SIMBA PIPE INDUSTRIES LIMTED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

Assad
ASSOCIATES

Certified Public Accountants and Tax Consultants

Samora Tower, Mezzanine 2nd floor (M2),
Corner of Bridge and Mansfield Street,
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CONTENTS

COMPANY INFORMATION

Board of Directors	: **Names**	**Nationality**
	: General Motors Investment Limited	Tanzania
	: Super Oils Petroleum Limited	Tanzania
Registered Office	: Plot No. 68, 69 and 70	
	: Chang'ombe Industrial Area	
	: Migeyo Road	
	: Dar es Salaam	
	: Tanzania.	
Independent Auditor	: Assad Associates	
	: Certified Public Accountants	
	: Mansfield / Bridge street	
	: P.O.Box 7286	
	: Dar es Salaam	
	: Tanzania	
Company Secretary	: Upendo Philbert Ngaponda	
	: Plot No. 2269, Block No. D	
	: Matosa Street, Goba Road	
	: Dar es Salaam	
	: Tanzania	
Principal Bankers	: Azania Bank Tanzania Limited	
	: Mawasiliano Tower	
	: P.O. Box 32089	
	: Dar es salaam	
	: Tanzania.	
	: National Bank of Commerce Tanzania Limited	
	: P.O. Box 9062	
	: Dar es salaam	
	: Tanzania.	
	: Standard Chartered Bank Tanzania Limited	
	: P.O. Box 9011	
	: Dar es salaam	
	: Tanzania.	
	Absa Bank Tanzania ltd	
	P. O. Box 5137	
	Dar Es Salaam	
	Tanzania.	

1 REPORT BY THOSE CHARGED WITH GOVERNANCE

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2023 which disclose the state of affairs of the company.

2 INCORPORATION

The company is domiciled in Tanzania where it is incorporated as a private company limited by shares under The Companies Ordinance, (Cap.212).

3 PRINCIPAL ACTIVITIES

The principal activity of the company is manufacturing and trading of PVC and HDPE pipes and fittings.

4 VISION

The Company's vision is to be the leader in our business by delivering quality products and services through continuous innovation without compromising our core values of trust, respect, integrity, passion, humility, excellence and team work.

5 BUSINESS OBJECTIVES AND STRATEGIES

In order to maximize shareholder value, the company has set goals and strategies to deliver sustainable profitable growth.

The Company's mission is to be the leading solution provider for piping systems in East Africa by providing high quality products to cater to the needs of water mains reticulation, sewerage, gas transportation, telecommunications and electrical conduits.

During the year, the board has been able to achieve the below strategic objectives:-

Marketing strategy consisting of building long term partnership with our customers and make clients and our staffs appriciate the value of long term relationship.

6 COMPOSITION OF THE BOARD OF DIRECTORS

The directors who held office during the year and at the date of this report are shown as follows:

Names	Position	Nationality	Appointment
General Motors Investment Limited	Director	Tanzanian	01/07/2021
Super Oils Petroleum Limited	Director	Tanzanian	01/07/2021

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

DIRECTORS EVALUATION AND TRAINING

The Board members undergo training through attending seminars and conferences to keep abreast with developments in the market and operation regulations.

7 COMPOSITION OF MANAGEMENT TEAM

The management team organised by departments is as follows;

Names	Designation
Soud Bargash Hamoud	For and on behalf of General Motors Investment Limited
Upendo Ngaponda	Company Secretary
Jitin P. Singh	General Manager
Sanjay Agrawal	Country Head Operations Manager
Grace Jeremiah	Chief Accountant
Indrajeet Dodla	Production Manager
Innocent Msilago	Procurement/Store Officer
Kishore Zhunzuwadia	Logistic Manager
Beatus C. Lyamba	Human Resource Officer

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

8 RESULTS

Performance and result achieved during the year are as follow:-

	2023 T.SHS '000	2022 T.SHS '000
Profit before tax	5,546,321	6,715,201
Tax charge	(1,737,314)	(1,939,817)
Profit for the year	**3,809,007**	**4,775,384**

The following are summary of key business and financial performance achieved

	2023	2022
Decline in Revenue	-15%	138%
Gross profit margin	25%	21%
Profit before tax	5,546,321	6,715,201
Current ratio	1.04	1.22
Movement in Operating expenditures	15%	28%

9 CORPORATE GOVERNANCE

The Board of Directors consists of two directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring significant investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability to ensure high standards of corporate governance throughout the company.

10 TECHNOLOGY AND INNOVATION

The company has continued to improve the existing production process by installing new automated technology.

11 SHARE CAPITAL

The authorised and issued share capital of the company is outlined in note 14. The shareholders of the company with their respective shareholdings are as follows:

Name of the shareholders	No of shares held	Shareholding
General Motors Investment Limited	554,400	99%
Super Oils Petroleum Limited	5,600	1%
	560,000	**100%**

12 DIVIDEND

The directors do not recommend the declaration of dividend for the current year. (2022: Nil).

