



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES
COMPANY LIMITED

REPORT OF THE CONTROLLER AND AUDITOR GENERAL
ON THE FINANCIAL AND COMPLIANCE AUDIT FOR
THE FINANCIAL YEAR ENDED 30 JUNE 2024

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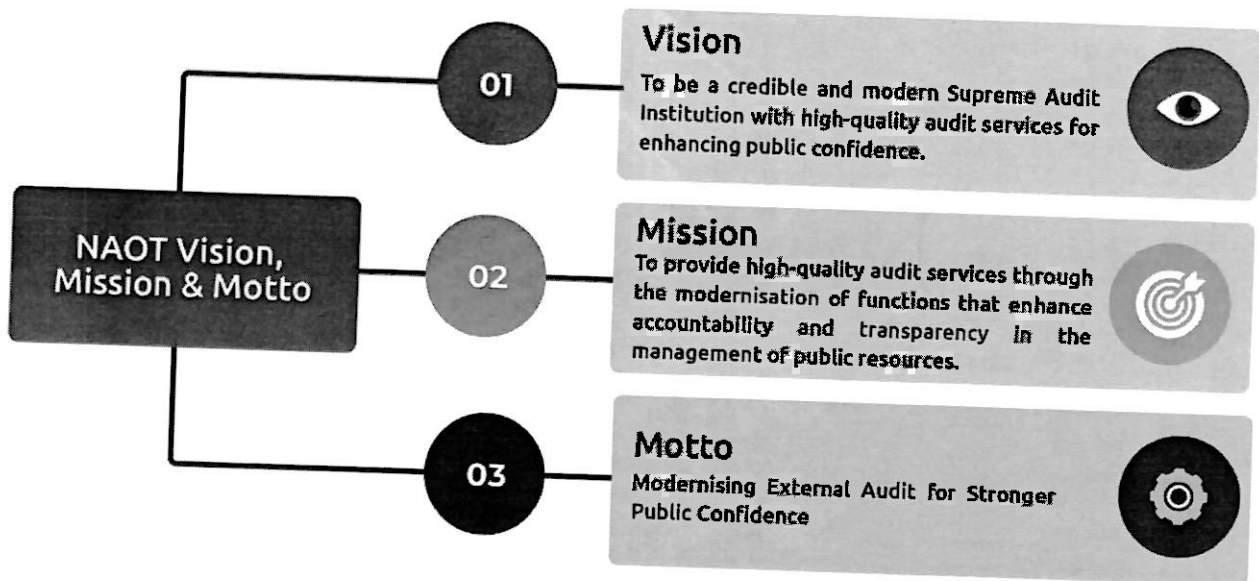
March 2025

AR/PA/KLICL/2023/24

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, CAP 418.



Independence and objectivity

We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

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REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

THE REGISTERED OF KLICL:

Kilimanjaro International Leather
Industries Company Limited
P.O. Box 74
Karanga Area,
Moshi, Kilimanjaro, Tanzania

MAIN BANKERS:

National Microfinance Bank (NMB) PLC
P. O. Box 9031,
Dar es Salaam, Tanzania

CRDB Bank PLC
P. O. Box 268,
Dar es Salaam, Tanzania

KLICL SECRETARY:

Abednego Aligawesa
Kilimanjaro International Leather
Industries Company Limited
P.O. Box 74
Moshi, Kilimanjaro, Tanzania

KLICL AUDITOR:

Controller and Auditor General
National Audit Office
Mahakama Road,
41101Tambukareli,
P. O. Box 950,
Dodoma, Tanzania

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairperson of the Board,
Kilimanjaro International Leather Industries Company Limited,
P.O. Box 74,
Moshi, Kilimanjaro.
Tanzania.

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of Kilimanjaro Leather International Company Limited (KLICL), which comprise the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Kilimanjaro Leather International Company Limited (KLICL) as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements." I am independent of Kilimanjaro Leather International Company Limited (KLICL) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the Report by Those Charged with Governance and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines 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, management is responsible for assessing the entity'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 management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My 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 audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs 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 ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management'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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards. Further, Section 48(3) of the Public Procurement Act, Cap 410 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods and services

I performed a compliance audit on procurement of works, goods and services in the Kilimanjaro International Leather Industries Company Limited (KLICL) for the financial year 2023/24 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that the procurement of works, goods and services of Kilimanjaro Leather International Limited (KLICL) is generally in compliance with the requirements of the Public Procurement laws.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the Kilimanjaro International Leather Industries Company Limited (KLICL) for the financial year 2023/24 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that the Budget formulation and execution of Kilimanjaro International Leather Industries Company Limited (KLICL) is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2025



2.0 REPORT OF THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024

2.1 INTRODUCTION

The Directors are pleased to submit their report together with the annual Financial Statements for the year ended 30 June 2024.

2.2 ESTABLISHMENT

Kilimanjaro International Leather Industries Company Limited (KLICL) was established jointly by the PPF Pensions Fund (PPF) now Public Service Social Security Fund (PSSSF) and the Prisons Corporation Sole under Tanzania Prisons Services (Jeshi la Magereza) on 30 May 2017 for the purpose of revamping the existing shoe factory at Karanga area in Moshi Municipality and construction of a modern tannery, footwear, shoes sole processing and other Leather goods processing industry. Establishment of the Company is in line with the implementation of the second five-year National development plan (FYDP II) aiming at ensuring that Tanzania becomes industrialized and middle-income economy (Tanzania ya Viwanda) by the year 2025.

As stated above, the Company is responsible for two major projects namely revamping the old shoe factory which was then run by the Tanzania Prisons Service (Jeshi la Magereza) through Prisons Corporation Sole within Karanga Prisons as a rehabilitation centre for Prisoners. The factory was revamped and new machines were installed in October 2018. The second project is construction of new modern tannery, footwear, shoe soles and other Leather goods processing factories around Karanga Prison along Arusha-Moshi Road where 8.12 hectares have been allocated for the factories. Lot 1 construction which is for footwear, shoe soles and other leather goods processing factories is at 100% completion and new machines have been installed, testing and commissioning was done and trial for production commenced in December 2021. Lot II is still under construction stage and is expected to be completed within financial year 2024/2025

The Annual Report for the year 2023/24 is the Seventh report since the Company was incorporated. The report covers a period of twelve months from 1 July 2023 to 30 June 2024.

The Company is incorporated in Tanzania under Tanzanian Companies Act, 2002 as a private company limited by shares. The Company's registration number is 5036.

2.3 VISION

To be a model producer and supplier of Quality leather, Shoes, Soles and Leather products

2.4 MISSION

To produce and sell quality leather, shoes, sole and leather products at competitive price through utilization of competent personnel, modern technology and quality raw materials.

2.5 SLOGAN

“Ngozi zetu, Bidhaa zetu “

2.6 CORE VALUES

The Company will achieve its vision through a developed corporate culture that has the following core values:

- Professionalism;
- Teamwork;
- Innovation; and
- Priority to customers’ needs
- Commitment and integrity

2.7 COMPANY OBJECTIVES

- To produce finished leather of the highest quality for internal and external markets.
- To produce quality shoes for internal and external markets.
- To produce soles and other leather products for internal and external markets.

2.8 NET ASSET

Details of the movements in the issued share capital and reserves are given in the statement of changes in equity. As at 30 June 2024, the Company had a total net asset of TZS 48.96 billion (2022/23: TZS 54.01 billion).

2.9 COMPANY OPERATING MODEL

The Company’s operating model involve a system of transforming inputs, through it operating activities, into outputs and outcomes that aim to fulfil the Company’s strategic purposes and create value over the short, medium and long term.

(a) The Inputs

The inputs include:

- **Human Capital;** this includes employees with adequate skills and competencies to ensure delivery of quality products.
- **Financial Capital;** this comprises financial resources obtained from shareholders, loans from financial institutions and internally generated revenue from own sources.
- **Social and Relationship Capital;** in executing its functions, the Company has established an ethical and transparent relationship with Government institutions, customers, suppliers, consultants, policy makers, and the society

in general. The Company engaged actively on Corporate Social Responsibility by setting aside funds which were directed to societal well-being.

(b) Operating Activities

The Company implements several activities in converting inputs into quality products delivery by providing training not limited to quality compliance and priority to customers.

(c) Outputs

The following were the noted outputs during the year;

- (i) Revenue increased from TZS 3,431,145,971 in 2022/23 to TZS 4,440,874,893 in 2023/24 equivalent to an increase of 29.43%. This growth was attributed by:
 - (a) Significant growth in production volumes of finished products including military boots, civilian shoes, safety boots and leather articles; and
 - (b) Provision of various types of quality finished shoe products and leather articles such as military boots, gents' shoes, ladies' shoes, children shoes, hand bags, school bags, waist belts, wallets sandals and slippers through sales to Military Institutions, private Companies, Schools and individual customers

(d) Outcomes:

The following were the noted outcomes;

- (i) Increased customer satisfaction
- (ii) Increased operational efficiency in production and delivery of Company products
- (iii) Creating wealth to employees who earn income through employment and distribute their income by meeting daily consumption needs offered from the society.
- (iv) Maintained good relationship with local and foreign suppliers who have been engaged by the Company to provide quality supply of raw materials.

