552	29,231	29,231	29,231	29,231	831,164
	375,611	3,842,142	3,842,142	491,989	491,989	1,437,124	29,231	29,231	29,231	29,231	6,146,866
Less: Disposal	-	-	-	-	-	-	-	-	-	-	-
	375,611	3,842,142	3,842,142	491,989	491,989	1,437,124	29,231	29,231	29,231	29,231	6,146,866
Initial allowance	-	394,702	394,702	-	-	-	-	-	-	-	394,702
Less: Wear and tear	140,854	960,535	960,535	61,499	61,499	27,928	9,743	9,743	9,743	9,743	1,190,816
Closing balance at 31st December 2022	234,757	2,881,606	2,881,606	430,490	430,490	1,409,197	19,488	19,488	19,488	19,488	4,956,050