

Mowara Limited
(Registration number 54433)
Financial statements
for the year ended December 31, 2023

Mowara Limited

(Registration number 54433)

Financial Statements for the year ended December 31, 2023

General Information

Country of incorporation and domicile	United Republic of Tanzania
Nature of business and principal activities	Transport Services
Directors	Mr. Ali Kreik Mr. Fadi Badli Mr. Ali Afif Fawaz Mr. Ferdinando Ponti Mr. Francesco Ponti
Registered office	Plot no. 316 Tom Estate, Kurasini P. O. Box 8648 Dar es Salaam Tanzania
Bankers	Bank of Africa NBC Bank
Auditors	Balakrishna Sreekumar & Co Certified Public Accountants 254 Alykhan Road, Upanga P.O. Box 948 Dar es Salaam Tanzania
Secretary	Fadi Badli
Tax reference number	104-078-230

Mowara Limited

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Mowara Limited

(Registration number 54433)

Financial Statements for the year ended December 31, 2023

The Report by Those Charged with Governance

The members charged with governance have pleasure in submitting their report on the financial statements of Mowara Limited for the year ended December 31, 2023.

1. Nature of business

Mowara Limited was incorporated in United Republic of Tanzania with interests in the Transport Service industry. The company operates in legislative and regulatory environment of United Republic of Tanzania.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act 2002. The accounting policies have been applied consistently compared to the prior year.

The company recorded a net profit after tax for the year ended December 31, 2023 of TSh(000) 160,733. The net loss after tax of the prior year was TSh('000)(798,868). This has been deducted from accumulated losses.

Company revenue increased by 6% from TSh(000)27,147,237 in the prior year to TSh(000)28,884,849 for the year ended December 31, 2023. The increase in revenue was as a result of the increase of the customers due to improvement of the business operations.

3. Stakeholder's Relationship

The members charged with governance has identified categories of stakeholders which are Government, employees, regulators, suppliers, customers, lenders, and the general community. Before making its decisions, the Board takes the interests of all stakeholders into account to ensure that engagement with stakeholders is deliberate and planned. Furthermore, the Board wishes to ensure that communication with stakeholders is always transparent and effective.

4. Directorate

The directors in office at the date of this report are as follows:

Directors	Date of birth	Nationality
Mr. Ali Kreik	06.03.1987	Lebanese
Mr. Fadi Badli	13.12.1973	Syrian
Mr. Ali Afif Fawaz	17.09.1975	Tanzanian
Mr. Ferdinando Ponti	21.06.1958	Italian
Mr. Francesco Ponti	08.08.1992	Italian

5. Corporate Governance matters

The Board of directors consists of 5 Directors. 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 business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year. The company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability.

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The Report by Those Charged with Governance

6. Objective and strategies of the entity

The Company's primary aim is to deliver best product/ services to the customers and be the market leader in the product / services it deals in. Company wishes to optimize the profits and maximize the shareholder's value. Company's strategies to attain the above stated objectives includes:

- Focus on profit margins
- Benchmark business's performance
- Assess the effectiveness of cost management measures
- Evaluate business productivity
- Develop new business strategies
- Expanding to new markets
- Increase employees productivity

7. Resources

During the year, there have been no major changes in entity's resources which primarily includes financial resources, intellectual resources, human resources, social resources and natural resources

8. Capital Structure and Cash Flows

There have been no changes to the authorised or issued share capital during the year under review. The capital structure of the Company is outlined in note 8

The company's cash flows can be analyzed from the cashflows statement under three areas of cashflows from operating activities, cashflows from investing activities and cashflows from financing activities. Members charged with governance have reviewed the company's cash flow forecast for the year to December 31, 2024 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

9. Principal Risks, Uncertainties and Opportunities

The members charged with governance accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

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

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

The Members those charged with governance assessed the internal control systems throughout the year ended December 31, 2023 and is of the opinion that they met accepted criteria.

10. Political and Charitable Donations

The Company did not make any political and charitable donations during the year ended December 31, 2023.