13 RISK MANAGEMENT AND INTERNAL CONTROL

Commercial and Operational Risks

The company is highly exposed into international commercial risk including but not limited to foreign currencies as all major spare parts, plant and machinery used in production are imported. Operational risk arising majorly from failing of production machinery, power rationing and selling substandard produced goods.

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

- The effectiveness and efficiency of operations;
- 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.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

13 RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

Commercial and Operational Risks

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 Board assessed the internal control systems throughout the financial year ended 31 December 2023 and is of the opinion that they met the expected criteria.

14 FUTURE PROSPECTS

The company has a plan to continue to increase modern production assets to enhance quality of produced finished goods and effectively continue managing existing assets to maximize potential.

15 GOING CONCERN

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 Simba Pipe Industries Limited has adequate resources to continue in operational existence for the foreseeable future.

16 EMPLOYEES' WELFARE

Management and employees' relationship

There was continued good relationship between employees and management for the year ended 31 December 2023. There were no unresolved complaints received by management from the employees during the year. A healthy relationship continues to exist between management and employees.

It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Gender parity

During the year ended 31 December 2023, the company had 74 staffs out of which 66 were males and 8 were females. Accordingly in the year ended 31 December 2022 there were 76 staffs out of which 67 were males and 9 were females.

Health and Safety

The company has a strong health and safety program which ensure that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees by providing adequate and proper training and supervision as necessary.

17 ENVIRONMENTAL CONTROL PROGRAM

The company is committed to conducting its business in a manner that protects the enviroment and it is registered with OSHA (Occupational Safety and Health Authority) which requires the company to be committed to developing and establishing a strong health and safe environment culture, and to provide training, awareness programs and resources necessary to support this commitment. Guiding principles for effective health, safety and environment are as follows;

- Nothing is more important than protecting human health and safety.
- All accidents are preventable.
- Management is accountable for health, safety and environment (HSE) performance and will show active leadership in the same.
- Working safety in an environmentally responsible manner is a condition for employment
- Preventing accidents and managing environmental impacts are fundamental to good business.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

18 LIQUIDITY

The company is significantly financed by funds from bank and its own operation cashflows.

19 RELATIONSHIP WITH STAKEHOLDERS

Simba Pipes Industries Limited has continued to maintain its relationship with the general public in all aspects such as compliance with laws and regulation, human resources, suppliers and customers.

20 STATEMENT OF COMPLIANCE

The company's financial statementst has been prepared in full compliance with Tanzania Financial Reoprting Standard No. 1 (TFRS), The Report by those Charged with Governance.

21 COMPLIANCE WITH LAWS

The Board is satisfied that the Company has to the best of their knowledge, complied with all applicable laws and conduted the business affairs in accordance with the law. To the knowledge of the Board, no director, employee or agent of the company acted or committed any offence under the Anti-corruption laws in conducting the business of the company nor has been involved or been used as a conduct for money laundering or any other activity incompatible with relevant laws.

22 POLITICAL AND CHARITABLE DONATION

In the year under audit, there was no political or charitable donations which were made by the company (2022: Nil)

23 INDEPENDENT AUDITOR

The company's independent auditor Assad Associates have expressed their willingness to continue in office in accordance with Section 170 of the Companies Act 2002 and are eligible for re-appointment. A resolution proposing the re-appointment for the year end 31 December 2024 will be put in the Annual General Meeting.

BY ORDER OF THOSE CHARGED WITH GOVERNANCE

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Soud Bargash Hamoud
For and on behalf of General Motors Investment Limited
Director

26\6\ 2024

STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE

The directors are required in terms of the Tanzania 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 year then ended, in conformity with International Financial Reporting Standards and the requirements of the Tanzania Companies Act, 2002. 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 the requirements of the Tanzania Companies Act, 2002 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 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 minimize 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 31 December 2024 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing 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 8(a) - 8(b).

The financial statements and notes on pages 9 to 30 were authorised and approved for issue by the Board of Directors on ....26/6/.................2024 and were signed on its behalf by:

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Soud Bargash Hamoud
For and on behalf of General Motors Investment Limited
Director

DECLARATION OF THE HEAD OF FINANCE OF SIMBA PIPE INDUSTRIES LIMITED

The National Board of Accountants and Auditors (NBAA) according to the power confered 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 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 as under statement of responsibilities of those charged with governance on an earlier page.

I GRACE GUNDA JEREMIAH being the Head of Finance of Simba Pipe Industries Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 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 Simba Pipe Industries Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by: ....

Position: ACCOUNTANT

NBAA Membership No: 8565

Date: 26/06/2024

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF SIMBA PIPE INDUSTRIES LIMITED

Opinion

We have audited the financial statements of Simba Pipe Industries Limited, which comprise the statement of financial position as at December 31, 2023, the statement of profit or loss, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of Simba Pipe Industries Limited as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of Tanzania 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 ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter Paragraph

We draw attention to treatment of foreign exchange losses incurred by the Company during the year ended 31 December 2023. The management has provided assurance that the treatment of foreign exchange losses complies with the applicable accounting standards and policies.

