

MAENDELEO TECHNOLOGIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023


Certified as True Copy of the Original
Edwin Venance Maresi
Advocate, Notary Public & Commissioner
for Oaths
Sign: 
Date: 27/03/2026

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COMPANY INFORMATION

	Name	Nationality
BOARD OF DIRECTORS	: Jevgenij Miskovski	Serb
	: Valentin Chernomorchenko	Russian
	:	
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	: Toure Drive, Plot number 368, Block number 2	
	: P.O Box 105136	
	: Msasani, Kinondoni District	
	: Dar es salaam, Tanzania	
	:	
INDEPENDENT AUDITORS	: GTG and Associates	
	: P. O. Box 13048	
	: Dar-es-salaam	
	: Tanzania	
	:	
COMPANY SECRETARY	: Yuri Chernomorchenko	
	: P. O. Box 105136	
	: Dar es salaam	
	: Tanzania	
	:	
PRINCIPAL BANKERS	: NMB Bank Plc	
	: Oysterplaza, Masaki	
	: P.O. Box 162409	
	: Dar-es-salaam	
	: Tanzania	
	:	
	: CRDB Bank Plc,	
	: Coco Plaza, Toure Drive	
	: Msasani	
	: Dar-es-salaam	
	: Tanzania	

REPORT OF THE DIRECTORS

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

1. CAPITAL STRUCTURE AND SHAREHOLDING

Capital structure

The company's capital structure for the period is shown below

	2023	2022
	TZS '000	TZS '000
Authorised and issued		
200 ordinary shares of TZS 100,000 each	<u>20,000</u>	<u>20,000</u>
Issued		
200 Ordinary shares of TZS 100,000 each	<u>20,000</u>	<u>20,000</u>

Shareholding

The issued share capital is held by;

Name	Percentage	Number of
	%	shares
JEVGENIJ MISOVSKI	35	70
Valentine Chernomorchenko	30	60
Branislav Grujic	35	70
	<u>100</u>	<u>200</u>

Director's interest in the shares of the company

No director had direct interest in the shares of the Company as at the period end.

2. PRINCIPAL ACTIVITY

The principal activities of the company is provision of supporting activities for other mining and quarrying

3. RESULTS

	2023	2022
	Tshs	Tshs
(Loss)/profit before tax	(2,224,977,264)	29,076,007
Tax credit	<u>671,221,266</u>	<u>374,603,840</u>
(Loss)/profit for the year	<u>(1,553,755,999)</u>	<u>403,679,847</u>

4. DIVIDENDS

The directors do not recommend the declaration of a dividend for the year (2023: Nil).

5. DIRECTORS

The names of directors who held office during the year to the date of this report are shown on page 1.

6. EMPLOYEES' WELFARE

The average number of casual labour during the year was vary from 2 to 3

Management/Employee relationship

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

Training facilities

The company budgets sufficient funds for training of staff, in order to improve their technical and soft skills. Training programs are continually being developed to ensure employees are adequately trained at all levels.

Employees benefits Plan

All eligible employees are members of the National Social Security Fund (NSSF) in which the company contributes 10% of the employees' salary.

The fund is a defined contribution scheme with the company having no legal or constructive obligation to pay further top-up contributions.

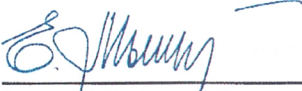
7. CORPORATE SOCIAL RESPONSIBILITY

In the course of undertaking the day to day business activities, the company ensures good Corporate and Social Responsibility.

8. INDEPENDENT AUDITOR


GTG and Associates has expressed willingness to continue in office and is eligible for re-appointment. A resolution to re-appoint, GTG and Associates, as auditor will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



Jevgenij Miskovski
Director
July 30, 2024





Valentin Chernomorchenko
Director
July 30, 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Tanzania Companies Act, 2002 requires the directors to prepare financial statements for each financial year which 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 keeps proper accounting records that are sufficient to show and explain the transactions of the company; that disclose, with reasonable accuracy, the financial position of the company that enable them to prepare financial statements of the company that comply with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Tanzania Companies Act, 2002. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Tanzania Companies Act, 2002. They also accept responsibility for:

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances;

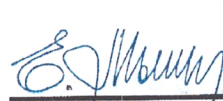
The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the Maendeleo Technologies Limited as at 31 December 2023 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Tanzanian Companies Act, 2002.

