

ZHENKUN INVESTMENT COMPANY LIMITED

**P. O. BOX 7321
DAR ES SALAAM
TANZANIA**

FINANCIAL STATEMENTS

FOR THE

YEAR ENDED

31ST DECEMBER 2023

**I. A. BAPUMIA AND CO.
ACCOUNTANTS, AUDITORS AND TAX CONSULTANTS**

**P. O. BOX 4927
TEL / FAX 2151999, 0754-327499
MHASIBU HOUSE
BIBI TITI MOHAMED STREET
DAR ES SALAAM
TANZANIA**

ZHENKUN INVESTMENT COMPANY LIMITED
P. O. BOX 7321
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REPORT OF THE DIRECTORS TO THE MEMEBERS

1. ACCOUNTS:-

The Directors present their Financial Statements for the year **ended 31st December 2023.**

2. ACTIVITIES:-

The Company's principal activity is import and selling of electrical items, building materials and assembling of electrical items.

3. RESULTS:-

During the year under review, the Company recorded a Pre-Tax profit of **TZS 192,289,097**

4. DIVIDENDS:-

The Directors do not recommend the payment of Dividends.

5. DIRECTORS:-

The Directors of the Company who held office during the year were:-

MR. DENG JIAYOU
MR. RAJENDRA PRASAD SUYAL
MR. MURAD SAID SALIM

6. STATEMENT OF DIRECTORS RESPONSIBILITIES:-

In compliance with the provisions of the Companies Act, 2002, the Directors of the Company are required to prepare Financial Statements for each year that give a **True and Fair** view of the State of Affairs and of its **Gain or Loss** for the year under reference.

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REPORT OF THE DIRECTORS TO THE MEMEBERS

7. EMPLOYMENT WELFARE:-

The relationship between Employees and Management has been good. There were no unresolved complaints received by Management from the Employees during the year.

8. AUDITORS:-

M/S I. A. BAPUMIA & CO. have expressed their willingness to be appointed as Auditors.

BY ORDER OF THE BOARD

DAR ES SALAAM

DIRECTORS.....

DATE.....29/08/2024.....



ZHENKUN INVESTMENT COMPANY LIMITED

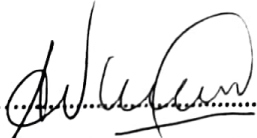
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DECLARATION OF INDEPENDENT ACCOUNTANT FOR THE YEAR ENDED 31ST DECEMBER 2023

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 required Financial Statements to be accompanied with a declaration issued by an independent Accountant responsible for the preparation of Financial Statements of the Entity.

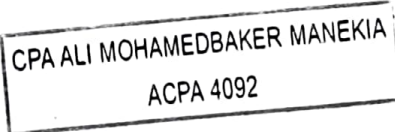
It is the Duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing Financial Statements of the Entity showing True and Fair view of the Entity's position and performance in accordance with applicable International Accounting Standards and Statutory Financial reporting requirements. Legal responsibility for the preparation of Financial Statements rests with Board of Directors as per the Statements of Director's Responsibilities.

I, ALI M. MANEKIA being the Independent Accountant hereby acknowledge my responsibility of ensuring that Financial Statements for the year ended 31st December 2023 have been prepared in compliance with applicable Accounting Standards and Statutory requirements, give a True and Fair View of the Position of the Company and are prepared based on the properly maintained Financial records.

Signature: 

NBAA No.: ACPA 4092

Date: 29/08/2024



ZHENKUN INVESTMENT COMPANY LIMITED

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PRACTITIONER'S COMPILATION REPORT FOR THE YEAR ENDED 31ST DECEMBER 2023


We have compiled the accompanying Financial Statements of **ZHENKUN INVESTMENT COMPANY LIMITED** based on information you have provided. These Financial Statements comprise the Statement of Financial Position of **ZHENKUN INVESTMENT COMPANY LIMITED** as at 31st December 2023. The Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cashflows for the year ended and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standards on Relation Services 4410 (Revised) Compilation Engagement.