2.10 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 systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

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

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

Management and the Board assessed the internal control systems throughout the financial year ended 30th June 2024 and are of the opinion that they met accepted criteria.

2.11 STAKEHOLDERS RELATIONSHIP

The Company has been engaging well with the stakeholders' welfare and relationships during its business operations. This has been attained through various platforms which enhances the mutual satisfaction among the parties.

External stakeholders who supply both raw and non-raw materials to the factory for the purpose of processing/manufacturing high-end products have been doing it with high efficiency and hence ensuring great output by satisfying our cordial customers and increase the sales turnover for the Company.

Healthy interaction with Government bodies, local communities and other stakeholders has largely impacted positively the Company operations. Provision of the best footwear solutions to the range of customer satisfaction has led to amicable prosperity of the factory by acquiring and enlargement of the market share in footwear industry. Happy and well engaged employees are part and parcel of the Company performance and mutually relate for the betterment of the shareholders.

2.12 CORPORATE GOVERNANCE MATTERS

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 on quarterly basis as per requirements;
- They retain full and effective control over the Company and monitor Executive Management;
- The positions of Chairman and Managing Director are held by different people;
- 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.

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2.13 BOARD OF DIRECTORS

The names of Board of Directors of the Company as at the date of this report, are shown on Table 1 below:

Table 1: Names of Board of Directors

Name	Position	Age	Qualifications/ Discipline	Appointment date	End Date	Nationality
CPA. Selestine Joseph Some	Chairperson	48	MBA (Finance) UDSM, B.Com (Accounting) UDSM, CPA (T) NBAA	1 Jul 2023	30 Jun 2027	Tanzanian
Ms. Asha D Mtwangi	Member	60	BA (Education) UDSM	1 Jul 2023	30 Jun 2027	Tanzanian
Dr. Albert Geoffrey Mmari	Member	59	PhD- Technologies (SA), MSc (Seismology) (Norway), MSc (Physics) UDSM	1 Jul 2023	30 Jun 2027	Tanzanian
CPA. Uphoo Swai	Member	54	MBA (Finance) UDSM, ADA (IFM), CPA (T) NBAA	1 Jul 2023	30 Jun 2027	Tanzanian
Mr. Msepwa, Abdallah Omari	Member	52	BSc. Forestry (1998) SUA	1 Jul 2023	30 Jun 2027	Tanzanian
Mr. Herman Goodluck	Member	44	MBA (Finance) UDSM	1 Jul 2023	30 Jun 2027	Tanzanian
Mr. Joe Gideon Matani	Member	53	Masters of Public Administration (Mzumbe),	1 Jul 2023	30 Jun 2027	Tanzanian

2.14 THE BOARD OF DIRECTORS

The Board of Directors of KILICL consists of six members and one chairman. All Directors are non-executive. The Board takes overall responsibility for the Company, including responsibility for 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 are operative that comply with sound corporate governance principles.

The Board is required to meet at least four times a year. The Board delegates the day to day management and administration of the business to the Managing Director assisted by Senior Management team. Senior Management team is invited to attend Board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units. During the financial year 2023/24 the Board held four ordinary meetings.

The Company is committed to the principles of effective corporate governance. The Directors also recognize the importance of integrity, transparency, and accountability. The Board of Directors has the following Board sub-committees to ensure a high standard of corporate governance throughout the Company.

KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES COMPANY LIMITED

Table 2: Register of attendance of members of the Board of Directors

S/N	Member's Name	Attendance of Members in meetings				Total Meetings attended
		6 Sept 2023	2 Nov. 2023	13 Feb. 2024	2 May 2024	
1	CPA. Selestine Some	P	P	P	P	4
2	Ms. Asha Mtwangi	P	P	AP	P	4
3	Dr. Albert Mmari	AP	AP	P	P	2
4	CPA Uphoo Swai	P	P	P	P	4
5	ACP. Msepwa Omari	P	P	P	P	4
6	ACP. Joe Matani	P	P	AP	AP	2
7	Mr. Herman Goodluck	P	P	P	P	4

Source: Attendance from Minutes of the full Board Meetings

P = Present

AP = Absent with Apology

2.15 COMMITTEES OF THE BOARD

As of the reporting date, the Board had appointed two standing Committees that is, Finance and Audit and Risk, Governance and Operations Committees. The powers, roles, and functions of the Finance and Audit and Risk and Governance Committees are stipulated in the Finance and Audit, and Risk, Governance and Operations Charter.

2.16 COMPOSITION OF THE FINANCE AND AUDIT COMMITTEE

The Company has an independent internal audit function that has been designed to add value to the Company and improve operations. The Internal Audit function provides an independent assurance service to the Board, Finance and Audit Committee and Management.

The internal audit function assists the Company to accomplish its objectives and effectiveness in terms of governance, risk management and control processes that management has put in place. The head of the internal audit function attends the audit committee meetings and have unrestricted access to the Chairperson of the Finance and Audit Committee.

The Committee Charter approved by the Board governs activities of the committee. During the year 2023/24, the Finance and Audit Committee met four (4) times. The members of the committee and their attendance are as shown under Table 3:

Table 3: Members of the Finance and Audit Committee

S/N	Member's Name	Attendance of Members in meetings				Total Meetings attended
		29 Aug 2023	23 Oct. 2023	29 Jan 2024	23 Apr 2024	
1	Mr Herman Goodluck	P	P	P	p	4
2	Dr. Albert Mmari	P	P	P	P	4
3	CPA Uphoo Swai	P	p	P	P	4
4	ACP. Msepwa Omari	P	P	p	P	4

Source: Attendance from Minutes of the Finance and Audit Committee Meetings

2.16.1 COMPOSITION OF THE RISK, GOVERNANCE AND OPERATIONS COMMITTEE

The Risk, Governance and Operations Committee execute issues from the Human Capital and Administration, Information and Communication Technology, Legal and Internal Audit and Risk Management Departments being issues under the Risk and Governance while issues from the Sales and Marketing, engineering and Project, Procurement Management, Manufacturing Services and Safety, Health, environmental and Quality are under the operations

The Committee Charter approved by the Board governs activities of the committee. During the year 2023/24, the Risk, Governance and Operations Committee met four (4) times. The members of the committee and their attendance are as shown under **Table 4**.

Table 4: Members of the Risk, Governance and Operations Committee

S/N	Member's Name	Attendance of Members in meetings				Total Meetings attended
		28 Aug 2023	26 Oct 2023	1 Feb 2024	23 Apr 2024	
1	Ms Asha Mtwangi	P	P	P	p	4
2	Dr. Albert Mmari	P	P	P	P	4
3	CPA Uphoo Swai	P	AP	AP	AP	1
4	ACP. Joe Matani	P	P	p	P	4

Source: Attendance from Minutes of the Risk, Governance and Operations Committee Meetings

2.17 SUMMARY OF MATTERS DISCUSSED ON BOARD MEETINGS DURING THE YEAR UNDER REVIEW

During the period under review, the Company conducted five meetings of the Board of Directors. The following issues were discussed and deliberated as follows; -

■ 24th Ordinary Board Meeting held on 6th September 2023

The Board received and endorsed reports from the Boards Committees (20th Ordinary Finance and Audit and 10th Ordinary Risk, Governance and Operations) and approved the following

- a) Review of the Financial Policy and Accounting Manual
- b) Change in method of inventory valuation from FIFO to WAC
- c) Write-off TIRDO debt amounting to TZS 6,369,9000
- d) Making use of idle depreciation when charging depreciation on machines
- e) Confirmation of three Managers as Finance Manager (FM), Human Capital and Administration Manager (HCAM) and Manufacturing Services Manager (MSM)
- f) Not to renew the employment contract of Engineering and Project Manager (EPM) and appointment of Head Maintenance and Services.

■ 25th Ordinary Board Meeting held on 02 November 2023

The Board received and endorsed reports from the Boards Committees (21st Ordinary Finance and Audit and 11th Ordinary Risk, Governance and Operations) and approved the following.

- a) Renewal of employment contract for three Managers for a period of One year.
- b) Appointed Vice Chairperson of the Board.

■ 26th Ordinary Board Meeting held on 13 February 2024

The Board received and endorsed reports from the Boards Committees (22nd Ordinary Finance and Audit and 12th Ordinary Risk, Governance and Operations) and approved the following.

- a) Proposal for requisition of Information System Odoo.
- b) Risk, Governance and Operations Charter.

■ 27th Ordinary Board Meeting held on 02 May 2024

The Board received and endorsed reports from the Boards Committees (23rd Ordinary Finance and Audit and 13th Ordinary Risk, Governance and Operations).

MANAGEMENT

As of the reporting date, Management of the Company is under the Managing Director assisted by six Managers, that is, Finance Manager (FM), Production Manager (PM), Human Capital and Administration Manager (HCAM) who is also acting as Secretary to the Boards and Boards Committee, Sales and Marketing Manager (SMM), Internal Audit and Risk Management Manager (IARMM), Manufacturing Services Manager (MSM) and four Head of Unit, that is, Safety, Health, Environmental and Quality, Information, Communication and Technology, Maintenance and Services and Procurement Management.

2.18 DIRECTORS' REMUNERATION

During the year end 30 June 2024, the Company incurred a total fee amounting to TZS 68,235,294 (2023/24; TZS 32,941,160).