Our opinion is not modified in respect of the above matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of IFRS and the requirements of Tanzania Companies Act, 2002 and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit 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.

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED) TO THE SHAREHOLDERS OF SIMBA PIPE INDUSTRIES LIMITED

Report on Other Legal and Regulatory Requirements

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

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

a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

b) In our opinion, proper books of accounts have been kept by the Company, so far as it appears from our examination of those books.

c) The Company's Statement of profit or loss and Statement of Financial Position are in agreement with the books of accounts.

FOR : ASSAD ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Assad ASSOCIATES Certified Public Accountants and Tax Consultants

Signed by: Sajjad Jusab
FCPA 216
Place : Dar es Salaam

27/6/24
Date

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

a) 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.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

STATEMENT OF PROFIT OR LOSS

	Notes	2023 TShs '000'	2022 TShs '000'
Revenue	1	46,892,660	55,348,565
Cost of sales	2	(35,334,021)	(43,756,078)
Gross profit		**11,558,639**	**11,592,487**
Other income	3	368,965	70,704
Gross income		**11,927,605**	**11,663,191**
Other operating losses	4	(944,058)	(21,982)
Administrative costs	5	(5,133,161)	(4,460,682)
Finance costs	7	(304,064)	(465,326)
Profit before tax		**5,546,321**	**6,715,201**
Tax charge for the year	8	(1,737,314)	(1,939,817)
Profit for the year		**3,809,007**	**4,775,384**

The significant accounting policies on pages 13 to 21 and the notes on pages 22 to 30 form an integral part of these financial statements.

Report of the independent auditor - pages 8(a) - 8(b).

STATEMENT OF FINANCIAL POSITION

	Notes	2023 TShs '000'	2022 TShs '000'
ASSETS			
Non-current assets			
Property, plant and equipment	9a)	12,884,728	7,240,094
Intangible assets	9b)	1,462	10,211
		12,886,190	**7,250,305**
Current assets			
Financial asset	10	4,500,000	-
Inventory	11	4,589,344	5,408,749
Trade and other receivables	12	23,052,746	16,593,874
Cash and cash equivalents	13	1,356,520	1,935,266
		33,498,611	**23,937,890**
TOTAL ASSETS		**46,384,801**	**31,188,195**
EQUITY AND LIABILITIES			
Share capital	14	560,000	560,000
Borrowing /Advances from Shareholders	15	844,000	-
Retained earnings		11,993,794	9,655,228
		13,397,794	**10,215,228**
Non current liabilites			
Deferred tax	16	487,075	360,726
Other financial liabilities	17	321,505	964,516
		808,581	**1,325,243**
Current liabilities			
Other financial liabilities	17	3,793,553	-
Trade and other payables	18	28,371,420	19,301,524
Bank overdraft	19	-	400,913
Taxation	20	13,453	(54,711)
		32,178,426	**19,647,725**
TOTAL EQUITY AND LIABILITIES		**46,384,801**	**31,188,195**

The financial statements and notes on pages 9 to 30 were authorised and approved for issue by the Board of Directors on ....26\6\.......... 2024 and were signed on its behalf by:

Soud Bargash Hamoud
For and on behalf of General Motors Investment Limited
Director

The significant accounting policies on pages 13 to 21 and the notes on pages 22 to 30 form an integral part of these financial statements.

Report of the independent auditor - pages 8(a) - 8(b).

STATEMENT OF CHANGES IN EQUITY

	Share capital TShs '000'	Advances from Shareholder TShs '000'	Retained earnings TShs '000'	Total TShs '000'
Year ended 31 December 2023				
At start of year	560,000	-	9,655,228	10,215,228
Advances from Shareholder	-	844,000	-	844,000
Prior year taxes	-	-	(1,470,440)	(1,470,440)
Total profit for the year	-	-	3,809,007	3,809,007
At end of year	**560,000**	**844,000**	**11,993,794**	**13,397,794**
Year ended 31 December 2022				
At start of year	560,000	-	4,879,844	5,439,844
Total profit for the year	-	-	4,775,384	4,775,384
At end of year	**560,000**	**-**	**9,655,228**	**10,215,228**

The significant accounting policies on pages 13 to 21 and the notes on pages 22 to 30 form an integral part of these financial statements.

Report of the independent auditor - pages 8(a) - 8(b).