In preparing these financial statements the directors have assessed the company's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

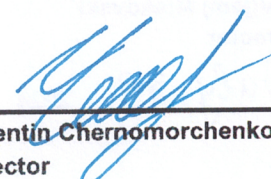
So far as each of the directors is aware, there is no relevant audit information which the auditor is unaware of, and each of the directors has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the board of directors on July 30, 2024 and signed on its behalf by:



Jevgenij Miskovski
Director





Valentin Chernomorchenko
Director

DECLARATION OF THE HEAD OF FINANCE OF MAENDELEO TECHNOLOGIES LIMITED

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

It is the duty of a Professional Accountant to assist the Board of Directors/Management to discharge the responsibility of preparing financial statements of an entity showing a true and fair view of the entity's position and performance in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under the Directors Responsibility statement on the previous page.

In regard thereof, I CPA. ANDREA G. MWIMUKA being the Head of Finance/Accounting of **Maendeleo Technologies Limited** hereby acknowledge my responsibility of ensuring that the company's 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 **Maendeleo Technologies Limited** as of that date and that they have been prepared based on properly maintained financial records.

Signed by: 

Position: HEAD OF FINANCE

NBAA Membership No.: 2461

Date: 30/07/2024

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF MAENDELEO TECHNOLOGIES LIMITED (CONTINUED)**

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

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 carried out 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 director'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.
- 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 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.

Report on other matters prescribed by the Tanzanian Act, 2002.

In our opinion the information given in the report of the directors on pages 2 is consistent with the financial statements.

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

- (i) 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;
- (ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- (iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

CPA GADI EBENEZER URASA
ACPA 419
MANAGING PARTNER
GTG & ASSOCIATES



Date: 30/07/2024

Maya

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2023 Tshs	2022 Tshs
Revenue	2	2,138,983,813	4,350,222,499
Cost of sales		<u>(1,477,641,824)</u>	<u>(1,684,293,855)</u>
Gross profit		661,341,989	2,665,928,644
Administrative expenses	4	(1,440,716,324)	(1,421,320,377)
Other expenses	5	(834,694,905)	(1,206,408,625)
Finance Cost	6	(610,908,024)	(9,123,635)
Loss before tax		(2,224,977,264)	29,076,007
Tax credit		<u>671,221,266</u>	<u>374,603,840</u>
Loss for the year		<u><u>(1,553,755,999)</u></u>	<u><u>403,679,847</u></u>
Other comprehensive income:			
Unadjusted Forex Gain/Loss		3,859,391	552,999
Total comprehensive loss for the year		<u><u>(1,549,896,608)</u></u>	<u><u>404,232,846</u></u>

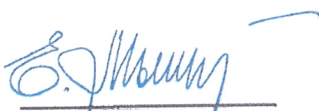
The notes on pages 12 to 21 form an integral part of these financial statements.

Report of the independent auditor - page 6 and 7.


STATEMENT OF FINANCIAL POSITION

	Notes	2023 Tshs	2022 Tshs
ASSETS			
Non-current assets			
Deffered tax asset	9	1,114,802,587	443,581,321
Property, plant and equipment	10	1,888,361,852	2,221,789,313
		<u>3,003,164,439</u>	<u>2,665,370,635</u>
Current assets			
Inventory	11	-	-
Trade and other receivables	12	647,170,262	1,371,836,055
Cash and cash equivalents	13	(6,734,214)	13,561,995
Receivable from shareholders	8	5,000,000	5,000,000
Tax recoverable		-	4,625,001
		<u>645,436,049</u>	<u>1,395,023,051</u>
Total assets		<u><u>3,648,600,488</u></u>	<u><u>4,060,393,686</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	7	20,000,000	20,000,000
Retained earnings		<u>(3,144,458,742)</u>	<u>(1,375,615,050)</u>
Equity attributable to owners of the company		<u><u>(3,124,458,742)</u></u>	<u><u>(1,355,615,050)</u></u>
Current liabilities			
Loan	8	3,739,805,718	2,861,389,887
Trade and other payables	14	2,818,006,427	2,554,618,850
Tax Payable	15	215,247,083	-
Total current liabilities		<u>6,773,059,229</u>	<u>5,416,008,736</u>
Total equity and liabilities		<u><u>3,648,600,488</u></u>	<u><u>4,060,393,686</u></u>

The financial statements on pages 8 to 21 were authorised for issue by the Board of Directors on July 30, 2024 and were signed on its behalf by:


Jevgenij Miskovski
 Director




Valentin Chernomorchenko
 Director

The notes on pages 12 to 21 form an integral part of these financial statements.

Report of the independent auditor - page 6 and 7.

STATEMENT OF CHANGES IN EQUITY

	Share capital Tshs	Retained earnings Tshs	Total Tshs
Year ended 31 December 2023			
As start of year	20,000,000	(1,375,615,050)	(1,355,615,050)
Prior year adjustment omitted in retaining earning		2,125,000	
Transactions with the owners			
Tax Assesment 2022 Audit		(221,072,084)	
Total comprehensive loss for the year	-	(1,549,896,608)	(1,549,896,608)
At end of year	<u>20,000,000</u>	<u>(3,144,458,742)</u>	<u>(2,905,511,658)</u>
Year ended 31 December 2022			
At start of year	20,000,000	(1,779,847,897)	(1,759,847,897)
Total comprehensive loss for the year	-	404,232,846	404,232,846
At end of year	<u>20,000,000</u>	<u>(1,375,615,050)</u>	<u>(1,355,615,050)</u>

The notes on pages 12 to 21 form an integral part of these financial statements.