2.19 SHAREHOLDING

According to the Joint Venture (JV) Agreement for establishment of KLICL, PSSSF is responsible for provision of 100% of the financing of both projects while Prison Corporation Soles is to provide 8.12 Hectares of land at Plot 581 Block 'LLL' being its equity contribution to the company.

KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES COMPANY LIMITED

Authorized share capital is 7 million ordinary shares of TZS 10,000 each which is equivalent to TZS 70 billion.

Name	30-Jun-24		
	Shareholding %	No. of Shares Unit	Value TZS
PSSSF	85.66	5,996,010	59,960,100,000
PCS	14.34	1,003,990	10,039,900,000
	100	7,000,000	70,000,000,000

Name	30-Jun-23		
	Shareholding %	No. of shares Unit	Value TZS
PSSSF	85.66	5,996,010	59,960,100,000
PCS	14.34	1,003,990	10,039,900,000
	100.00	7,000,000	70,000,000,000

2.20 CAPITAL STRUCTURE

The Company's capital structure for the year under review is shown in the statement of financial position. The source of funding has been through long term loan, Bank overdraft and Sales Revenue which mainly caters for capital expenditure and operating expenses.

The approved capital structure is TZS 152.96 billion of which TZS 70.00 billion is ordinary share capital of TZS 10,000 each which has been fully paid up and the remaining TZS 82.96 billion is long term loan to the Company of which TZS 71.66 billion has been disbursed by Financier as reported in the statement of financial position for the period under review.

2.21 ACCOUNTING POLICIES

The Annual financial statements have been prepared on the underlying assumption of a going concern. The Company's accounting policies are subject to an annual review to ensure continuing compliance with International Financial Reporting Standards.

2.22 SOLVENCY

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

The Company's state of affairs as at 30 June 2024 is presented in the statement of financial position where it had Net Assets of TZS 48.96 billion (2022/23: TZS 54.01 billion).

KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES COMPANY LIMITED

2.23 OPERATING AND FINANCIAL REVIEW

According to the Company's financing plan, 2023/24 budget was to be financed by way of sales revenue amounting to TZS 7.19 billion, Bank loan of TZS 2 billion and long-term loan amounting to TZS 12.19 billion (2022/23: TZS 19.55 billion) out of which TZS 2.65 billion was to finance operating expenditure (excluding depreciation) while TZS 12.50 billion (2022/23: TZS 17.18 billion) was to finance capital expenditure. Such significant movement in cash flows mainly resulted from several factors, including;

- Expansion of distribution network that led to the growth of customer database whereby the Company extended its distribution coverage within the existing market and new markets and successfully listed new traders/agencies in various markets located at Kariakoo and Arusha, acquired new customers such as TAWA, TPDF, OIKOS EAST AFRICA, Northern Engineering, Glumeti Fund and academic institutions/schools thus improved sales volume.
- Grown brand portfolio by designing new products such as Slip-on-three gents' shoe with slim sole, executive briefcases, military boots with canvas and men's waist belts with rotating buckle.
- Continuous improvement on product quality has attracted more customers.
- Conducting various market programs through digital marketing thus reaching a wider coverage within a short period of time.
- Participating in various local and international exhibitions for awareness, show casing of our products and promoting sales.
- Brand diversification and market segmentation; offering special products in special market niche at respective competitive prices.

As of the reporting date, total paid up capital by shareholders amounted to TZS 70 billion (2022/23: TZS 70 billion).

BUDGET PERFORMANCE REVIEW FOR THE YEAR ENDED 30 JUNE 2024 (TZS)

Description	Budget 2022/23	Budget 2023/24	Actual 2023/24	Variance	Var (%)
Marketing expenses	582,172,273	271,577,779	267,341,319	-4,236,460	-1.56%
Personnel expenses	1,678,893,118	1,196,939,996	1,063,522,224	-133,417,772	-11.15%
Travel and Transport	84,000,000	53,880,000	53,876,122	-3,878	-0.01%
Board expenses	122,456,672	191,011,024	88,716,796	-102,294,228	-53.55%
Administrative expenses	1,139,997,122	781,452,568	726,503,722	-54,948,846	-7.03%
Depreciation	998,775,460	1,165,687,534	1,165,792,534	105,000	0.01%
Total	4,606,294,645	3,660,548,901	3,365,752,717	-294,796,184	-8.05%

KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES COMPANY LIMITED

2.24 KEY PERFORMANCE INDICATORS (KPIs)

The financial performance of the Company is summarised in key performance indicators outlined below:-

Key Performance Indicator	Definition and Formula	2023/24 Percentage	2022/23 Percentage
Loan to total assets	(Net loan /Total assets)*100	58	54
Growth of Assets	(Total year Assets-Previous year assets/Previous year Assets)*100	0.40	3.27
Current Assets Ratio	CA/CL	0.28:1	0.32:1
Quick Ratios	Cash + Receivables/CL	0.55:1	0.55:1

2.25 CAPITAL WORK IN PROGRESS

As of the reporting date, the Company incurred various costs that directly related to the construction of new buildings. The total cost utilised during the year under review was TZS 1.54 billion (2022 /23: TZS 2.92 billion).

2.26 INTERNAL CONTROL

The Board accepts final responsibility for the 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 on-going basis in order to provide reasonable assurance regarding the Company operations.

The internal control systems are designed to safeguard the Company's assets, maintain proper accounting records and ensure the reliability of management and financial information produced by the Company. Control system is based on established Company policies and procedures and is implemented by trained personnel, with an appropriate segregation of duties. The effectiveness of these internal controls and systems is monitored by the Internal Audit department, with the aid of self-assessment audit checklists.

Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of the above-mentioned internal controls and systems has occurred during the year under review.

2.27 THE COMPANY'S STRATEGIES AND FUTURE DEVELOPMENTS

The Company has developed its Corporate Strategic Plan (CSP) covering a period of five years from 2021/22 - 2025/26 which has considered a revised feasibility study report for the Company. The plan aims at portraying the Company's vision, mission, core values, and specific objectives to be accomplished during the period. On the basis of the above, the Company will strive to accomplish the following for the Financial Year 2024/25:

- i) To complete construction works of tannery and installation of all machines & equipment testing by the end of year 2024.

KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES COMPANY LIMITED

- ii) To produce 102,110 pairs of shoes, 25,855 units for leather articles, 7,563 pairs of slippers and 55,200 pairs of soles by June 2025
- iii) To implement capacity building to 50 staff through training (learning & growth) of the existing employees.
- iv) To attain annual sales target of 114,647 pairs of shoes, 7,521 units for leather articles and 602 pairs of slippers to generate sales revenue of TZS 8,515,192,797 VAT Exclusive.
- v) To develop supply chain, management will increase a pool of suppliers raw hides and skin by October 2024 to ensure smooth start-up of tannery operations.

2.28 EVENTS AFTER REPORTING PERIOD

There are no material events, adjusting or non-adjusting, which have occurred between the reporting date and the date when financial statements are authorised for issue.

2.29 EMPLOYEE WELFARE

Management - employee relationship

The relationship between employees and management continued to be good during the period covering July 2023 to June 2024. There were no unresolved complaints received by Management from the employees during the year.

2.30 TRAINING AND SEMINAR

During the year under review, Company conducted internal/in-house and external training sessions whereby as of 30 June 2024, 24 out of 50 employees were facilitated to attend external training. This performance is equivalent to 48% of target. However, internally all employees were trained in various topics that are conducted every Wednesday and Thursday during Tool Box sessions at Main and Military factory respectively.

2.31 ENVIRONMENTAL MATTERS

The Company complied with standards of Industrial Safety and Environmental Regulations established by various authorities to the best of its knowledge.

2.32 SOCIAL AND POLITICAL DONATIONS

Our community investment efforts are to assist local community in becoming more inclusive, sustainable and resilient. KLICL performed the following activities as Corporate Social Responsibilities (CSR) in the year 2023/2024.

- i) Contributed TZS 2,000,000 to the Local Government to support National Uhuru Torch events;
- ii) Contribution to Karanga ward executive office to support sports amounting to TZS 500,000;
- iii) Provided vehicle to Moshi Municipal Council to facilitate Examination activities.

2.33 GENDER PARITY

The Company is an equal opportunity employer. For the financial year 2023/2024, the company had a total number of 197 staff out of which 111 were males and 86 females (2022/23: 225 staff, 131 males and 94 female). The Company gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

2.34 MEDICAL ASSISTANCE

The Company meets medical costs for all members of staff with a maximum number of five beneficiaries (dependants) under its health plan. Currently the medical services are insured by the National Health Insurance Fund.

2.35 PERSON WITH DISABILITIES

KLICL gives equal opportunities to disabled persons for vacancies they are able to fill. During the year under review KLICL recruited one disabled on internship programme who is expected to be employed under Financial Year 2024/25.

2.36 RELATED PARTY TRANSACTIONS

2.37 NSACTIONS

Related parties comprise the Board Members, senior management team, the participant entities, and entities which are related to these parties through common shareholdings or units-holdings. Related party transaction is disclosed under Note 30.

2.38 RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards (IFRS), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 financial reporting process.