STATEMENT OF CASH FLOWS

	Notes	2023 TShs '000'	2022 TShs '000'
Cash flows from operating activities			
Profit before tax		5,546,321	6,715,201
Adjustment for:			
Gain on disposal		-	(323,817)
Depreciation and amortization	9	1,171,157	1,069,506
Profit before changes in working capital		6,717,478	7,460,890
Changes in working capital			
Inventories		819,405	4,819
Trade and other receivables		(6,458,871)	(8,889,508)
Trade and other payable		9,069,896	15,311,772
Cash generated from operations		10,147,907	13,887,973
Withholding tax suffered		(397,815)	(525,116)
Tax paid		(1,199,698)	(1,353,513)
Prior year taxes		(1,415,729)	-
Net cash generated from operating activities		**7,134,666**	**12,009,344**
Investing activities			
Financial assets		(4,500,000)	-
Purchase of property, plant and equipment and intangible	9	(6,807,042)	(3,244,846)
Proceeds from disposal of property, plant and equipment		-	399,468
Net cash used in from investing activities		**(11,307,042)**	**(2,845,378)**
Financing activities			
Movement in other financial liabilities		3,150,542	(6,757,409)
Advances from Shareholders		844,000	-
Net cash generated from/(used in) financing activities		**3,994,542**	**(6,757,409)**
Increase in cash and cash equivalents		(177,834)	2,406,556
Cash at the beginning of the year		1,534,354	(872,202)
Cash at the end of the year	13	**1,356,520**	**1,534,354**

The significant accounting policies on pages 13 to 21 and the notes on pages 22 to 30 form an integral part of these financial statements.

Report of the independent auditor - pages 8(a) - 8(b).

SIGNIFICANT ACCOUNTING POLICIES

These notes provides list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below. This financial statements are presented in Tanzanian Shillings and round off to the nearest thousand.

i) New and amended standards adopted by the company

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023:

1) IFRS 17 Insurance Contracts
2) Disclosure of accounting policies - Amendments to IAS 1 and IFRS - Practice Statement 2
3) Definition of accounting estimates - Amendments to IAS 8
4) Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

The adoption of these amendments did not have any impact on the amounts recognised in the accounting policy, financial position or performance of the Company.

ii) New standards and interpretations not yet adopted by the company.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

Standard issued but not effective	**Effective date on or after**
Classification of liabilities as current or non-current - Amendments to IAS 1 Non Current liabilities with covenants - Amendments to IAS 1	01-Jan-24
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	01-Jan-24
Supplier finance arrangements – Amendments to IAS 7 and IFRS 7	01-Jan-24
Sale or contribution of assets between and investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28.	N/A

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

b) Critical accounting estimates, judgements and assumptions

In the process of applying the company's accounting policies, the company's management makes certain estimates, judgements and assumptions. These are based on the management's past experience and other determinants that under the circumstances are deemed to be reasonable. In practice, the estimated and assumed results would differ from the actual results.

(i) Impairment of non financial assets - The company reviews its non financial assets to assess the likelihood of impairment on an annual basis. In determining whether such assets are impaired, management makes judgments as to whether there are any conditions that indicate potential impairment of such assets.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Critical accounting estimates, judgements and assumptions (continued)

(ii) Provision for doubtful debts - The company has impaired some of its trade and other receivable balances as at the end of the year.

(iii) Useful life of property, plant and equipment - Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

(iv) Revenue recognition - In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the provision of goods.

(v) Taxation - Estimates made in determining the income tax expense for transactions for which the ultimate determination of the income tax expense is uncertain in the ordinary course of business.

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, Value Added Tax (VAT) and amounts collected on behalf of third parties.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for the company's activity as described below. The amount of revenue is not considered to be reliably measured until all contigencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specific of each arrangement.

Sales of goods are recognised upon delivery of products and customer acceptance.

d) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Tanzanian Shillings which is the Company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

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. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate of the country adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax assets and liabilities

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

f) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of any 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.

g) Property, plant and equipment

All property, plant and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial year in which they are incurred.

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

The assets residual values and useful lives are reviewed and adjusted if appropriate, at the statement of financial position date.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Property, plant and equipment (continued)

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

Item	Depreciation Method	Average useful life
Buildings	Straight Line	20 years
Plant and Machinery	Straight Line	8 years
Furniture and Fixtures	Straight Line	8 years
Motor Vehicles	Straight Line	4 years
IT Equipment	Straight Line	3 years
Leasehold improvements	Straight Line	50 years

h) Intangible assets

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

An intangible asset arising from development (or from the deveopment phase of an internal project) is recongnised 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 develpoment 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 lesss any accumated amortisation and impairment losses.

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

Reassessing the usefull 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.

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

Item	Depreciation Method	Average useful life
Computer Software	Straight Line	3 years

i) Impairment of non-financial assets and intangible assets other than goodwill

At the end of each reporting year, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each statement of financial position date.

SIGNIFICANT ACCOUNTING POLICIES

1j) 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 instruments is held under a business model whose objective is met by both collecting contractual cash flows and selling the instruments); or
- Mandatory at fair value through profit or loss. (This classification automatically applies to all debt instrument 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 appleid when it eliminates or significantly reduces an accounting mismatch).