We have applied our expertise in Accounting and Financial reporting to assist you in the preparation and presentation of these Financial Statements in accordance with International Financial Reporting Standards for Small and Medium sized Entities (IFRS for SMEs). We have compiled with relevant ethical requirements including principles of Integrity, Objectivity, Professional Competence and due care.

These Financial Statements and the accuracy and completeness of the information used to compile them are Directors responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided to us to compile these Financial Statements. Accordingly, we do not express an Audit Opinion or a review conclusion on whether these Financial Statements are prepared in accordance with IFRS for SMEs.


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IQBAL BAPUMIA
FCPA 213
I. A. BAPUMIA AND CO.
CERTIFIED PUBLIC ACCOUNTANTS
IN PUBLIC PRACTICE.
P. O. BOX 4927
DAR ES SALAAM.

I. A. BAPUMIA & CO.
ACCOUNTANTS, AUDITORS & TAX CONSULTANTS
P. O. Box 4927
TEL:/FAX: 2151999 / 0754-327499
DAR-ES-SALAAM - TANZANIA

DATE:.....29/08/2024.....

ZHENKUN INVESTMENT COMPANY LIMITED

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TIN No. 129 - 072 - 903

INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2023

	Notes	TZS - 2023	TZS - 2022
Sales		5,975,715,716	5,345,848,810
Cost of sales	2	(4,596,515,285)	(4,768,204,270)
Gross profit		1,379,200,431	577,644,540
Administrative expenses	3	(1,094,208,928)	(383,188,819)
Finance cost	4	(93,057,348)	(43,428,749)
Depreciation	5	(166,752,958)	(76,428,542)
Gain on foreign exchange: Unrealised		167,107,900	-
Profit before taxation		192,289,097	74,598,430
Corporate tax @ 30%		-	(865,526)
Profit after taxation		192,289,097	73,732,903

ZHENKUN INVESTMENT COMPANY LIMITED

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TIN No. 129 - 072 - 903

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2023

	Notes	TZS - 2023	TZS - 2022
ASSETS:			
<u>Non-Current Assets:</u>			
Property, plants and equipment	5	3,590,015,969	2,668,105,284
<u>Current Assets:</u>			
Inventories		2,566,635,429	1,102,485,337
Goods in transit		1,389,240,392	255,431,183
Trade and other receivables	6	1,269,971,055	466,874,558
Cash and bank balance	7	1,227,248,975	142,558,745
		6,453,095,851	1,967,349,823
TOTAL ASSETS		10,043,111,820	4,635,455,107
EQUITY AND LIABILITIES:			
Equity:			
Share capital	8	500,000,000	500,000,000
<u>Retained earnings:</u>			
Balance at 1st January		905,363,911	(332,684,810)
Less: Prior years' tax paid		(2,000,000)	(22,730,319)
Shareholders funds		-	1,186,180,610
Add: Profit for the year		192,289,097	74,598,430
Balance at 31st December		1,095,653,008	905,363,911
<u>Current liabilities:</u>			
Trade and other payables	9	6,964,902,383	3,237,534,766
Term loan		1,500,000,000	-
Taxation		(17,443,570)	(7,443,570)
		8,447,458,813	3,230,091,196
TOTAL EQUITY AND LIABILITIES		10,043,111,820	4,635,455,107

We Confirm that the Accounting Records, Information and Explanations given for the purpose of Preparing these Financial Statements are True and Correct.