2.39 STATEMENT OF COMPLIANCE

The Report by Those Charged with Governance is prepared in compliance with the Tanzania Financial Reporting Standard No. 1 (TFRS 1) as issued by the National Board of Accountants and Auditors (NBAA) and became effective from 1 January 2021. The Company's financial

KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES COMPANY LIMITED

statements have been prepared in compliance with the International Financial Reporting Standards (IFRSs).

2.40 RESPONSIBILITIES OF THE AUDITOR

Auditor is responsible to provide assurance of the correctness and consistency of each and every information contained in the report by those charged with governance with those provided in the financial statements

2.41 APPOINTMENT OF AUDITOR

The Controller and Auditor General (CAG) is the statutory Auditor of KLICL by the virtue of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005) and in Section 10 of the Public Audit Act, Cap 418.

BY ORDER OF THE BOARD



.....
CPA. Selestine Some
Chairman of the Board

Date: 14th March 2025



.....
Eng. Saiba Edward
Acting Managing Director

Date: 14th March 2025

3.0 STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024

The Tanzanian Companies Act, 2002 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss of the Company for that year and the cash flow statement. 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 and hence for taking reasonable steps for the prevention and detection of fraud, errors and other irregularities.

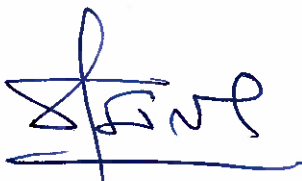
safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, errors and other irregularities.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Tanzanian Companies Act, 2002. 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 its profit or loss.

that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its 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.

Nothing has come to the attention of the Board of Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement



CPA. Selestine Some
Chairman of the Board of Directors

Date: 14th March 2025

4.0 DECLARATION BY THE FINANCE MANAGER FOR THE YEAR ENDED 30 JUNE 2024

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors and Management to discharge the responsibility of preparing financial statements of the Company showing a 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 the financial statements rests with the Board of Directors as under Directors Responsibility statement on item No. 1.0 on Report of the Directors.

I, Siridi Ngoda, being the Finance Manager responsible for Finance/Accounting of Kilimanjaro International Leather Industries Company Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2024 have been prepared in compliance with International Financial Reporting Standards (IFRS) and statutory requirements.

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

Signed by:

Name: CPA Siridi Ngoda
Position: Finance Manager
NBAA Membership No: ACPA 3337

Signature: 

Date: 14th March 2025

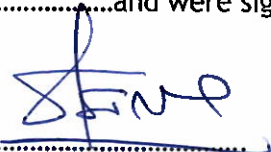
KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES COMPANY LIMITED

5.0 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

		30-Jun-24	Restated 30-Jun-23
	Notes	TZS	TZS
ASSETS			
Non-current assets			
Property, Plant and Equipment	15	30,976,985,230	32,350,867,932
Capital work in progress	16	18,121,837,868	16,579,505,270
		<u>49,098,823,098</u>	<u>48,930,373,202</u>
Current assets			
Inventory	8	5,370,609,463	7,514,678,990
Advance to Contractor	20c	3,641,579,864	2,203,835,289
Prepayment	30	42,813,029,633	42,797,178,142
Deferred tax asset	19(b)	11,264,880,894	10,228,167,046
VAT (payable)/recoverable	17	9,511,741,623	9,804,959,268
Tax recoverable	18	124,836,831	60,587,401
Trade Receivables	20(a)	1,331,913,665	1,259,585,429
Cash in hand and at bank	27	143,137,712	9,752,234
		<u>74,201,729,685</u>	<u>73,878,743,799</u>
TOTAL ASSETS		<u>123,300,552,783</u>	<u>122,809,117,001</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14a	70,000,000,000	70,000,000,000
Accumulated losses		(21,043,084,656)	(15,991,816,404)
		<u>48,956,915,344</u>	<u>54,008,183,596</u>
Non-current Liabilities			
Long term loan	34	71,662,021,952	66,482,807,153
		<u>71,662,021,952</u>	<u>66,482,807,153</u>
Current liabilities			
Payables	21	1,833,639,013	2,318,126,252
Bank Overdraft	27b	847,976,474	-
		<u>2,681,615,487</u>	<u>2,318,126,252</u>
TOTAL EQUITY AND LIABILITIES		<u>123,300,552,783</u>	<u>122,809,117,001</u>

The accompanying notes form an integral part of these financial statements. The Financial Statements were approved by the Board of Directors and authorized for issue onand were signed on their behalf by:



CPA. Selestine Some
Chairman of the Board



Eng. Saiba Edward
Acting Managing Director

KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Notes	30-Jun-24 TZS	Restated 30-Jun-23 TZS
Revenue	5	4,440,874,893	3,431,145,971
Other Income	6	5,454,882	12,376,953
Cost of sales	7	(4,873,105,122)	(6,664,781,269)
Gross Loss		(426,775,347)	(3,221,258,345)
Operating Expenses			
Marketing expenses	9	(267,341,319)	(217,208,790)
Staff cost	10a	(1,063,522,224)	(1,449,031,075)
Travel and Transport	11	(53,876,122)	(64,224,205)
Board expenses	12	(88,716,796)	(47,352,200)
Administrative expenses	13	(726,503,722)	(724,797,459)
Depreciation	15b	(1,165,792,534)	(531,118,246)
Impairment and ECL	32	(2,273,249,661)	(1,226,745,929)
Total Expenses		(5,639,002,378)	(4,260,477,904)
Loss before tax		(6,065,777,725)	(7,481,736,249)
Income tax (expense)/credit	19(d)	1,014,509,473	2,790,811,379
Net Loss for the year		(5,051,268,252)	(4,690,924,870)
Other Comprehensive Income		-	-
Net Loss and Other Comprehensive Income		(5,051,268,252)	(4,690,924,870)

The accompanying notes form an integral part of these financial statements. The Financial Statements were approved by the Board of Directors and authorized for issue on and were signed on their behalf by:



CPA. Selestine Some
Chairman of the Board



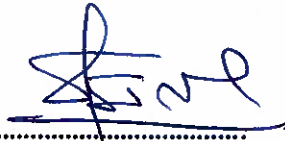
Eng. Saiba Edward
Acting Managing Director

KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

Particulars	Share capital	Accumulated losses	Total equity
At 1 July 2022	70,000,000,000	(11,300,891,534)	58,699,108,466
Paid up capital	-	-	-
Loss for the year	-	(4,690,924,870)	(4,690,924,870)
At 30 June 2023	70,000,000,000	(15,991,816,404)	54,008,183,596
At 1 July 2023	70,000,000,000	(15,991,816,404)	54,008,183,596
Paid up capital	-	-	-
Loss for the year	-	(5,051,268,252)	(5,051,268,252)
At 30 June 2024	70,000,000,000	(21,043,084,656)	48,956,915,344

The accompanying notes form an integral part of these financial statements. The Financial Statements were approved by the Board of Directors and authorized for issue and were signed on their behalf by:



.....
CPA. Selestine Some
Chairman of the Board



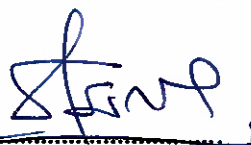
.....
Eng. Saiba Edward
Acting Managing Director

KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES COMPANY LIMITED


STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Notes	30-Jun-24 TZS	30-Jun-23 TZS
Operating activities			
Cash collected from Sales	22	1,143,983,921	1,015,094,738
Decrease in accounts receivables (Settled by customers)	22	4,011,745,535	1,971,108,914
Interest received	25	5,454,882	12,376,953
Total Receipts		5,161,184,338	2,998,580,605
Production expenses paid	23	(2,040,448,888)	(1,683,403,257)
Operating expenses paid	24	(5,970,779,753)	(5,532,672,645)
Net cash flows from operating activities		(2,850,044,303)	(4,217,495,297)
Investing activities			
Acquisition of assets	26	(2,998,458,664)	(4,014,938,490)
Net cash flows used in investing activities		(2,998,458,664)	(4,014,938,490)
Financing activities			
Long term loan	34	5,179,214,799	8,200,218,915
Bank Overdraft received	27b	4,617,633,852	-
Bank Overdraft paid	27b	(3,812,144,381)	-
Net cash flows from financing activities		5,984,704,270	8,200,218,915
Increase in cash and cash equivalents		136,201,303	(32,214,872)
Cash and cash equivalents at beginning of the year		9,752,234	41,967,106
Cash and cash equivalents at end of the year	27	145,953,537	9,752,234

The accompanying notes form an integral part of these financial statements. The Financial Statements were approved by the Board of Directors and authorized for issue on and were signed on their behalf by:



 CPA. Selestine Some
 Chairman of the Board



 Eng. Saiba Edward
 Acting Managing Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

These financial statements have been prepared on historical cost basis. The financial statements are presented in Tanzanian Shillings (TZS) which is also the transaction currency.

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and applicable interpretations to those standards.

Also, the financial statements have been prepared in accordance with applicable local laws and guidelines including the Tanzania Financial Reporting Standards (TFRS 1) issued by the National Board of Accountants and Auditors (NBAA) and Tanzanian Companies Act, 2002.

Going concern

The accompanying financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that a business entity will continue to operate in the foreseeable future without the need or intention on the part of management to liquidate the entity or to significantly curtail its operational activities. Therefore, it is assumed that the entity will realize its assets and settle its obligations in the normal course of the business.