Financial Liabilities:
- Amortised cost; or
- Mandatorily at fair value throught 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 elimates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed or 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).

Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

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

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 12).

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.

SIGNIFICANT ACCOUNTING POLICIES

1j) Financial insturments (continued)

Recongnition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivable. They are measured, at initial recongnition, 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, adjutsed for any loss allowance.

Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

Application on the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows;

- The effective interst rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted efffective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receviable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the recceivable is no longer credit impaired, then the interest calcuation reverts to apply the effective interest rate to the gross carrying amount.

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 Shillings equivalent using the BOT mean rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recongnised in profit or loss in other operating gains (losses) (note 4)

Impairment

The company recongnises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount is expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represent the expected credit losses that will result from all possible default events over the expected life of the receivable.

SIGNIFICANT ACCOUNTING POLICIES

1j) Financial insturments (continued)

Measurement and recongnition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (Note 12).

Writte off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforecment activites under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Trade and other Payables

Classification

Trade and other payables (Note 18), excluding VAT and amounts received in advance, are classifed as financial liabilities subsequently measured at amortised cost.

Recongnition and measurement

They are recongnised when the company becomes a party to the contractual provisions, and are measured, at initial recongnition, 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 recongnition of interest expense, then it is included in profit or loss in finance costs (Note 7).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to Note 22 for details of risk exposure and management thereof.

Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the 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 4).

Derecognition

An entity shall derecognise a trade and other payables from its statement of financial position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1j) Financial insturments (continued)

Cash and cash equivalents

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

Bank Overdrafts

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

1k) Inventories

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity,

When inventories are sold, the carrying amount of those inventories are recongnised 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, are recongnised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The company's inventory includes raw materials, packing materials and finished goods.

l) Provisions and contingencies

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent assets and liabilities are not recognised.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Employee entitlements

Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leaves that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

n) Employee entitlements (continued)

Retirement benefit obligations

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to the statement of comprehensive income in the year to which they relate.

o) Borrowings

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

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

Borrowings are classified as non-current liabilities as the settlement of the liability is more than 12 months after the balance sheet date.

p) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

q) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS

	2023 TShs '000'	2022 TShs '000'
1 Revenue		
Sales of goods	46,892,660	55,348,565
	46,892,660	**55,348,565**
2 Cost of sales		
Sale of goods	33,403,112	41,970,575
Manufactured goods:		
Employee costs	997,848	841,326
Depreciation and impairment	933,061	944,176
	35,334,021	**43,756,078**
3 Other income		
Bad debts	-	70,704
Interest Income	368,965	-
	368,965	**70,704**
4 Other operating gains / (losses)		
Gain on property, plant and equipment	5,763	323,817
Foreign exhange loss-unrealized	(23,550)	(48,565)
Foreign exhange loss-realized	(1,033,783)	(297,234)
Foreign exhange gain-realized	245	-
Foreign exhange gain-unrealized	107,267	-
	(944,058)	**(21,982)**
5 Administrative costs		
Auditor's remuneration	26,000	26,000
Bad debts	484,521	-
Doubtful debts	278,738	-
Bank charges	300,581	278,793
Cleaning	5,675	2,285
System audit fees	13,453	-
Legal and filing fees	23,105	-
Consulting and professional fees	10,700	25,793
Depreciation and amortisation	238,097	134,079
Delivery expenses	3,063	5,281
Employment costs **(Note 6)**	1,316,901	1,164,018
Donation	1,550	2,655
Canteen expenses	108,110	93,479
Fines and penalties	60	1,376
Miscelleneous expenses	15,432	15,879
Fumigation expenses	1,241	1,000
Tender fees	17,938	15,304
Uniform, books and periodicals	13,079	27,137
Gemba Kaizen Expenses	4,737	6,738
OSHA expenses	17,342	8,692
Insurance	131,177	148,159
Employee mobile expenses	-	4,876
Employee incentives	710	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023 TShs '000'	2022 TShs '000'
5 Administrative costs (continued)		
Software expenses	3,615	2,961
Casual labour	42,922	35,428
City service levy	141,108	167,203
Medical expenses	2,045	13,787
Motor vehicle expenses	47,917	44,482
Lease rentals on operating lease	45,767	33,524
License and renewals	16,815	17,001
Printing, postage and stationery	21,778	17,932
Advertisments and promotions	64,854	61,010
Repair and maintenance	37,741	22,393
Stamp duty	351	-
Permit expenses	23,848	29,819
Security	55,621	54,392
Prior year taxes	102,424	6,519
Subscription and membership fees	2,418	2,343
Telephone, fax, postage and internet	30,936	21,157
Training	11,492	1,570
Transport and freight	1,362,891	1,865,446
Domestic travel expenses	57,656	37,817
Foreign travel expenses	44,884	38,603
Property tax and land rent	3,869	25,751
Total administrative costs	**5,133,161**	**4,460,682**
6 Employment costs		
Salaries and wages	1,051,173	920,200
Workers compensation fund	8,716	8,472
Skills and development levy	72,766	71,641
National social security fund	173,755	153,705
NHIF - Company contribution	10,490	10,000
Total employment costs	**1,316,901**	**1,164,018**
7 Finance costs		
Interest on bank overdraft	14,661	100,565
Interest on bank loans	289,403	364,761
Total finance costs	**304,064**	**465,326**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023 TShs '000'	2022 TShs '000'
8 Tax		
Current tax	1,610,965	1,890,197
Deferred tax charge **(Note 16)**	126,349	49,620
Tax charge	**1,737,314**	**1,939,817**
Reconciliation of tax expense		
Profit before tax	5,546,321	6,715,201
Tax calculated at a tax rate of 30% (2022: 30%)	1,663,896	2,014,560
Tax effect of:		
expenses allowed for tax purposes	(48,479)	(105,767)
expenses not deductible for tax purposes	121,897	31,024
Tax charge	**1,737,314**	**1,939,817**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9a) Property, plant and equipment