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The Report by Those Charged with Governance

11. Employees welfare

a) Management /Employee relationship

The management /employees relationship was cordial throughout the year. There were no unresolved complaints received by the management from the employees during the year.

b) Financial assistances

Financial assistance is available to all employees depending on the need and the ability of the company to offer the financial assistance.

12. Disabled Persons and Gender Balance

Disabled Persons

The Company has an equal opportunity for everyone and as a matter of policy, recruitment processes are transparent and competitive. In case of applications for employment by persons with disabilities will be considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort shall be made to ensure that their employment with the company continues and appropriate training is arranged.

Gender Balance

The Company's recruitment policy is to give equal opportunity to all people on recruitment process to fill vacant employment posts. Thus, the company does not discriminate between male and female applicants to the vacant posts. In this regard, great care is taken when implementing the policy in order to ensure that education/professional qualifications, competencies and key attributes which are the basic criteria for selection and appointment, is not compromised.

13. Members those charged with governance interests in contracts

During the financial year, no contracts were entered into which Members those charged with governance or officers of the company had an interest and which significantly affected the business of the company.

14. Predjudicial Issues

There was no any pending litigation at the end of the year.

15. Events after the reporting period

The Members those charged with governance are not aware of any material event which occurred after the reporting date and up to the date of this report.

16. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Nothing has come to the attention of the management that as on the date of the report, the company will not to continue as a going concern for a period of 12 months from the date of the financial statements and hence the accounts have been prepared on a going concern basis.

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Financial Statements for the year ended December 31, 2023

The Report by Those Charged with Governance

17. Appointment and Responsibility of Auditors

Balakrishna Sreekumar & Co were appointed as the auditors of the company's financial statements for the year ended December 31, 2023 in duly constituted previous annual general meeting and they have expressed their willingness to continue in office and are eligible for reappointment.

Auditors are responsible for examining the financial statements prepared by those charged with governance for presentation to the members and to express opinion on them.

18. Responsibility of The Those Charged with Governance

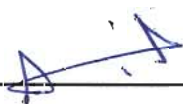
The Report by Those Charged with Governance is prepared in compliance with the new Tanzania Financial Reporting Standard No. 1 (TFRS No. 1) as issued by the National Board of Accountants and Auditors (NBAA) and became effective from 1st January, 2021.

Members those charged with governance are required in terms of the Tanzanian Companies Act 2002 to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

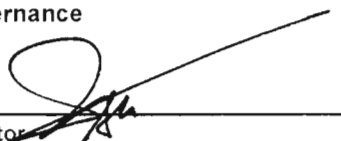
This report and financial statements set out on pages 12 to 30, which have been prepared on the going concern basis, were approved by the board of directors on 24/06/2024, and were signed on its behalf by:

By Order of the Members of those charged with governance

Director



Director



Mowara Limited

(Registration number 54433)

Financial Statements for the year ended December 31, 2023

Directors' Responsibilities and Approval

The directors are required in terms of the Tanzanian Companies Act 2002 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.


The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to December 31, 2024 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

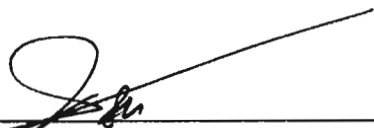
The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 9 to 11.

The financial statements set out on pages 12 to 30, which have been prepared on the going concern basis, were approved by the board of directors on 23/06/2024 and were signed on their behalf by:

By Order of the Board



Director



Director

Mowara Limited

(Registration number 54433)

Financial Statements for the year ended December 31, 2023

Declaration of head of finance

Declaration of the head of finance/accounting of Mowara Limited.

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

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/ Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I Erock Kalibwami being the Head of Finance/Accounting of Mowara Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended December 31, 2023 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Mowara Limited as on December 31, 2023 and that they have been prepared based on properly maintained financial records.