The financial statements have been prepared on the going concern basis on the assumption that the Company will continue in operational existence in the foreseeable future. The validity of this assumption depends on:

a) The Company's ability to generate sufficient funds from its future trading to meet its operational needs.

The Directors expect that the Company will achieve its projected production levels due to the efforts done by Management, currently the Management undergoes a modification of Flexa Machine which will enable to produce quality safety boots, the targets on production set by the Company ensures that the Company will continue to operate for the foreseeable future as the targets increase more than those set last financial year and the continuity of shareholders injecting capital that may be required by the Company in the foreseeable future in the form of funding for capital expenditure and working capital.

The financial statements do provide comparative information in respect of the previous period. The Company is reporting for the seventh time since its inception.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

i) Foreign currency translation

The financial statements are presented in Tanzanian shillings, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange rate ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

ii) Property, Plant and Equipment

The Company re-assessed its accounting for property, plant and equipment with respect to measurement of a certain class of property, plant and equipment after initial recognition. The Company had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using straight line method basis over the useful life of the asset as follows:

Class	Useful Life
Machineries	10-20 years
Motor vehicles	5 years
Furniture	5-8 years
Equipment	5-10 years
Computer hardware	5-10 years
Buildings	50 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

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

iii) Impairment of non-financial assets

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 estimates the asset's recoverable amount. An asset's

recoverable amount is the higher of an assets 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. 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 profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

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 Company makes an estimate of recoverable amount. 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.

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 profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

iv) Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as loans and receivables. When loans and receivables recognised initially, they are measured at fair value. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. The Company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

v) Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence which warrantee impairment of a financial asset or group of financial assets.

- If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the

asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

- If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

vi) Inventories

Inventories are stated at the lower of cost and net realizable value. Damaged and obsolete inventories are provided for in full, as identified by technical personnel.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials: Purchase costs on Weighted Average Cost (WAC) basis

Finished goods and work in progress: Cost of direct materials and labour, other direct cost and a proportion of manufacturing overheads based on normal operating capacity (but excluding borrowing costs) up to the stage of completion of the product

vii) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

viii) Financial Instruments

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs and have not been designated 'as at fair value through profit or loss'.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

De-recognition of financial Instruments

a. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of group of similar financial assets) is derecognised when:

- i) The rights to receive cash flows from the asset have expired;
- ii) The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- iii) The Company has transferred its rights to receive cash flows from the asset and either;
 - (a) has transferred substantially all the risks and rewards of the asset, or
 - (b) 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 and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

b. Financial liabilities

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

ix) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the 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

x) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the Company transfers promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services as per IFRS 15 Revenue from Contracts with Customers.

xi) Interest income

Revenue is recognised as interest accrues (using the effective interest rate, which is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

xii) Taxes

Current income tax

Current income 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 in accordance with the Tanzanian Income Tax Act, 2004. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Revenue, expenses and assets are recognized net of value added tax except;

- Where the VAT incurred on purchase of assets and/or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of VAT inclusive.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

xiii) Post-employment obligations

The Company makes contributions in respect of staff retirement benefits to approved retirement benefits Scheme. The Company's obligations in respect of these contributions are limited to 15% of the employees' basic salary. Senior Management team entitled to gratuity provision limited to 25% annually.

The Company contributions to retirement benefit schemes are charged to the income statement in the year they are incurred.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

4. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of various financial risk, namely; liquidity risk, credit risk and market risk. The Company's overall risk management policy focuses on the unpredictability of financial market risks and seeks to minimize potential adverse effects on its financial performance. The Company does not hedge any of its risk exposures.

(a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances and the availability of funding from the financier and financial institutions.

(b) Credit risk

Potential credit risk involves possible losses of trade and other receivables. Credit risks arise from cash and bank balances, and deposits with banks including outstanding receivables and committed transactions.

Management of risk associated with customers and other receivables includes close follow up and requiring customers to deposit money in advance and make prompt payment after delivery of the goods.

(c) Market risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks.

The management of market risks is monitored in accordance with the Company Risk Management Policies approved by the Board of Directors.

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5. REVENUE FROM SALES OF SHOES

The revenue represents mainly collections from sales of shoes worth TZS 4,440,874,893 (2022/23: TZS 3,431,145,971)

	30-Jun-24	30-Jun-23
Details	TZS	TZS
Sale of Shoes	4,440,874,893	3,431,145,971

6. OTHER INCOME

On 23 February 2021, the Company opened a call account and operated in TZS with deposits of TZS 1,500,000,000. This account is a time deposit account where deposits can be withdrawn at any time after 24 hours' notice. As at the reporting date, the Company received other income of TZS 5,454,882 (2022/23: TZS 12,376,953) includes interest from call account.

	2023/24	2022/23
Details	TZS	TZS
Other Income	5,454,882	12,376,953

7. COST OF SALES

COST OF SALES	2023/24	2022/23
Details	TZS	TZS
Cost of sale		
Opening stock	1,249,197,883	1,229,993,166
Production cost (Note 7a)	5,104,338,840	6,683,985,986
Closing stock (Finished products - Note 8)	(1,480,431,601)	(1,249,197,883)
Cost of sales	4,873,105,122	6,664,781,269

Production cost (7a)		
Opening stock-materials*	7,375,725,841	8,352,755,992
Cost of materials purchased	1,253,565,162	2,313,523,733
Closing stock-materials	(5,363,479,419)	(7,116,268,436)
Closing stock WIP	(778,587,698)	(259,457,405)
Staff Cost (Manufacturing)	2,035,388,870	2,278,710,592
Depreciation (Machinery)	211,240,167	844,960,670
Production overhead	370,485,917	269,760,840
Production cost	5,104,338,840	6,683,985,986

* The opening stock materials includes both raw materials and work in progress.

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8. CLOSING STOCK

	30-Jun-24	30-Jun-23
	TZS	TZS
Raw materials	5,363,479,419	7,116,268,436
Work in Progress	778,587,698	259,457,405
Finished products	1,480,431,601	1,249,197,883
Impairment of tannery chemicals	(2,251,889,255)	(1,110,244,734)
	5,370,609,463	7,514,678,990

9. MARKETING EXPENSES

The expenses relate to research, branding and marketing expenses. As at the reporting date, the Company utilised a total amount of TZS 267,341,319 (2022/23: TZS 217,208,790).

10. a. STAFF COST (ADMINISTRATION)

Basic salary	801,537,049	1,024,675,432
House maintenance allowance	43,657,143	64,700,000
Social Security Contribution	110,507,557	144,161,315
Skills Development Levy expenses	31,136,505	47,773,749
Workman Compensation expenses	4,452,072	5,971,719
3% Medicare Employer	23,934,512	30,740,263
Leave Allowance expenses	2,000,000	24,000,000
Water & Electricity (Utility)	-	19,400,000
Transport assistance	23,400,000	27,500,000
Staff Welfare Expense	2,000,000	15,634,400
Subsistence allowance	-	10,405,900
Overtime Expenses	3,325,011	3,179,487
Acting Allowance	17,572,375	30,888,810
Total	1,063,522,224	1,449,031,075

10b. STAFF COST (MANUFACTURING)

	30-Jun-24	30-Jun-23
	TZS	TZS
Basic salary	1,387,000,823	1,563,256,471
House maintenance allowance	14,400,000	14,400,000
Social Security Contribution	188,034,752	222,638,905
Skills Development Levy expenses	47,076,641	66,843,726
Workman Compensation expenses	7,189,291	8,355,466
3% Medicare Employer	35,378,109	43,607,327
Leave Allowance expenses	55,192,038	59,179,140
Water & Electricity (Utility)	8,400,000	8,400,000
Transport assistance	115,316,469	140,813,855
Staff Welfare Expenses	3,325,500	-

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	30-Jun-24	30-Jun-23
	TZS	TZS
Overtime Expenses	4,765,543	9,373,844
Acting Allowance	45,727,560	41,199,952
Responsibility Allowance	123,582,144	100,641,906
Total	2,035,388,870	2,278,710,592
11. TRAVEL AND TRANSPORT		
Details	2023/24	2022/23
Travelling on Duty Local	53,535,722	60,856,980
Travelling on Duty Abroad	340,400	3,367,225
Total	53,876,122	64,224,205
12. BOARD EXPENSES		
Details	2023/24	2022/23
Travel on duty-Local Board	20,481,502	10,481,040
Board of Directors fee	68,235,294	32,941,160
Board members' Meeting Exp.	-	3,930,000
Total	88,716,796	47,352,200
13. ADMINISTRATIVE EXPENSES		
	30-Jun-24	30-Jun-23
Details	TZS	TZS
Office Tea Expenses	4,218,100	14,934,010
Office Partition & Building Repair	3,214,100	10,962,852
Motor Vehicle-Running & Maintenance	9,716,935	20,850,464
Repair/Renewal Office Equipment	92,500	-
Repair/Renewal Machineries	21,526,132	2,198,273
Printing & Stationery expenses	6,157,454	15,426,381
Internal Audit Expenses	5,124,511	11,399,149
Professional Fees & Subscription	647,000	2,145,000
Books, Periodicals & News Paper	-	240,000
Purchase of Loose Tools	5,015,000	9,002,860
Audit fee Expenses	40,000,000	35,000,000
Staff gratuity expenses	110,025,600	50,100,000
Rent Expenses	30,135,663	35,431,081
Land rent	-	376,300
Communication Expenses	21,644,814	22,980,975
Legal expenses	3,283,238	9,039,146
Rates and Taxes (Administration)	19,105,515	4,999,992
Consultancy fees	7,295,864	1,250,000
Insurance	135,260,196	155,774,030
Seminars, Conferences & Study Tour-local	12,185,336	14,366,800