	Building TShs '000'	Plant and Machinery TShs '000'	Motor vehicles TShs '000'	Furniture and fixtures TShs '000'	IT Equipment TShs '000'	Leasehold Imporvements TShs '000'	Capital Work in Progress TShs '000'	Total TShs '000'
Year ended 31 December 2023								
Cost								
As start of year	890,480	14,523,652	481,774	177,816	385,053	2,126,440	-	18,585,215
Additions	-	315,873	151,191	17,542	39,679	-	6,282,757	6,807,042
Disposal	-	-	(44,769)	-	-	-	-	(44,769)
At end of year	**890,480**	**14,839,525**	**588,196**	**195,358**	**424,732**	**2,126,440**	**6,282,757**	**25,347,488**
Accumulated Depreciation								
As start of year	693,911	9,595,997	181,657	128,998	248,628	495,930	-	11,345,121
Disposal	-	-	(44,769)	-	-	-	-	(44,769)
Charges for the year	44,524	888,537	95,824	7,755	60,653	65,115	-	1,162,408
At end of year	**738,435**	**10,484,534**	**232,712**	**136,753**	**309,281**	**561,045**	**-**	**12,462,760**
Net book value as at 31.12.2023	**152,045**	**4,354,990**	**355,484**	**58,605**	**115,451**	**1,565,395**	**6,282,757**	**12,884,728**
Year ended 31 December 2022								
Cost								
As start of year	945,553	12,557,816	267,411	140,530	243,275	2,126,440	-	16,281,025
Additions	-	2,773,751	290,403	37,286	143,405	-	-	3,244,846
Disposal	(55,073)	(807,915)	(76,040)	-	(1,627)	-	-	(940,656)
At end of year	**890,480**	**14,523,652**	**481,774**	**177,816**	**385,053**	**2,126,440**	**-**	**18,585,215**
Accumulated Depreciation								
As start of year	670,498	9,465,178	228,222	122,500	225,689	430,815	-	11,142,902
Disposal	(23,865)	(766,080)	(76,040)	-	(1,302)	-	-	(867,287)
Charges for the year	47,278	896,899	29,475	6,498	24,241	65,115	-	1,069,506
At end of year	**693,911**	**9,595,997**	**181,657**	**128,998**	**248,628**	**495,930**	**-**	**11,345,121**
Net book value as at 31.12.2022	**196,569**	**4,927,655**	**300,117**	**48,818**	**136,425**	**1,630,510**	**-**	**7,240,094**

Capital work in progress refers to the cost upon acquisition of plot in Vigunguti area. The land will be used for company's future expansion projects.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9b) Intangible assets

	Software TShs '000'	Total TShs '000'
Year ended 31 December 2023		
Cost		
As start of year	202,668	202,668
Addition	-	-
At end of year	**202,668**	**202,668**
Accumulated Depreciation		
As start of year	192,457	192,457
Charges for the year	8,749	8,749
At end of year	**201,206**	**201,206**
Net book value as at 31.12.2023	**1,462**	**1,462**
Year ended 31 December 2022		
Cost		
As start of year	202,668	202,668
Addition	-	-
At end of year	**202,668**	**202,668**
Accumulated Depreciation		
As start of year	183,708	183,708
Charges for the year	8,749	8,749
At end of year	**192,457**	**192,457**
Net book value as at 31.12.2022	**10,211**	**10,211**

10 Financial asset

	2023 TShs '000'	2022 TShs '000'
Fixed deposit-Azania Bank Limited	**4,500,000**	-

The company had 4 fixed deposits with Azania Bank limited which earned around 9.3% to 10.3% per annum.