Signed by: 

Position: Finance Manager

NBAA Membership No: GA780

Independent Auditor's Report

To the Shareholders of Mowara Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mowara Limited (the company) set out on pages 12 to 30, which comprise the statement of financial position as at December 31, 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mowara Limited as at December 31, 2023, and its profit after tax and deferred tax of TSh ('000) 160,733 and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in United Republic of Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in United Republic of Tanzania. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Mowara Limited financial statements for the year ended December 31, 2023", which includes the The Report by Those Charged with Governance as required by the Financial Reporting Standard No. 1 (TFRS No. 1) as issued by the National Board of Accountants and Auditors (NBAA). The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Independent Auditor's Report

We hereby provide below the statement of financial position of **Mowara Limited** as at 31, December 2023 signed by directors.

Mowara Limited

(Registration number 54433)

Financial Statements for the year ended December 31, 2023

Statement of Financial Position as at December 31, 2023

	Note(s)	2023 TSh '000	2022 TSh '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	11,067,547	12,477,888
Intangible assets	4	2,357	2,892
		11,090,204	12,480,580
Current Assets			
Trade and other receivables	5	4,295,666	3,512,116
Current tax receivable	14	34,057	84,502
Cash and cash equivalents	7	780,542	374,952
		5,110,265	3,971,570
Total Assets		16,200,469	16,452,150
Equity and Liabilities			
Equity			
Share capital	6	500,000	500,000
Revaluation Reserves		3,302,517	3,555,416
Accumulated loss		(1,154,650)	(1,215,265)
		2,647,867	2,840,131
Liabilities			
Non-Current Liabilities			
Bank Loan	9	4,938,750	4,270,779
Deferred tax	5	1,504,862	1,511,389
		6,443,612	5,782,168
Current Liabilities			
Trade and other payables	10	6,472,033	7,423,817
Bank Loan	9	92,382	226,886
Bank overdraft	7	544,575	179,148
		7,108,990	7,829,851
Total Liabilities		13,552,602	13,612,019
Total Equity and Liabilities		16,200,469	16,452,150

The financial statements and the notes on pages 12 to 30, were approved by the board of directors on the 23/06/2024 and were signed on its behalf by:

Director

Director

The accounting policies on pages 16 to 23 and the notes on pages 24 to 30 form an integral part of the financial statements.

Report of the Auditors' - Pages 9 to 11

Report on Other Legal and Regulatory Requirements

As required by the Tanzanian Companies Act 2002 and subject to basis for opinion para above, we report to you that:

- * we have obtained all the information and explanation with to the best of our knowledge and belief were necessary for the purpose of our audit;
- * in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- * the company's statement of financial position and profit and loss account are in agreement with the books of account.



28 JUN 2024

Dar es Salaam

Dr. B.S. Sreekumar
Managing Partner
Balakrishna Sreekumar & Co
Certified Public Accountants

Mowara Limited


(Registration number 54433)

Financial Statements for the year ended December 31, 2023

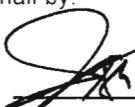
Statement of Financial Position as at December 31, 2023

	Note(s)	2023 TSh '000	2022 TSh '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	11,087,847	12,477,888
Intangible assets	4	2,357	2,692
		11,090,204	12,480,580
Current Assets			
Trade and other receivables	6	4,295,666	3,512,116
Current tax receivable	14	34,057	84,502
Cash and cash equivalents	7	780,542	374,952
		5,110,265	3,971,570
Total Assets		16,200,469	16,452,150
Equity and Liabilities			
Equity			
Share capital	8	500,000	500,000
Revaluation Reserves		3,302,517	3,555,416
Accumulated loss		(1,154,650)	(1,215,285)
		2,647,867	2,840,131
Liabilities			
Non-Current Liabilities			
Bank Loan	9	4,938,750	4,270,779
Deferred tax	5	1,504,862	1,511,389
		6,443,612	5,782,168
Current Liabilities			
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Bank Loan	9	92,382	226,886
Bank overdraft	7	544,575	179,148
		7,108,990	7,829,851
Total Liabilities		13,552,602	13,612,019
Total Equity and Liabilities		16,200,469	16,452,150

The financial statements and the notes on pages 12 to 30, were approved by the board of directors on the 28/06/2024 and were signed on its behalf by:



Director



Director

The accounting policies on pages 16 to 23 and the notes on pages 24 to 30 form an integral part of the financial statements.