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	30-Jun-24	30-Jun-23
Details	TZS	TZS
Staff Training Expenses-Local	16,035,516	53,893,700
Staff Training Expenses-abroad	-	1,771,329
Computerisation expenses	29,813,876	35,227,099
Bank charges	30,054,623	15,017,737
Tender Board expenses	12,978,000	18,742,200
Housekeeping expenses	49,234,031	50,759,951
May Day Expenses	11,939,800	10,953,900
Security expenses	41,022,034	62,076,610
Fuel Expenses	37,250,040	38,167,590
Special Duty Allowance	19,764,000	15,217,400
Postage & courier Administration Expenses	816,841	2,018,880
Professional Charges - Admin	460,000	573,750
Inter-banking transaction	-	3,900,000
Bank Interest	42,487,003	-
Total	726,503,722	724,797,459

14. SHARE CAPITAL

As of the reporting date, capital structure of the Company comprised of ordinary shares paid up by shareholders. The primary objective of the Company's capital management is to maximize the shareholders' value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the Company's act.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Shareholding of each shareholder

Name	2023/24		
	Share holding	No. of shares	
	%	Unit	TZS
PSSSF	85.66	5,996,010	59,960,100,000
Prisons Corporation Sole	14.34	1,003,990	10,039,900,000
Total	100.00	7,000,000	70,000,000,000
Name	2022/23		
	Share holding	No. of shares	
	%	Unit	Value TZS
PSSSF	85.66	5,996,010	59,960,100,000
Prisons Corporation Sole	14.34	1,003,990	10,039,900,000
Total	100.00	7,000,000	70,000,000,000

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15. PROPERTY, PLANT AND EQUIPMENT (TZS)

Cost	Land TZS	Building	Machinery TZS	Office equipment TZS	ICT equipment TZS	Furniture TZS	Motor Vehicle TZS	Total TZS
At 1 July 2022	8,096,000,000	8,064,267,248	16,756,630,698	1,917,665,268	169,093,196	518,775,418	227,096,913	35,749,528,741
Addition	-	-	-	-	10,719,650	-	-	10,719,650
Total at 30 June 2023	8,096,000,000	8,064,267,248	16,756,630,698	1,917,665,268	179,812,846	518,775,418	227,096,913	35,760,248,391
Accumulated depreciation	-	(107,523,563)	(1,326,384,714)	(313,316,458)	(63,518,367)	(154,012,030)	(68,546,411)	(2,033,301,543)
Depreciation Charges during the year	-	(161,285,345)	(844,960,670)	(199,784,314)	(32,291,806)	(103,755,084)	(34,001,697)	(1,376,078,916)
Total Accumulated depreciation	-	(268,808,908)	(2,171,345,384)	(513,100,772)	(95,810,173)	(257,767,114)	(102,548,108)	(3,409,380,459)
NBV as at 30 June 2023	8,096,000,000	7,795,458,340	14,585,285,314	1,404,564,496	84,002,673	261,008,304	124,548,805	32,350,867,932
Cost	8,096,000,000	8,064,267,248	16,756,630,698	1,917,665,268	179,812,846	518,775,418	227,096,913	35,760,248,391
Addition	-	-	-	-	3,150,000	-	-	3,150,000
Cost at 30 June 2024	8,096,000,000	8,064,267,248	16,756,630,698	1,917,665,268	182,962,846	518,775,418	227,096,913	35,763,398,391
Accumulated depreciation	-	(268,808,908)	(2,171,345,384)	(513,100,772)	(95,810,173)	(257,767,114)	(102,548,108)	(3,409,380,459)
Depreciation Charges during the year	-	(161,285,345)	(844,960,670)	(199,784,314)	(33,245,592)	(103,755,084)	(34,001,697)	(1,377,032,701)
Total Accumulated depreciation	-	(430,094,253)	(3,016,306,054)	(712,885,086)	(129,055,765)	(361,522,198)	(136,549,805)	(4,786,413,161)
NBV as at 30 June 2024	8,096,000,000	7,634,172,995	13,740,324,644	1,204,780,182	53,907,080	157,253,220	90,547,108	30,976,985,230
NBV as at 30 June 2023	8,096,000,000	7,795,458,340	14,585,285,314	1,404,564,496	84,002,673	261,008,304	124,548,805	32,350,867,932

KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES COMPANY LIMITED

15b. Depreciation

	2023/24	2022/23
Details	TZS	TZS
Depreciation for machineries (Cost of Sales)	211,240,167	844,960,670
Depreciation (Operating Expenses)	1,165,792,534	531,118,246
Total	1,377,032,701	1,376,078,916

16. CAPITAL WORK IN PROGRESS

	2023/24	2022/23
Details	TZS	TZS
Opening Balance	16,579,505,271	13,657,734,955
Factory Construction cost	1,542,332,597	2,921,770,315
Building		-
Total	18,121,837,868	16,579,505,270

17. VAT RECOVERABLE

Details	2023/24	2022/23
Opening balance	9,804,959,268	9,872,787,136
VAT purchases during the year	506,362,424.20	498,527,983
VAT Sales during the year	(799,580,069)	(566,355,850)
Total	9,511,741,623	9,804,959,268

18. WITHHOLDING TAX RECOVERABLE

As of the reporting date, the amount was deducted at source in respect of sales of shoes made to suppliers and interest received on call account. The rate applicable is 2% and 10% respectively.

Withholding tax Recoverable	30-Jun-24	30-Jun-23
Opening balance	60,587,401	27,769,726
Withholding tax - interest 10%	4,854	229,675
Withholding tax - goods 2%	64,244,576	32,587,999
Total	124,836,831	60,587,401

KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES COMPANY LIMITED

19. (a). Tax Asset

During the period under review, the Company incurred a loss of TZS 6,065,777,725. Taxable loss amount is TZS 3,455,712,824 after adjustments of none and allowable deductions on tax computation. As a result, tax asset is TZS 1,036,713,847 (2022/23: TZS 2,807,967,109) as depicted hereunder;

Tax Asset	2023/24	2022/23
	TZS	TZS
Reported Loss	(6,065,777,725)	(7,481,736,249)
Add: Disallowable Deduction		
Depreciation	211,240,167	531,118,246
Depreciation on machines	1,165,792,534	844,960,670
ECL	14,990,507	116,501,195
Stock Impairment	2,251,889,255	1,110,244,734
Adjusted Profit	(2,421,865,262)	(4,878,911,404)
Less: Allowable Depreciation		
Wear and Tear Deduction- Class 3	(1,033,847,562)	(4,480,978,958)
Taxable Profit/Loss	(3,455,712,824)	(9,359,890,362)
Tax Asset (30% of Taxable amount)	(1,036,713,847)	(2,807,967,109)

(b) Deferred Tax Asset

Deferred tax	2023/24	2022/23
	TZS	TZS
Deferred tax asset at the beginning of year	10,228,167,046	7,420,199,937
Tax Asset during the year	1,036,713,847	2,807,967,109
Deferred Tax Asset (30 June 2024)	11,264,880,893	10,228,167,046

(c). Alternative Minimum Tax

	2023/24	2022/23
	TZS	TZS
Revenue for the year	4,440,874,893	3,431,145,971
Alternative Minimum Tax (AMT) Rate	0.5%	0.5%
Income Tax for the year (AMT)	22,204,374	17,155,730

(d) Income Tax Expense/Credit

Income Tax charged during the year	(22,204,374)	(17,155,730)
Increase in Deferred Tax Asset	1,036,713,847	2,807,967,109
Income Tax (Expense)/Credit	1,014,509,473	2,790,811,379

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20. (a) TRADE RECEIVABLES

During the period under review, the Company wrote off bad debt amounting to TZS 6,369,900 owing from TIRDO

Details	2023/24	2022/23
	TZS	TZS
Credit Sales VAT inclusive	871,976,818	775,630,000
Prisons Corporation Sole	580,604,724	580,604,724
TIRDO	350,000	350,000
TPC - Moshi	600,000	600,000
TIRDO (Bad debts written off)	-	6,369,900
Staff Imprest	7,058,000	12,532,000
	1,460,589,542	1,376,086,624
Provision - ECL	(128,675,877)	(116,501,195)
Total	1,331,913,665	1,259,585,429

(b) Credit Sales Movement

Details	2023/24	2022/23
	TZS	TZS
Opening Balance as at 01 July	775,630,000	90,451,090
Credit sales Issued	4,054,394,631	2,697,682,510
Account receivable collection	(3,958,047,813)	(2,012,503,600)
Closing Balance as at 30 June	871,976,818	775,630,000

(c) Advance to Contractor

Details	2023/24	2022/23
	TZS	TZS
Opening balance	2,203,835,289	1,120,883,765
Advance to Contractor during the year	1,437,744,575	1,082,951,524
Total	3,641,579,864	2,203,835,289