11 Inventory

	2023 TShs '000'	2022 TShs '000'
Raw material	3,608,246	4,843,964
Work in progress	19,115	3,505
Finished goods	512,801	288,554
Trading goods	912,318	713,807
Spare parts	65,252	87,308
	5,117,732	5,937,137
Inventories (write-downs)	(528,388)	(528,388)
	4,589,344	**5,408,749**

12 Trade and other receivables

	2023 TShs '000'	2022 TShs '000'
Trade receivables	23,453,231	15,930,674
Advances and prepayments	1,268,172	220,897
Other receivables	45,271	3,794
VAT	586,053	1,975,230
Loss allowance	(2,299,981)	(1,536,721)
	23,052,746	**16,593,874**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023 TShs '000'	2022 TShs '000'
13 Cash and cash equivalents		
Cash in hand	71,316	16,036
Cash at bank	1,285,205	1,919,230
	1,356,520	**1,935,266**

For the purpose of statement of cashflows, cash and cash equivalents comprise of cash and cash equivalent (note 13) and bank overdrafts (note 19).

14 Share capital		
Authorised:		
5,000,000 (2022: 5,000,000) shares of TShs 1,000/- each	5,000,000	5,000,000
Issued and fully paid:		
560,000 (2022: 560,000) ordinary shares of TShs. 1,000/- each	**560,000**	**560,000**

15 Borrowings/Advances from Shareholder		
Advances from Shareholder	**844,000**	-

The borrowings were advances from shareholder which will be converted into equity in the forseeable future if not paid.

16 Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2022: 30%). The movement on the deferred tax account is as follows:

At start of year	360,726	311,106
Deferred tax charge **(Note 8)**	126,349	49,620
	487,075	**360,726**

Deferred tax (liability), deferred tax (charge) in the statement of profit or loss are attributable to the following items:

	At start of year T.SHS. '000	Charge to SPL T.SHS. '000	At end of year T.SHS. '000
Year ended 31 December 2023			
Deferred tax liability			
Excess depreciation over capital allowances	360,726	126,349	487,075
Net deferred tax liability	**360,726**	**126,349**	**487,075**

	2023 TShs '000'	2022 TShs '000'
17 Other Financial Liabilities		
Secured loans		
a. Standard chartered bank limited - Import invoice financing	311,550	-
b. Standard chartered bank limited - Import loan	3,482,003	-
c. Standard chartered bank limited - Long term loan	321,505	964,516
	4,115,058	**964,516**
Split between non-current and current portions		
Non-current Liabilities	321,505	964,516
Current Liabilities	3,793,553	-
	4,115,058	**964,516**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Other Financial Liabilities, (Continued)

a Standard Chartered Bank Tanzania Limited - Import Invoice Financing
Facility - USD 6,000,000(inner to facility above).
Purpose: For financing of goods purchased by the borrower from its seller, as evidenced by the seller's invoice to the borrower.
Interest: 6 months SOFR + 4.344% per annum and repriced annually
Tenor: 180 Days renewable.

b Standard Chartered Bank Tanzania Limited - Import Loan
Facility - TZS 8.5 billion(inner to facility above).
Purpose: to cover the release of goods imported by the borrower under and in relation to letters of credit issued by the bank / import bills for collection handled by the bank.
Interest: 182 days T-Bills + 4% per annum (To be fixed at 10% per annum and repriced annually).
Tenor: 180 Days renewable.

c Standard Chartered Bank Tanzania Limited - Long Term Loan
Balance TZS 321,505,000
Purpose: For financing purchase of machinery which will be used in manufacturing of pipes as the borrower has won tenders which require additional machinery in order to meet capacity.
Interest: Fixed rate of 12.3%
Tenor: 7 months (Due on July 2024).

Securities for the above mentioned facilities:

* A first ranking debenture charge over the company's fixed and floating assets registered to secure the sum of USD 6,860,075.
* First Ranking legal charge over the property located on Plot No. 68, 69 and 70 situated at Mbozi road in Dar es Salaam to be registered to secure the sum of USD 6,860,075.
* Specific charge over plant and machinery located on Plot No. 68, 69 and 70 situated at Mbozi Road in Dar es Salaam to secure the sum of TZS 1,800,000,000.
* Corporate guarantee by General Motors Investment Limited.
* Personal guarantee by Nassor Ally Seif.

	2023 TShs '000'	2022 TShs '000'
18 Trade and other payables		
Trade payables	26,274,910	17,531,634
Amount received in advance	241,724	1,283,014
Accruals and other payables	1,854,786	486,877
	28,371,420	**19,301,524**
Financial instrument and non-financial instrument components of trade and other payables		
At amortised cost	28,129,696	18,018,510
Non-financial instruments	241,724	1,283,014
	28,371,420	**19,301,524**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023 TShs '000'	2022 TShs '000'
19 Bank overdraft		
Standard Chartered Bank Tanzania Limited	-	400,913
	-	**400,913**

The company renewed existing overdraft facility of Tzs 3.5 billion.
Purpose: For general corporate purposes and/or working capital requirements.
Interest 182 days T-bills +4.5% per annum (To be fixed at 10.5% per annum and repriced annually).
Interest payments: Monthly in arrears.
Availability period: From the date of acceptance until 31 July 2024 and further renewed.
Security: In line with that for other bank facilities, stated in Note 17