Report of the independent auditor - page 6 and 7.

STATEMENT OF CASH FLOWS	Notes	2023 Tshs	2022 Tshs
Operating activities			
Loss before tax		(2,224,977,264)	29,076,007
Adjustments for:			
Depreciation on property, plant and equipment	10	827,485,281	1,097,088,349
Overcharged depreciation 2023			(9,492,784)
Gain on Exchange rates		3,859,391	552,999
Retaining earning overcharged		2,125,000	-
Changes in working capital:			
- inventory			-
- trade and other receivables		724,665,793	987,519,934
- trade and other payables		263,387,578	(2,321,045,264)
Tax paid		(1,200,000)	(1,850,000)
Net cash (used in)/ generated from operating activities		<u>(404,654,221)</u>	<u>(218,150,760)</u>
Investing activities			
Cash paid for purchase of property, plant and equipmer	10	<u>(494,057,819)</u>	<u>(103,667,999)</u>
Net cash used in investing activities		<u>(494,057,819)</u>	<u>(103,667,999)</u>
Financing activities			
Increase in Borrowings		<u>878,415,833</u>	<u>330,575,253</u>
(Decrease)/increase in cash and cash equivalents		<u>(20,296,209)</u>	<u>8,756,495</u>
Movement in cash and cash equivalents			
At start of year		13,561,995	4,805,500
(Decrease)/increase in cash and cash equivalents		<u>(20,296,209)</u>	<u>8,756,495</u>
At end of year	13	<u>(6,734,214)</u>	<u>13,561,995</u>

The notes on pages 12 to 21 form an integral part of these financial statements.

Report of the independent auditor - page 6 and 7.

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements of the company have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Companies Act, 2002.

Transition to the IFRS for SMEs

The Company's financial statements for the year ended 31 December 2023 are its first annual financial statements prepared under accounting policies that comply with the International Financial Reporting Standard for Small and Medium-sized Entities. The financial statements of the previous period were prepared in accordance with full International Financial Reporting Standards. There are no material changes during transition.

a) Basis of preparation

The financial statements of Maendeleo Technologie Limited have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). The adoption of the amendments has not resulted in any prior period restatements or other material changes in presentation.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or are as where assumptions and estimations are significant to the financial statements, are disclosed in note 2 (b).

Going concern

The financial performance of the company is set out in the Director's report and in the statement of profit or loss and the other comprehensive income. The financial position of the company is set out in the statement of financial position.

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

The company's shareholders have confirmed that they will continue providing financial support to the company for its working capital requirements for the foreseeable future, and shall not demand repayment of amounts owed for the period of 12 months from the date of approval of these financial statements. As such, these financial statements have been prepared on the basis of accounting policies applicable to a going concern

b) Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Key sources of estimation uncertainty (continued)

Income tax

Critical estimates are made by the directors in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Provision for doubtful debts

Provision is made against accounts that in the estimation of management may be impaired. The management assesses the recoverability of the accounts receivables based on a range of factors, including the age of the balance and the credit worthiness of the customer. The management on a regular basis estimates the likely financial condition of the customer and their ability to subsequently make payments.

c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Revenue is shown net of sales/value-added tax, returns, rebates and discounts and after eliminating sales within the company.

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 specific criteria have been met for each of the company's activities.

d) Property, plant and equipment

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Depreciation on all other assets is calculated on reducing balance method and normally fully depreciation is charged on the year of purchase and no depreciation is charged in the year of disposal.

The following are rate applicable to depreciate property, plant and equipments.

	<u>Rate %</u>
Buildings	12.5%
Trucks	25%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Property, plant and equipment (Continued)

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/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

e) Financial assets

Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. Debt instruments such as Treasury bills or corporate bonds are initially recognised at the transaction price including transaction costs, and subsequently measured at amortised cost using the effective interest method.

f) Financial liabilities

Financial liabilities are initially recognised at the transaction price (less transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out (FIFO) method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

h) Borrowings

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

i) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Tanzanian shillings at rates ruling at the transaction dates. Assets and liabilities at the statement of financial position date which are expressed in foreign currencies are translated into Tanzanian shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

k) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Offsetting

An entity shall offset current tax assets and current tax liabilities, or offset deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off the amounts and the entity can demonstrate without undue cost or effort that it plans either to settle on a net basis or to realise the asset and settle the liability simultaneously.