Report of the Auditors' - Pages 9 to 11

Mowara Limited

(Registration number 54433)

Financial Statements for the year ended December 31, 2023

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2023 TSh '000	2022 TSh '000
Revenue		28,884,849	27,147,237
Cost of sales	11	(26,626,655)	(25,489,484)
Gross profit		2,258,194	1,657,753
Other operating income	12	130,316	111,936
Other operating expenses		(1,642,356)	(1,289,710)
Operating profit		746,154	479,979
Finance costs		(457,843)	(211,902)
Profit before taxation		288,311	268,077
Taxation	13	(127,578)	(1,066,945)
Profit (loss) for the year		160,733	(798,868)
Total comprehensive income (loss) for the year		160,733	(798,868)

The accounting policies on pages 16 to 23 and the notes on pages 24 to 30 form an integral part of the financial statements.

Report of the Auditors' - Pages 9 to 11

Mowara Limited

(Registration number 54433)

Financial Statements for the year ended December 31, 2023

Statement of Changes in Equity

	Share capital	Revaluation reserve	Accumulated loss	Total equity
	TSh '000	TSh '000	TSh '000	TSh '000
Balance at January 1, 2022	500,000	284,433	(384,587)	399,846
Loss for the year	-	-	(798,868)	(798,868)
Total comprehensive Loss for the year	-	-	(798,868)	(798,868)
Prior year tax	-	-	(31,830)	(31,830)
Revaluation of assets	-	3,403,375	-	3,403,375
Depreciation on revaluation	-	(132,392)	-	(132,392)
Total contributions by and distributions to owners of company recognised directly in equity	-	3,270,983	(31,830)	3,239,153
Balance at January 1, 2023	500,000	3,555,416	(1,215,285)	2,840,131
Profit for the year	-	-	160,733	160,733
Total comprehensive income for the year	-	-	160,733	160,733
Prior year tax	-	-	(100,098)	(100,098)
Depreciation on revaluation	-	(252,899)	-	(252,899)
Total contributions by and distributions to owners of company recognised directly in equity	-	(252,899)	(100,098)	(352,997)
Balance at December 31, 2023	500,000	3,302,517	(1,154,650)	2,647,867

Note(s)

8

The accounting policies on pages 16 to 23 and the notes on pages 24 to 30 form an integral part of the financial statements.

Report of the Auditors' - Pages 9 to 11

Mowara Limited

(Registration number 54433)

Financial Statements for the year ended December 31, 2023

Statement of Cash Flows

	Note(s)	2023 TSh '000	2022 TSh '000
Cash flows from operating activities			
Profit before taxation		288,311	268,077
Adjustments for:			
Depreciation		1,351,886	1,396,834
Finance costs		457,843	211,902
Prior year taxes		(100,098)	(31,830)
Loss on disposal		4,016	-
Changes in working capital:			
Inventories		-	11,464
Trade and other receivables		(783,550)	(282,075)
Trade and other payables		(951,787)	2,059,710
Cash generated from operations		266,621	3,634,082
Finance costs		(457,843)	(211,902)
Tax paid	14	(83,660)	(81,019)
Net cash from operating activities		(274,882)	3,341,161
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(233,631)	(5,643,226)
Sale of property, plant and equipment	3	15,208	-
Net cash from investing activities		(218,423)	(5,643,226)
Cash flows from financing activities			
Movement in borrowings		533,467	2,799,692
Net cash from financing activities		533,467	2,799,692
Total cash movement for the year		40,162	497,627
Cash at the beginning of the year		195,805	(301,823)
Total cash at end of the year	7	235,967	195,804

The accounting policies on pages 16 to 23 and the notes on pages 24 to 30 form an integral part of the financial statements.