ZHENKUN INVESTMENT
COMPANY LIMITED
P. O. Box 7321
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TIN No. 129 - 072 - 903

STATEMENT FOR CASHFLOW FOR THE YEAR ENDED 31ST DECEMBER 2023

	TZS - 2023	TZS - 2022
Cash flow from operating activities		
Profit before taxation	192,289,097	74,598,430
Adjustments for:		
Depreciation	166,752,958	76,428,542
Operating profit before changes in working capital	359,042,055	151,026,972
Changes in Working Capital		
Increase in inventories	(1,464,150,093)	(439,458,829)
Increase/ (decrease) in goods in transit	(1,133,809,209)	853,128,103
Increase in trade and other receivables	(803,096,498)	(286,086,458)
Increase in trade and other payables	3,727,367,617	1,208,846,005
	326,311,818	1,336,428,821
Cash generated from operations	685,353,873	1,487,455,793
Tax paid	(12,000,000)	(24,730,319)
Net cash flow from operating activities	673,353,873	1,462,725,474
Cash flow from investing activities		
Purchase of property, plant and equipment	(1,088,663,642)	(2,566,067,035)
Sale of property, plant and equipment	-	-
	(1,088,663,642)	(2,566,067,035)
Cash flow from finance activities		
Shareholders funds	-	1,186,180,610
Increase of term loan	1,500,000,000	-
	1,500,000,000	1,186,180,610
Total cash movement for the year	1,084,690,231	82,839,049
Cash and cash equivalents at the beginning of the year	142,558,745	59,719,696
Cash and cash equivalents at the end of the year	1,227,248,975	142,558,745

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NOTES TO THE FINANCIAL STATEMENTS

Note 1: PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of Accounting

The Financial Statements are prepared on the historical Cost Concept, modified where necessary to include Revaluation of Assets.

1.2 Gross Operating Income

Profit earned represents mainly the amount invoiced in respect of services rendered.

1.3 Depreciation:

Depreciation is calculated on the Reducing Balance Method to write off the cost of each asset to its residual value over its estimated useful life.

The Principal Annual Rates used for this purposes are as follows:

CLASSIFICATION OF ASSET	RATE PER ANNUM
Building cost	5.0%
Furnitures, fittings and equipment	12.5%
Computers and peripherals	37.5%
Plant and machinery	25.0%
Motor vehicle	25.0%

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TIN No. 129 - 072 - 903

Notes to the Financial Statement for the year ended 31 December 2023

Note	TZS - 2023	TZS - 2022
2 Cost of sales		
Inventory at 1 January	1,102,485,337	663,026,507
Purchases and direct cost	6,060,665,377	5,207,663,100
	7,163,150,714	5,870,689,607
Inventory at 31 December	(2,566,635,429)	(1,102,485,337)
	4,596,515,285	4,768,204,270
3 Administrative expenses		
Accountancy fees	1,500,000	1,500,000
Business promotion	9,598,712	3,880,508
City service levy	9,063,650	16,037,546
Director fees	30,000,000	97,200,000
Donations	500,000	-
Electricity and water	203,963,524	50,694,087
Fines and penalties	7,612,667	-
Insurance	17,751,875	-
Land rent and property valuation fees	6,803,759	940,000
Legal and professional fees	847,458	-
Licence and other fees	32,129,000	3,500,000
Motor vehicle running	74,028,660	29,400,751
NSSF contribution	41,182,500	3,318,000
Printing and stationery	10,293,919	1,937,627
Rent	100,863,660	86,719,000
Repair and maintenance	71,224,016	32,241,095
Salaries and wages	411,825,000	33,180,000
Telephone, postage and internet	1,242,797	4,865,500
Transport and travelling	2,293,856	11,238,936
Skill and development Levy	14,947,950	1,295,200
Staff welfare expenses	10,299,030	4,717,288
Stamp duty	1,643,677	-
TUICO contribution	2,398,500	324,200
Unclaimed VAT	30,118,390	-
Worker compensation fund	2,076,330	199,080
	1,094,208,928	383,188,819
4 Finance cost		
Bank charges	4,078,702	4,753,245
Appraisal fee	22,000,000	-
Loss on foreign exchange: Realised	66,978,646	38,675,505
	93,057,348	43,428,749

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Notes to the Financial Statement for the year ended 31 December 2023

