

CHITAN REAL ESTATE COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2022

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CHITAN REAL ESTATE COMPANY LIMITED

REPORT OF THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31ST DECEMBER 2022

The Directors present this report and the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of the company.

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Chitan Real Estate Company Limited (the Company) is a company incorporated under the Tanzanian Companies Act 2002 dealing with transportation, real estate and supply of building materials. The company is limited by shares and is domiciled in The United Republic of Tanzania and has its registered office and principal place of business in Dar es Salaam.

2. CORPORATE GOVERNANCE

The Board of Directors is responsible for the governance of the company and is committed to ensure that its business and operations are conducted with integrity and compliance with the relevant laws and regulation governing power generation companies.

3. 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 expectation that Chitan Real Estate Company Limited has adequate resource to continue in operational existence for the foreseeable future.

4. DIRECTORS

The company Directors is;

1. Sigfrid Valence Emmanuel
2. Valence Tumbo Massawe
3. Goodluck Valence Emmanuel

5. ACCOUNTANTS

The Company's Accountants, HH Martine& Co has expressed their willingness to continue in office in accordance with the Tanzanian Companies Act 2002.



Valence Tumbo Massawe

23/06/2023

CHITAN REAL ESTATE COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31ST DECEMBER 2022

The Tanzanian Companies Act 2002 requires 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 for that year. It also requires the Directors to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. Directors are also responsible for safeguarding assets of the company

The Directors accept responsibility for the preparation and fair presentation of these financial statements, which are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates and judgments that are reasonable in the circumstances.

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 for the year ended 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Tanzania Companies Act 2002.

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



SValence Tumbo Massawe

23/06/2023

DECLARATION OF THE HEAD OF FINANCE

Of CHITAN REAL ESTATE COMPANY 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 Consultant responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Directors 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 Directors as under Directors Responsibility statement on an earlier page.

I **Shafii Rajabu Sigera** being the Consultant of Chitan Real Estate Company Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 2021 has 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 Chitan Real Estate Company as on that date and that they have been prepared based on properly maintained financial records

Signed by: **Shafii Rajabu Sigera**

Signature: 

Position: **Financial Consultant**

NBAA Membership No.: **ACPA 4233**

Date: **23rd June 2023**



AUDITORS REPORT TO THE MEMBERS OF CHITAN REAL ESTATE COMPANY LIMITED

Opinion

We have audited the financial statements of **Chitan Real Estate Company Limited**, set out on pages 9 to 21 which comprise the statement of financial position, statements of comprehensive income, cash flows for the year ended 31 December 2022, 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 **Chitan Real Estate Company Limited** as at 31st December 2022, and its financial performance 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 (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors report and the Audit Committee's Report as required by the Tanzanian companies Act 2002 of United Republic of Tanzania, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our Auditors report thereon.

Our opinion on the financial statements does not cover the other information and we do not express 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 of financial statements that give a true and fair view 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.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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.

Report on other legal and regulatory requirements

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

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

- 1) The Directors' report is consistent with the financial statements;
- 2) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- 3) Proper accounting records have been kept by the company, so far as appears from our examination of those books;

The company's statement of financial position and comprehensive income are in agreement with the accounting records.



Geoffrey Danda
ACPA 2749



13/11/2023

CHITAN REAL ESTATE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2022

Figures in Tzs	Note(s)	Dec-2022	Dec-2021 Restated
ASSETS:			
Non-Current Assets			
PPE	2.5	324,285,172	350,825,911
Current Assets			
Cash and Bank		1,417,890	19,064,790
Inventories		11,008,755	13,629,622
Trade and Other Receivables		634,768	6,564,167
Tax Recoverable		7,000,000	4,000,000
Total Current Assets		20,061,413	43,258,579
Total Assets		344,346,585	394,084,490
EQUITY AND LIABILITIES:			
Equity			
Share Capital		445,000,000	445,000,000
Retained Earnings		(114,190,415)	(54,294,797)
Total Equity		330,809,585	390,705,203
Current liabilities			
Trade and Other Payables		12,787,000	2,979,287
Accruals		750,000	400,000
		13,537,000	3,379,287
Total Equity and Liabilities		344,346,585	394,084,490

Notes from page 9 to 10 form part of these Accounts



Valence Tumbo Massawe

23/06/2023

CHITAN REAL ESTATE COMPANY LIMITED**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2022**

Figures in Tzs	Note(s)	Dec-2022	Dec-2021
Revenue		37,225,051	23,149,237
Direct Cost	5	(28,091,791)	(17,361,928)
Gross Profit		9,133,260	5,787,309
Expenses			
Administrative Expenses	6	14,488,139	4,536,438
Depreciation	2.5	54,540,739	34,641,797
Total Expenses		69,028,878	39,178,235
Profit/(Loss) before Int & Tax		(59,895,618)	(33,390,926)
Corporate Tax		-	-
Profit/(Loss) for the year		(59,895,618)	(33,390,926)

Notes from page 9 to 10 form part of these Accounts

CHITAN REAL ESTATE COMPANY LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2022**

Figures in Tzs	Share Capital	Retained Earnings	Total
Period ended 31 Dec 2022			
At start of the period	445,000,000	(54,294,797)	390,705,203
Capital	-	-	-
Profit/(Loss) for the year		(59,895,618)	(59,895,618)
As at 31 Dec 2022	445,000,000	(114,190,415)	330,809,585
Period ended 31 Dec 2021			
At start of the period	330,000,000	(20,903,871)	309,096,129
Capital	115,000,000	-	115,000,000
Profit/(Loss) for the year	-	(33,390,926)	(33,390,926)
As at 31 Dec 2021	445,000,000	(54,294,797)	390,705,203