Report of the Auditors' - Pages 9 to 11

Mowara Limited

(Registration number 54433)

Financial Statements for the year ended December 31, 2023

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Tanzanian Companies Act 2002.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Tanzanian Shillings, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Annual Rate (%)
Buildings	Diminishing balance	5%
Furniture and fixtures	Diminishing balance	12.5%
Motor vehicles - Class I	Diminishing balance	12.5%
Motor vehicles - Class II	Diminishing balance	25%

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1.3 Property, plant and equipment (continued)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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Accounting Policies

1.4 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Useful life
Computer software		10 years useful life

1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

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Accounting Policies

1.5 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 6).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Tanzanian Shilling equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses) (note).

Trade and other payables

Classification

Trade and other payables (note 10), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note).

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Tanzanian Shilling equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note).

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Accounting Policies

1.5 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

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1.7 Impairment of assets (continued)

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The company contributes to the National Social Security Fund. This is a statutory contribution scheme registered under the National Social Security Fund Act, 1997. The company's obligations under the scheme are limited to specific contributions from time to time. The company's contributions to the scheme are charged to the income statement in the period in which they relate.

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Accounting Policies

1.10 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation 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 obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

1.11 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

1.12 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.13 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

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Accounting Policies

1.13 Cost of sales (continued)

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy.

1.14 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Tanzanian Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the company receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, company determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after January 1, 2023.

The company has adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty."

The effective date of the amendment is for years beginning on or after January 1, 2023.

The company has adopted the amendment for the first time in the 2023 financial statements.

The impact of the amendment is not material.

IFRS 17 Insurance Contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The effective date of the standard is for years beginning on or after January 1, 2023.

The company expects to adopt the standard for the first time in the 2023 financial statements.

The impact of the standard is not material.

2.2 Standards and Interpretations early adopted

The company has chosen not to early adopt any standards and interpretations:

2.3 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2024 or later periods:

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Notes to the Financial Statements

3. Property, plant and equipment

	2023 Tsh('000)		2022 Tsh('000)			
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	4,027,011	(675,525)	3,351,486	4,027,011	(499,233)	3,527,778
Furniture and fixtures	188,347	(71,637)	116,710	163,378	(50,618)	112,760
Motor vehicles- II	15,687,438	(8,090,347)	7,597,091	15,515,689	(6,719,296)	8,796,393
Motor vehicles- I	108,533	(85,973)	22,560	106,173	(65,216)	40,957
Total	20,011,329	(8,923,482)	11,087,847	19,812,251	(7,334,363)	12,477,888

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Notes to the Financial Statements

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company

	Buildings	Furniture and fixtures	Motor vehicles- II	Motor vehicles- I	Total
Cost					
At January 1, 2022	1,190,855	104,972	9,363,650	106,173	10,765,650
Additions	-	58,406	5,584,820	-	5,643,226
Revaluations	2,836,156	-	567,219	-	3,403,375
At December 31, 2022	4,027,011	163,378	15,515,689	106,173	19,812,251
Additions	-	24,968	206,303	2,360	233,631
Disposals	-	-	(34,553)	-	(34,553)
At December 31, 2023	4,027,011	188,347	15,687,438	108,533	20,011,329
Depreciation					
At January 1, 2022	(447,969)	(29,956)	(5,268,356)	(59,241)	(5,805,522)
Depreciation	(37,043)	(20,662)	(1,332,770)	(5,974)	(1,396,449)
Depreciation on revaluations	(14,221)	-	(118,170)	-	(132,391)
At December 31, 2022	(499,233)	(50,618)	(6,719,296)	(65,215)	(7,334,362)
Disposals	-	-	(15,327)	-	(15,327)
Depreciation	(35,196)	(21,019)	(1,274,577)	(20,758)	(1,351,550)
Depreciation on revaluations	(141,097)	-	(111,801)	-	(252,898)
At December 31, 2023	(675,525)	(71,637)	(8,090,347)	(85,973)	(8,923,482)
Carrying amount					
Cost	4,027,011	163,378	15,515,689	106,173	19,812,251
Accumulated depreciation	(499,233)	(50,618)	(6,719,296)	(65,216)	(7,334,363)
At December 31, 2022	3,527,778	112,760	8,796,393	40,957	12,477,888
Cost	4,027,011	188,347	15,687,438	108,533	20,011,329
Accumulated depreciation	(675,525)	(71,637)	(8,090,347)	(85,973)	(8,923,482)
At December 31, 2023	3,351,486	116,710	7,597,091	22,560	11,087,847