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21. PAYABLES

Details	2023/24	2022/23
	TZS	TZS
Sundry creditors	8,002,308	8,002,308
Computerization expenses payable	3,417,466	2,746,000
Staff gratuity provision	26,700,000	170,999,400
Tender Board Expenses Payable	1,550,000	-
Marketing expenses payable	-	24,800,208
Directors Fee payable	28,999,999	27,999,999
Communication Expenses payable	1,875,368	2,132,796
Leave Allowance payable	332,281	1,474,394
Raw materials payable	727,059,806	1,083,633,678
Audit fee payable	40,000,000	35,000,000
Employee medical clearing	4,695,210	5,819,667
Consultancy fee payable	-	4,428,712
Overhead payable	21,229,023	17,020,036
withholding tax - rent 10%	1,438,251	522,654
withholding tax - service 5%	5,938,479	4,884,094
withholding tax - director fee 15%	13,941,162	7,411,748
House Keeping Payable	0	23,132,254
Security expenses Payable	19,028,119	17,044,100
PAYE clearing	78,116,145	164,602,820
Workman Compensation Payable	3,737,285	1,142,115
Net salary clearing	-	21,952
Rates & Taxes (Administration) Clearing	3,988,316	1,996,600
3% Medical care Employer Payable	4,695,210	5,819,667
Corporate tax on unrelieved loss 0.5%	22,204,377	27,562,772
5% employee Contributions Clearing a/c	197,098,831	155,470,100
TUICO Clearing	-150,462	2,138,000
Subsistence allowance payable	7,421,350	10,451,440
15% Pension Contribution expense payable	591,296,492	466,410,300
Skills Development Levy expense Payable	6,615,935	35,175,342
Laptop Recovery	3,930,918	2,283,500
HESLB Clearing	-	2,850,000
Rent Lease Building Expenses Payable	-	3,096,396
Postage & courier Adm Expenses Payable	120,000	304,200
Repair/Renewal Machinerries Payable	-	1,749,000
Responsibility Allowance payable	10,357,144	-
Total	1,833,639,013	2,318,126,252

All payables are non-interest bearing and are normally settled within respective prescribed time depending on the type of payable.

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22. CASH COLLECTED FROM SALES

During the period under review the Company managed to collect a total amount of TZS 5,155,729,456 (2023/24: TZS 2,986,203,652) from various customers for sale of pairs of shoes including military boots to military institutions.

Cash collected from Sales	30-Jun-24	30-Jun-23
	TZS	TZS
Cash Collected from cash sales	1,143,983,921	1,015,094,738
Cash Collected from Credit sales	4,011,745,535	1,971,108,914
Total	5,155,729,456	2,986,203,652

23. PRODUCTION EXPENSES PAID

Details	30-Jun-24	30-Jun-23
	TZS	TZS
Raw materials	1,746,167,668	1,394,480,707
Overhead expenses	294,281,220	288,922,550
Total	2,040,448,888	1,683,403,257

24. OPERATING EXPENSES PAID

Details	30-Jun-24	30-Jun-23
	TZS	TZS
Marketing Expenses	198,123,787	107,623,524
Basic Salary expense	130,962,416	78,997,103
Marketing expenses payable	21,959,627	24,312,793
15% Pension Contribution expense	173,656,118	-
5% employee Contributions	57,885,373	-
Net salary Clearing	1,778,452,961	2,123,838,433
Withholding tax on goods 2%	64,244,576	26,893,508
Withholding tax - rent 10%	915,597	900,117
withholding tax - service 5%	996,717	420,425
withholding tax on call account	4,855	229,675
withholding tax on Directors Fee 15%	1,411,767	2,470,588
HESLB	26,273,855	37,900,018
PAYE Clearing	430,137,818	353,005,345
Skills Development Levy expense	71,597,216	79,442,135
Workman Compensation expenses	7,904,078	13,185,070
3% Medical care Employee payable	5,819,667	6,692,124
3% Medical Expenses	54,683,179	68,527,923
3% Medical care Employee	60,502,846	75,202,047
Leave Allowance/Passage expense	51,592,038	57,648,321

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Details	30-Jun-24	30-Jun-23
	TZS	TZS
Motor Vehicle-Running & Maintenance Payable	-	7,895,970
Office Tea Expense	1,222,300	9,504,310
Professional Charges - Admin	460,000	573,750
Postage & courier Adm Expenses	738,549	1,761,083
Staff Welfare Expense	5,325,500	9,487,000
Staff loan	2,600,000	1,000,000
Subsistence allowance	-	10,405,900
Overtime Expenses	-	7,140,002
Salary Advance	2,057,760	-
TUICO	14,808,154	11,765,000
Directors Fee	34,117,647	-
Directors fee payable	28,000,000	28,000,000
Housekeeping expenses	49,100,031	28,659,430
Travel and Transport	17,786,822	2,353,860
Board Expenses	-	10,481,040
Motor Vehicle-Running & Maintenance & Fuel	44,793,615	52,375,305
Printing & Stationery expense	6,157,454	14,634,381
Legal Expenses	2,365,312	4,775,246
Rates & Taxes (Administration)	15,117,199	3,462,753
Corporate Tax	27,562,769	-
Rates & Taxes Clearing	1,996,600	2,356,423
Consultancy Fees	10,474,576	7,237,288
Consultancy fee payable	1,250,000	13,596,000
Internal Audit Expenses	1,914,407	6,324,889
Professional Fees & Subscription	175,000	1,855,000
Books, Periodicals & News Paper	-	240,000
Interbanking transaction clearing	-	3,900,000
Board members' Meeting Exp Payable	-	10,436,472
Purchase of Loose Tools	18,000	475,000
Audit fee	-	-
Audit fee payable	35,000,000	30,000,000
ICT Equipment payable	-	9,425,000
Overhead Payable	16,960,036	14,972,000
Rent Expenses	33,232,059	32,564,048
May day expenses	5,086,800	4,438,100
Communication Expenses	20,006,519	21,100,521
Communication expenses payable	2,132,795	2,761,000
Insurance Expenses	135,260,196	155,774,030
Computerisation expenses Payable	2,696,000	1,249,620

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Details	30-Jun-24	30-Jun-23
	TZS	TZS
Repair/Renewal Office Equipment	92,500	-
Seminar, Conferences& Study Tour-local	4,020,000	3,790,000
Staff Training Expenses-Local	3,421,000	37,124,600
Repair/Renewal Buildings	1,540,000	10,212,352
Land rent	-	376,300
Security expenses	-	34,621,610
Tender Board Expenses	9,700,000	17,600,000
Tender Board expenses - payable	-	3,650,000
Computerisation expenses	26,649,836	31,682,980
Bank Service Charges	30,054,623	15,017,737
Imprest (Office & Safari)	237,494,681	303,700,697
VAT Purchases	415,081,575	323,163,002
Purchases payable	1,083,634,678	1,057,894,342
Skills Development Levy expenses Payable	35,175,336	9,975,242
Staff Reallocation Payable	-	5,456,500
Deposit clearing	1,000,000	-
Staff Gratuity Payable	254,325,000	25,200,000
Repair & Renewal machinery	23,275,132	29,450
House Maint. Allowance expenses	857,142.86	-
Transport assistance	14,416,469	26,763,855
House Keeping Payable	23,132,254	18,505,803
Special Duty Allowance	2,850,000	5,400,000
Workman Compensation expenses payable	1,142,115	1,246,905
Life Insurance Clearing	936,000	-
Security Expenses Payable	17,370,880	18,746,700
Repair/Renewal Buildings Payable	-	2,245,000
Responsibility Allowance	108,832,144	-
Postage & courier Adm Expenses Payable	257,796	-
Total	5,970,779,753	5,532,672,645

25. INTEREST INCOME

This is an income received on call account opened at CRDB Bank, TZS 5,454,882 (2023: TZS 12,376,953)

	30-Jun-24	30-Jun-23
Details	TZS	TZS
Interest received	5,454,882	12,376,953

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26. ACQUISITION OF CAPITAL ASSETS

The cost related to advance paid to contractor for the purchase of construction materials for factory buildings and purchase of ICT equipment. The total cost paid during the year is TZS 2,998,458,664 (2022/23: TZS 4,014,938,490)

Details	2023/24	2022/23
	TZS	TZS
Advance to Contractor	1,437,744,575	1,082,951,524
Prepayment	15,231,492	-
Computer hardware	3,150,000	10,719,650
WIP factory	1,542,332,597	2,921,267,316
TOTAL	2,998,458,664	4,014,938,490

27. CASH AND CASH EQUIVALENT

Cash and cash equivalents represent solely bank account balances maintained by the Company. As at the reporting date, the bank balance was TZS 143,137,712 (2022/23: TZS 9,752,234)

Cash and Cash Equivalent	2023/24	2022/23
Description	TZS	TZS
CRDB Bank Account	78,408,557	4,019,249
Azania Bank Account	13	13
NMB Bank Account	66,953,729	5,124,434
Petty Cash HQ	591,238	608,538
Total	145,953,537	9,752,234
Provision ECL	(2,815,825)	-
Net Total	143,137,712	9,752,234

27b. BANK OVERDRAFT

The Company maintains bank overdraft facility with CRDB Bank under the agreed amount of TZS 1billion. As at the reporting date, the overdraft balance was TZS 847,976,474.