Notes from page 9 to 10 form part of these Accounts

CHITAN REAL ESTATE COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2022

Figures in Tzs	Dec-2022	Dec-2021
Cash flow from operating activities		
Profit /(Loss) after Tax	(59,895,618)	(33,390,926)
Depreciation	54,540,739	34,641,797
Operating Profit before Working Capital	(5,354,880)	1,250,871
Working Capital Adjustments		
Increase/(Decrease) in Inventories	2,620,867	(3,241,734)
Increase/(Decrease) in Accounts Receivables	5,929,399	1,327,233
(Increase)/Decrease in Accounts Payables	10,157,713	(7,703,814)
	18,707,979	(9,618,315)
Net cash inflows from operating activities	13,353,100	(8,367,444)
Cash flows from investing activities		
Purchase of Assets	(28,000,000)	-
Net cash flows from investing activities	(28,000,000)	-
Cash flows from financing activities		
Share Capital	-	-
Income Tax Paid	(3,000,000)	(2,000,000)
Net cash flows from financing activities	(3,000,000)	(2,000,000)
Net increase in cash and cash equivalents	(17,646,900)	(10,367,444)
Cash and cash equivalents at the beginning of the year	19,064,790	29,432,234
Cash and cash equivalents at the end of the year	1,417,890	19,064,790

Notes from page 9 to 10 form part of these Accounts

CHITAN REAL ESTATE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2022

1. GENERAL INFORMATION

Chitan Real Estate Company Limited is incorporated under the Tanzanian Companies Act 2002. The company operates in Tanzania. The Company provides diverse solutions in real estate's management, transportation and supply of building materials.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these general purpose financial statements are set out below. These policies will be consistently applied in each year, unless otherwise stated.

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis except where otherwise stated in the accounting policies below.

2.2 Basis of preparation

The Company prepares its financial statements on a going concern basis and in accordance with the International Financial Reporting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Although such estimates and assumptions are based on the director's best knowledge of the information available, actual results may differ from those estimates. The judgments and estimates are reviewed at the end of each reporting period and any revisions to such estimates are recognized in the year in which revision is made.

2.3 Foreign currency translation

2.3.1 Functional and presentation currency

These financial statements are presented in Tanzanian Shillings ("TShs"), which is the Company's functional currency.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand and highly liquid financial assets with original maturities of three months or less from the acquisition date which are not subject to insignificant risk of changes in their fair value. Cash and cash equivalents are carried at amortized cost on the statement of financial position.

2.5 Depreciation

Depreciation on asset is calculated on straight line method so as to allocate the cost to their residual values over their estimated useful lives from the time the asset is brought into use to the time of its de-recognition as follows:

- Furniture & Fittings 12.5%
- Motor Vehicles 12.5%

CHITAN REAL ESTATE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2022

Non-Current Assets Schedule

	Furniture & Fittings	Motor Vehicles	Total
Cost			
Balance as at 01/01/2022	4,100,000	405,000,000	409,100,000
Additions	-	28,000,000	28,000,000
Adjustments	-	-	-
Balance as at 31/12/2022	4,100,000	433,000,000	437,100,000
Depreciation			
Balance as at 01/01/2022	774,089	57,500,000	58,274,089
Charge for the Period	415,739	54,125,000	54,540,739
Balance as at 31/12/2022	1,189,828	111,625,000	112,814,828
Net Book Value	2,910,172	321,375,000	324,285,172

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires management to make estimates, assumptions and judgments which affect the application of accounting policies as well as the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates and assumptions which have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

4. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

During the year, the entity changed some of its accounting policies and corrected one accounting mistake. The change in policy and correction of the error is accounted for retrospectively as required by IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors.

Accounting Errors

During the year, the Entity corrected one accounting mistake. Vehicles worth Tzs 245,000,000/= purchased from capital contribution was erroneously omitted in the books of accounts. The error has been corrected and accounted for retrospectively. Below is a summary of the impact of the prior period error for the previous year.

	2021- Reported	<i>Adjustments</i>	2021- Restated
Share Capital	200,000,000	245,000,000	445,000,000
Non-Current Assets	105,825,911	245,000,000	350,825,911

CHITAN REAL ESTATE COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2022

Figures in Tzs	Dec-2022	Dec-2021
5. COST OF GOODS SOLD		
Opening stock	13,629,622	-
Add; Purchases	<u>25,470,924</u>	<u>30,991,550</u>
Cost of good available for sale	39,100,546	30,991,550
Closing stock	(11,008,755)	(13,629,622)
	<u>28,091,791</u>	<u>17,361,928</u>
6. ADMINISTRATIVE EXPENSES		
Advertisements	240,000	-
Bank Charges	1,330,839	-
Business License fees	200,000	201,000
City Service Levy	-	69,448
Cleaning Expenses	210,000	140,000
Electricity & Water Expenses	1,380,000	396,865
Fire Extinguisher service	40,000	-
Insurance	120,000	-
Office Rent	1,200,000	1,200,000
Accounting Fees	500,000	400,000
Protective equipments	122,000	-
Repair and maintenance	4,913,000	984,500
Salaries	3,940,000	-
Security	-	280,000
Stamp Duty	-	12,000
Stationeries	82,300	78,600
Communication Expenses	210,000	774,025
	<u>14,488,139</u>	<u>4,536,438</u>

7. RELATED PARTY TRANSACTIONS

In line with IAS 24, Related Party Disclosures, Directors regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Company's decisions and or vice versa. Board of Directors, Members of Committees, and Members of the Management's payments or offers from the Board are regarded as related parties.

A number of transactions are entered into with related parties in the normal course of business. The volume of related party transactions and outstanding balances ate year end, for the year are as follows;

Key management compensation

Key management includes Directors (Executives and Non-executives) and senior management team members. During the year there were no management compensation

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