4. Intangible assets

	2023 Tsh('000)			2022 Tsh('000)		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	5,923	(3,566)	2,357	5,923	(3,231)	2,692

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	2,692	(335)	2,357

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software	3,076	(384)	2,692

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Notes to the Financial Statements

	2023 TSh '000	2022 TSh '000
5. Deferred tax		
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:		
Deferred tax liability	(1,504,862)	(1,511,389)
Reconciliation of deferred tax asset / (liability)		
At beginning of year	(1,511,389)	(444,444)
Movement during the year	6,527	(1,066,945)
	(1,504,862)	(1,511,389)
6. Trade and other receivables		
Trade receivables	3,776,198	2,870,171
VAT	301,375	489,766
Prepayments	218,093	152,179
Total trade and other receivables	4,295,666	3,512,116
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	28,475	15,740
Bank balances	752,067	359,212
Bank overdraft	(544,575)	(179,148)
	235,967	195,804
Current assets	780,542	374,952
Current liabilities	(544,575)	(179,148)
	235,967	195,804
8. Share capital		
Authorised		
50,000 Ordinary shares of Tsh. 10,000 each	500,000	500,000
Issued		
50,000 Ordinary shares of Tsh. 10,000 each	500,000	500,000

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	2023 TSh '000	2022 TSh '000
9. Bank Loan		
At fair value through profit (loss)		
Bank loan	5,031,132	4,497,665

1. Asset Financing Facility USD 660,744

The purpose for the Asset financing facility is used to purchase Trucks and Trailers

Terms and condition:

i.This is issued for Thirty 5 years grace period,whereby interest will be serviced monthly,thereafter with equal monthly loan installments effective from the date of disbursement which is 14 September 2021. The Asset Financing Facility attract interest rate of 8%.

2. Overdraft Facility USD 150,000

The purpose for the Overdraft Facility is to support daily operations such as Fuel,Spare Parts and Other Logistics.

Terms and condition

i.This Overdaft Facility is granted for twelve (12) months effective from the date of disbusment.The Overdaft facility attract an interest rate of 4% below the Bank's USD base lending rate currently standing at 11% per annum.The effective interest rate is 7% per annum.

The Facilities (Term Loan, Asset Financing & Overdraft) is secured by:

i.Legal Mortgages over the landed property which are Certificate Title No. 48498 L.O No. 161760 on Plot No. 316, Kurasini area,Dar Es Salaam City in name of Mowara Limited, P.O.Box 43061,Dar Es Salaam

ii.Specific Debenture over Motor Vehicles

iii.Personal Guarantees by the Company's Director's executed for unlimited amount.

3. NBC Bank Limited USD 1,457,420

The purpose of the loan is to settle the matured LC for purchasing of 20 Trucks and 20 Trailers and payment of taxes, duties and clearing charges.

Terms and condition

Rate of interest: 7.5% per annum.

The above facility is secured by:

(i) First ranking general Debenture over the company fixed and floating assets to be registered and stamped to cover Tanzania shilling one billion one hundred and fourteen million (Tzs 1,114,000,000) plus interest, cost and expenses.

(ii) Specific debenture over newly purchased 20 trucks and 20 trailers financed by NBC to be registered and stamped to cover United States Dollar one million four hundred and fifty seven thousand, four hundred and twenty four (Usd 1,457,424), plus interest, costs and expenses.

(iii) Equitable assignment over all the proceeds from Ruvuma Coal Limited contract dated 1st August 2020 (Tanzania), Maersk (Global Company with offices in TZ) contract dated 1st September 2018. Termcotank Limited, contract dated 29th January 2021, JEFAG contract dated 1st October 2020, DICD contract dated 1st October 2020 and C Steinweg Bridge (PTY) Limited for the contract dated 23rd April 2017.