20 Taxation

	2023 TShs '000'	2022 TShs '000'
Balance at beginning of the year	(54,711)	(38,499)
Less: Tax paid as per accounts	(11,568)	(27,780)
	(66,279)	(66,279)
Less: Tax credits write off due to assessments issued	66,279	-
Tax payable for the year	13,453	11,568
	13,453	**(54,711)**

21 Related party balance

Balances with related parties as at the year end is as follows:

Compensation to directors and other key management

	2023 TShs '000'	2022 TShs '000'
Key staff remuneration	1,165,890	994,351
	1,165,890	**994,351**

22 Risk management objectives and policies

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out by the management under policies approved by the board of directors.

(i) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management perform cash flow forecasting and monitor rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet its operational needs. The company's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Risk management objectives and policies (Continued)

Financial risk management

(ii) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

The amount that best represents the Company's maximum exposure to credit risk at 31 December 2023 is the carrying value of its financial assets in the statement of financial position.

Financial risk management
(iii) Market risk

- Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollars. Foreign exchange risk arises from future transactions, assets and liabilities in the statement of financial position.

The company does not hedge foreign exchange fluctuations.

- Interest rate risk

As at 31 December 2023, the company is not exposed to the interest rate risk as the rate is fixed.

23 Capital management

Internally imposed capital requirements

The company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing its brokering services commensurate with the
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide
- to maintain a strong asset base to support the development of business and;
- to maintain an optimal capital structure to reduce the cost of capital.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

24 Subsequent event

There were no subsequent events after the year end, which requires adjustments or disclosures in the financial statements.

25 Capital Commitments

As at 31 December 2023, the Company had no capital expenditure contracted or accrued.

TAX COMPUTATION

	2023 T.SHS '000'
Profit before tax as per accounts	**5,546,321**
Add: Non-allowable expenses	
Unrealised Exchange Loss	23,550
Fines	60
Provision for doubtful debts	278,738
Donations	1,550
Tax assessments	102,424
Depreciation and amortisation	1,171,157
	7,123,800
Less: Allowable deductions	
Wear and tear allowance	(819,915)
Initial allowance	(772,406)
Realised Exchange Loss-previous year	(48,565)
Gain on disposal of property, plant and equipment	(5,763)
Unrealised Exchange gain	(107,267)
Adjusted taxable income for the year	**5,369,884**
POSITION OF TAXATION:	
Corporation tax at 30%	1,610,965
Less: Provisional tax paid for the year	(1,199,698)
Less: Withholding tax paid for the year	(397,815)
Tax payable	**13,453**

WEAR AND TEAR ALLOWANCES SCHEDULE FOR THE YEAR 2023

REDUCING BALANCE METHOD:

	CLASS I RBM 37.5% T.SHS "000"	CLASS II RBM 25% T.SHS "000"	CLASS III RBM 12.5% T.SHS "000"	TOTAL T.SHS "000"
WDV as at 01.01.2023	111,241	2,526,381	74,721	2,712,343
Additions	190,870	-	17,542	208,412
	302,111	**2,526,381**	**92,263**	**2,920,755**
Less: Disposal	(44,769)	-	-	(44,769)
	257,342	**2,526,381**	**92,263**	**2,875,986**
Wear & Tear allowances	(96,503)	(631,595)	(11,533)	(739,631)
	160,839	1,894,785	80,730	2,136,355
Qualifying expenditure c/f	-	157,936	-	157,936
WDV as at 31.12.2023	**160,839**	**2,052,722**	**80,730**	**2,294,291**

TAX COMPUTATION (Continued)

STRAIGHT LINE METHOD:

	CLASS VI COST 5% T.SHS "000"	TOTAL WDV 5% T.SHS "000"
WDV as at 01.01.2023	1,430,663	196,297
Additions	-	-
	1,430,663	196,297
Sale proceeds		-
	1,430,663	196,297
Wear & Tear allowances	-	(71,533)
WDV as at 31.12.2023	1,430,663	124,764

INTANGIBLE ASSET:

	CLASS VII Useful life T.SHS "000"	TOTAL WDV T.SHS "000"
WDV as at 01.01.2023	26,251	8,751
Additions	-	-
	26,251	8,751
Disposal	-	-
	26,251	8,751
Wear & Tear allowances	-	(8,750)
WDV as at 31.12.2023	26,251	0

INITIAL ALLOWANCE:

	AT COST TShs '000'	INITIAL ALLOWANCE TShs '000'	QUALIFYING EXP C/F TShs '000'
Palnt and machinery	315,873	157,936	157,936

Summary of initial allowance claim	157,936
Less: 50% to be claimed in 2024	(78,968)
50% to be claimed in the current year	78,968
Add: 50% claim to be claimed in the current year from 2022	693,438
Total claim for the year	772,406