Bank Overdraft	2023/24	2022/23
Description	TZS	TZS
Amount received	(4,617,633,852)	-
Bank interest	(42,487,003)	-
Amount paid	3,812,144,381	-
Total	(847,976,474)	-

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28. STAFF IMPREST

As of 30 June 2024, the Company reported a balance of TZS 7,058,000 (2022/23: TZS 12,532,000) being imprest paid to staff for various expenses.

Staff Imprest	2022/24	2022/23
Description	TZS	TZS
Staff imprest	7,058,000	12,532,000

29. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the Board Members, senior management team, the participant entities, and entities which are related to these parties through common shareholdings or units-holdings. Related party transaction is disclosed

Name	30-Jun-24		
	Share holding	No. of shares	Value
	%	Unit	TZS
PSSSF	85.66	5,996,010	59,960,100,000
Prisons Corporation Sole	14.34	1,003,990	10,039,900,000
	100.00	7,000,000	70,000,000,000

Remuneration of Board of Directors and Key Management Personnel

The Board of Directors is a body of appointed members who jointly oversee the activities of the Company. Their remuneration is set out below:

BOARD OF DIRECTORS	2023/24	2022/23
	TZS	TZS
Directors' fees	68,235,294	32,941,160
Board allowance/per diems	20,481,502	10,481,040
Total	88,716,796	43,422,200

Remuneration of Key Management Personnel

Key management personnel include Managing Director and other members of management having authority and responsibility of planning, directing and controlling the activities of the Company. Their remuneration and allowances are set out below:

Description	2023/24	2022/2023
	TZS	TZS
Short term employee benefit	505,364,096	587,609,020
Post-Employment benefits:		
Defined contribution plan	26,700,000	50,100,000
Total	532,064,096	637,709,020

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30. PREPAYMENT

During the year, the Company incurred no costs hence the accumulated amount is to TZS 42,813,029,633 (2022/23: TZS 42,797,178,142).

Details	30-Jun-24 TZS	30-Jun-23 TZS
Opening Balance	42,797,178,142	42,797,178,142
Adjustments during the year		
Charges during the year	15,851,491	-
Total	42,813,029,633	42,797,178,142

31. EVENTS AFTER THE REPORTING PERIOD

There are no material events, adjusting or non-adjusting, which have occurred between the reporting date and the date when financial statements are authorised for issue.

32. PROVISIONS FOR IMPAIRMENT

For the period under review The Company assessed an impairment of Tannery Chemicals and Expected Credit Loss of Trade Receivable and Cash to TZS 2,273,249,662 (2022/23: 1,226,745,929)

Provision for impairment of loans and receivables		
Details	2023/24 TZS	2022/23 TZS
Trade Receivables	18,544,582	116,501,195
Cash and Bank	2,815,825	
Tannery chemicals Inventory	2,251,889,254	1,110,244,734
Total	2,273,249,661	1,226,745,929

33. NON-CURRENT ASSETS HELD FOR SALE

Currently there is no asset held for sale.

34. LONG TERM LOAN

During the year under review, PSSF disbursed loan total of TZS 5,179,214,799 (2022/23: 8,200,218,915) for the on-going project construction and operation activities at Kilimanjaro International Leather Industries Co. Ltd- Moshi as analysed below;

Details	30-Jun-24 TZS	30-Jun-23 TZS
Advance/ prepayment	66,482,807,153	58,282,588,238
WIP Factory	1,541,470,224	2,919,779,858
Raw material	-	486,630,507
Cash Loan disbursed 1	3,637,744,575	4,793,808,550
	71,662,021,952	66,482,807,153

KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES COMPANY LIMITED

35. COMMITMENTS & CONTINGENCIES

Contingent Liabilities

The Directors are not aware of any other major contingent liabilities that are required to be disclosed or recorded in accordance with International Financial Reporting Standards.

Lease Commitments

The Company had not entered into any lease agreement and had no lease commitments at the year-end.

Capital Commitments

At the reporting date, the Company had no capital commitment.

36. REPORTING CURRENCY

The reporting currency, which is also the transaction currency of the Company, is Tanzanian Shillings (TZS).

37. EXPECTED CREDIT LOSS

a) EXPECTED CREDIT LOSS - TRADE RECEIVABLE BALANCES

For the period under review The Company assessed an expected credit loss of Trade Receivables amounting to TZS 12,174,682.57 (2022/23: 116,501,194.80).

30-Jun-24		0%	5%	7%	20%		
	Amount	1-3 months	4-6 months	7-12 months	Above 12 months	ECL	Net Amount
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Credit Sales VAT inclusive	871,976,818	644,887,067	216,500,000	2,984,751	7,605,000	12,554,933	859,421,885
Prisons Corporation Sole	580,604,724				580,604,724	116,120,945	464,483,779
TIRDO	350,000				350,000	-	350,000
TPC - Moshi	600,000				600,000	-	600,000
Staff Imprest	7,058,000				7,058,000		7,058,000
Total	1,460,589,542	644,887,067	216,500,000	2,984,751	588,209,724	128,675,877	1,331,913,665

30-Jun-23		0%	5%	7%	20%		
	Amount	1-3 months	4-6 months	7-12 months	Above 12 months	ECL	Net Amount
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Credit Sales VAT inclusive	775,630,000	768,025,000	7,605,000			380,250	775,249,750
Prisons Corporation Sole	178,973,894				178,973,894	116,120,945	464,483,779
TIRDO	350,000					-	350,000
TPC - Moshi	600,000					-	600,000
TIRDO (Bad debts written off)	6,369,900					-	6,369,900
Staff Imprest	12,532,000						12,532,000
Total	1,376,086,624	768,025,000	7,605,000	-	580,604,724	116,501,195	1,259,585,429

KILIMANJARO INTERNATIONAL LEATHER INDUSTRIES COMPANY LIMITED

b) EXPECTED CREDIT LOSS - BANK BALANCES

For the period under review The Company assessed an expected credit loss of Cash and Bank Balance to TZS 2,815,825.38.

30-Jun-24

SN	BANK NAME	C&CE BALANCE AS AT JUNE 2024 (EAD) TZS	PD	LGD	ECL (TZS)	CARRYING AMOUNT (TZS)
		A	B	C	D= A*B*C	E= A-D
1	CRDB Bank Account	78,408,557	0.0216	0.90435	1,531,625	76,876,932
2	Azania Bank Account	13	0.0216	0	0	13
3	NMB Bank Account	66,953,729	0.0216	0.88798	1,284,201	65,669,527
4	Petty Cash HQ	591,238	0.0216	0	0	591,238
	Total	145,953,537			2,815,825	143,137,711

30-Jun-23

SN	BANK NAME	C&CE BALANCE AS AT JUNE 2024 (EAD) TZS	PD	LGD	ECL (TZS)	CARRYING AMOUNT (TZS)
		A	B	C	D= A*B*C	E= A-D
1	CRDB Bank Account	4,019,249	0.0216	0	0	4,019,249
2	Azania Bank Account	13	0.0216	0	0	13
3	NMB Bank Account	5,124,434	0.0216	0	0	5,124,434
4	Petty Cash HQ	608,538	0.0216	0	0	608,538
	Total	9,752,234			0	9,752,234

38. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENT 2022/23

The adoption of IFRS on computation and recognition of Expected Credit Loss resulted to restatement of financial statements for the year ended 30 June 2023

	Signed Financial Statements 2022/23 TZS	Restated Financial Statements 2022/23 TZS	Adjustment 2022/23 TZS
Statement of Financial Position			
Trade Receivables	1,376,086,624	1,259,585,429	116,501,195
Deferred tax asset	10,566,387,185	10,228,167,046	338,220,139
Accumulated losses	-15,537,095,070	-15,991,816,404	454,721,334
Statement of Profit/Loss and Other Comprehensive Income			
Impairment loss	-1,110,244,734	-1,226,745,929	116,501,195
Movement Deferred Tax Asset	3,146,187,248	2,807,967,109	338,220,139
	2,035,942,514	1,581,221,180	454,721,334

39. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

New revised and issued IFRSs effective for the period ended 30 June 2024

As of 2023/2024, the International Accounting Standards Board (IASB) has adopted or issued the following significant International Financial Reporting Standards (IFRS) updates:

1. Amendments to IAS 1: Classification of Liabilities as Current or Non-current (Effective January 1, 2024)

These amendments clarify the criteria for classifying liabilities as current or non-current. Clarifies that the classification should be based on rights that are in place at the end of the reporting period. Emphasizes that a liability is classified as non-current if an entity has the right to defer settlement for at least twelve months after the reporting period.

2. Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (Effective 1 January 2024)

These amendments clarify how a seller-lessee accounts for a sale and leaseback transaction under IFRS 16. Clarifies that the seller-lessee should subsequently measure the lease liability in a way that does not result in the recognition of a gain or loss related to the right of use retained by the seller-lessee.

3. IFRS 9 and IFRS 7: Financial Instruments and Disclosure (Amendments related to IBOR reform Phase 2)

These amendments address issues arising from the reform of interest rate benchmarks (IBOR reform), including the replacement of benchmark rates such as LIBOR. Modifications to financial assets and liabilities required by the IBOR reform should not result in immediate recognition of gains or losses. Additional disclosure requirements to provide users with useful information about the effect of IBOR reform on the entity's financial statements.

The Company is still assessing the impact of the amendments to the Company's financial statement.