(iv) Unilimited Personal guarantee to be signed by Ferdinando Ponti, Francesco Ponti, Ali Afif Fawaz, Fadi Zahir Badli and Ali Ahmad Kreik.

Mowara Limited

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Financial Statements for the year ended December 31, 2023

Notes to the Financial Statements

	2023 TSh '000	2022 TSh '000
9. Bank Loan (continued)		
Split between non-current and current portions		
Non-current liabilities	4,938,750	4,270,779
Current liabilities	92,382	226,886
	5,031,132	4,497,665
10. Trade and other payables		
Trade payables	6,412,123	7,320,917
Other payables	59,910	102,900
	6,472,033	7,423,817
11. Cost of sales		
Rendering of services	23,682,107	22,825,165
Employee costs	1,654,523	1,331,549
Depreciation	1,290,025	1,332,770
	26,626,655	25,489,484
12. Other operating income		
Miscellaneous income	130,316	111,936
13. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	49,603	-
Local income tax - prior period	84,502	-
	134,105	-
Deferred		
Originating and reversing temporary differences	(6,527)	1,066,945
	127,578	1,066,945
14. Tax payable/(receivable)		
Balance at beginning of the year	84,502	3,483
Current tax for the year recognised in profit or loss	(49,603)	-
Tax recoverable written off	(84,502)	-
Balance at end of the year	(34,057)	(84,502)
Tax paid	(83,660)	(81,019)

Mowara Limited

(Registration number 54433)

Financial Statements for the year ended December 31, 2023

Notes to the Financial Statements

	2023 TSh '000	2022 TSh '000
15. Employee costs		
Employee costs		
Gross salary	1,414,999	1,135,124
NHIF Employer Contribution	37,864	31,297
NSSF Employer Contribution	141,500	113,512
WCF Contribution	7,075	6,211
SDL contribution	53,085	45,405
	1,654,523	1,331,549

16. Country of incorporation

The company was incorporated in Tanzania under the Companies Act, 2002.

17. Currency

These financial statements are presented in Tanzanian Shillings (TSh '000).

18. Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

Mowara Limited

(Registration number 54433)

Financial Statements for the year ended December 31, 2023

Detailed Income Statement

	Note(s)	2023 TSh '000	2022 TSh '000
Revenue		28,884,849	27,147,237
Cost of sales	11	(26,626,655)	(25,489,484)
Gross profit		2,258,194	1,657,753
Other operating income	12	130,316	111,936
Expenses (Refer to page 32)		(1,642,356)	(1,289,710)
Operating profit		746,154	479,979
Finance costs		(457,843)	(211,902)
Profit before taxation		288,311	268,077
Taxation	13	(127,578)	(1,066,945)
Profit (loss) for the year		160,733	(798,868)

Mowara Limited

(Registration number 54433)

Financial Statements for the year ended December 31, 2023

Detailed Income Statement

	Note(s)	2023 TSh '000	2022 TSh '000
Other operating expenses			
Auditor's remuneration		(6,500)	(5,900)
Bank charges		(85,790)	(162,883)
Consulting and professional fees		(139,851)	(162,392)
Depreciation		(61,861)	(64,064)
Electricity Expenses		(50,463)	(39,262)
Exchange Gain/(loss)		(16,786)	(26,158)
Stamp Duty		(1,200)	(276)
Office expenses		(347,489)	(346,342)
Unrealised exchange loss		(349,824)	-
Fines and penalties		(2,208)	(3,921)
Loss on disposal of assets		(4,017)	-
Insurance		(81,339)	(58,360)
Internet Expenses		(5,720)	(7,295)
City service levy		(50,472)	(31,881)
Rent		(150,835)	(53,658)
Printing and stationery		(48,119)	(32,038)
Repairs and maintenance		(19,593)	(88,398)
Security		(8,400)	(7,950)
Subscriptions expenses		(18,441)	(14,986)
Telephone expenses		(32,097)	(29,623)
Travelling		(161,351)	(154,323)
		(1,642,356)	(1,289,710)