Note

5 Property, plant and equipment

	Land	Building Cost	Building Under Construction	Furnitures & Equipment	Computer & Accessories	Plant and machinery	Motor vehicle	Total
	0.0% TZS	5.0% TZS	5.0% TZS	12.5% TZS	37.5% TZS	25.0% TZS	25.0% TZS	TZS
Cost								
At the start of the year	319,064,000	2,112,378,926	-	20,771,204	3,186,035	273,390,718	22,457,627	2,751,248,510
Additions	-	-	335,845,286	1,514,917	-	693,367,846	57,935,593	1,088,663,642
At the end of the year	319,064,000	2,112,378,926	335,845,286	22,286,121	3,186,035	966,758,564	80,393,220	3,839,912,152
Depreciation								
At the start of the year	-	-	-	6,772,945	2,408,194	68,347,680	5,614,407	83,143,225
Charge for the year	-	105,618,946	-	1,749,782	291,690	51,260,760	7,831,779	166,752,958
At end of the year	-	105,618,946	-	8,522,727	2,699,885	119,608,439	13,446,186	249,896,183
Net Book Value								
As at 31 December 2023	319,064,000	2,006,759,979	335,845,286	13,763,394	486,150	847,150,125	66,947,034	3,590,015,969
As at 31 December 2022	319,064,000	2,112,378,926	-	13,998,259	777,841	205,043,039	16,843,220	2,668,105,284

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Notes to the Financial Statement for the year ended 31 December 2023

Note	TZS - 2023	TZS - 2022
6 Trade and other receivables		
Trade receivables	191,715,382	19,818,942
Other receivables	101,771,376	116,935,762
VAT account	976,484,297	330,119,855
	1,269,971,055	466,874,558
7 Cash and bank balance		
Cash in hand	8,130,663	7,854,282
Cash at bank	1,219,118,312	134,704,464
	1,227,248,975	142,558,745
8 Share capital		
Authorised		
100 ordinary shares of TZS 5,000,000/- each	500,000,000	500,000,000
Issued and fully paid		
100 ordinary shares of TZS 5,000,000/- each	500,000,000	500,000,000
9 Trade and other payables		
Trade payables	6,511,791,287	3,229,983,666
Other payable	416,369,200	-
Accruals	36,741,896	7,551,100
	6,964,902,383	3,237,534,766

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TAX COMPUTATION FOR THE YEAR ENDED 31ST DECEMBER 2023

					TZS - 2023
Profit as per accounts					192,289,097
Add: <u>Non allowable expenses</u>					
Depreciation		166,752,958			
Donations		500,000			
Fines and penalties		<u>7,612,667</u>			<u>174,865,625</u>
					367,154,722
Less: As per schedule below: Wear and Tear		(516,115,546)			
Unrealised gain on foreign exchange		<u>(167,107,900)</u>			<u>(683,223,446)</u>
Taxable income					<u>(316,068,724)</u>
Corporate tax @ 30%					-
Less: Provisional tax paid					<u>(10,000,000)</u>
Credit balance					<u>(10,000,000)</u>
SCHEDULE OF WEAR AND TEAR					
	CLASS 1	CLASS 2	CLASS 3	CLASS 5	Total
	TZS	TZS	TZS	TZS	TZS
	37.5%	25.0%	12.5%	5.0%	
WDV as at 1 st January 2023	15,280,562	136,695,359	15,947,312	2,112,378,926	2,280,302,159
Additions	57,935,593	693,367,846	1,514,917	-	752,818,356
	<u>73,216,155</u>	<u>830,063,205</u>	<u>17,462,229</u>	<u>2,112,378,926</u>	<u>3,033,120,515</u>
Less: Depreciation	(27,456,058)	(207,515,801)	(2,182,779)	(105,618,946)	(342,773,584)
Initial allowance	-	(173,341,961)	-	-	(173,341,961)
	<u>(27,456,058)</u>	<u>(207,515,801)</u>	<u>(2,182,779)</u>	<u>(105,618,946)</u>	<u>(342,773,584)</u>
WDV as at 31 st December 2023	<u>45,760,097</u>	<u>449,205,442</u>	<u>15,279,451</u>	<u>2,006,759,979</u>	<u>2,517,004,969</u>