l) Share capital

Ordinary shares are classified as equity.

m) Employee benefits

i) Defined benefit plans

The company contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligations under this scheme are limited to specific contribution regulated from time and currently stated at 10% of the employee's gross pay. The company's contributions are charged to the statement of comprehensive income in the year to which they relate.

ii) Termination benefits

Termination benefits are recognised as an expense in the year when it becomes payable. Termination benefits are determined in accordance with the local labour laws.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Employee benefits (Continued)

iii) Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably

n) Comparatives

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

NOTES (CONTINUED)

2. Revenue	2023 Tshs	2022 Tshs
Leasing of Machinery & Trucks	2,008,983,813	1,885,986,773
3. Other income.		
Consultancy & Sales of Equipment	<u>130,000,000</u>	<u>2,464,235,726</u>
	<u>2,138,983,813</u>	<u>4,350,222,499</u>
4. Operating loss		
The following items have been charged in arriving at operating loss		
Depreciation on property, plant and equipment (Note 9)		
Auditors remuneration	6,750,000	6,750,000
Rent and rates	-	4,169,699
Staff costs (Note 4)	<u>1,213,236,836</u>	<u>1,179,099,391</u>
5. Staff costs		
Salaries and wages	1,060,824,963	1,029,508,755
National social security fund	106,141,363	102,860,872
Skills development levy	39,494,493	41,135,949
Workmen compensation fund	<u>6,776,018</u>	<u>5,593,815</u>
	<u>1,213,236,836</u>	<u>1,179,099,391</u>
6. Finance costs		
Bank charges	8,806,520	9,123,635
Interest expenses	<u>602,101,504</u>	<u>-</u>
	<u>610,908,024</u>	<u>9,123,635</u>
7. Tax		
Current tax		
Deferred tax credit (Note 8)	<u>671,221,266</u>	<u>374,603,840</u>
Tax credit	<u>671,221,266</u>	<u>374,603,840</u>
The tax on the company's loss before tax differs from the theoretical amount that would arise using the basic rate as follows:		
Loss before tax	<u>(1,553,755,999)</u>	<u>403,679,847</u>
Tax calculated at a tax rate of 30% (2023: 30%)	(466,126,800)	121,103,954
Tax effect of:		
- Expenses not deductible for tax purposes		
- Tax loss carried forward deferred tax	<u>1,137,348,065</u>	<u>-</u>
Tax credit	<u>671,221,265</u>	<u>121,103,954</u>

NOTES (CONTINUED)

8. Share capital	2022 Tshs	2022 Tshs
Authorized, issued and fully paid		
1,000 (200: 10,000) ordinary shares of Tshs 100 each	20,000,000	20,000,000

9. Borrowing

The borrowings are made up as follows:

Non current assets

Evgeniy Myshkovskiy	1,628,920,930	1,538,583,035
Lexafin Business Limited	1,578,800,286	1,454,031,599
MMG	(164,874,694)	(131,224,747)
SKIFI Limited	646,839,196	-
Valentin Chernomorchenko Loan	50,120,000	-
	<u>3,739,805,718</u>	<u>2,861,389,887</u>

10. Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method

	2023 Tshs	2022 Tshs
At start of year	443,581,321	68,977,481
Credit to profit or loss	671,221,266	374,603,840
At end of year	<u>1,114,802,587</u>	<u>443,581,321</u>

Deferred tax (assets) and liabilities, deferred tax charge/(credit) to profit or loss are attributable to the following items:

	At start of year Tshs	Under provision in prior year Tshs	(Credited)/ charged At end of year Tshs
Deferred tax (asset)/liabilities			
Property, plant and equipment			
- accelerated tax depreciation			-
Tax losses carried forward			-
Current tax charges			
Unrealised exchange (gain)/loss			-
Net deferred tax asset	<u>-</u>	<u>-</u>	<u>-</u>

NOTES (CONTINUED)

11. Property, plant and equipment

	Intangible assets Tshs	Furniture and fittings Tshs	Earth moving Equipments Tshs	Computers, electronics Tshs	Plant and Machinery Tshs	Trucks/Motor. vehicles Tshs	Total Tshs
Year ended 31 December 2023							
Cost							
At start of year	4,422,600	5,018,750	3,570,483,374	8,023,080	91,845,021	1,632,045,514	5,307,415,739
Additions	-	3,601,271	-	-	119,047,904	371,408,644	494,057,819
At end of year	4,422,600	8,620,021	3,570,483,374	8,023,080	210,892,926	2,003,454,158	5,801,473,559
Depreciation							
At start of year	-	1,079,360	2,175,763,306	3,643,827	16,367,446	893,195,087	3,090,049,026
Charge for the year	-	942,583	523,020,026	1,642,220	24,315,685	277,564,768	827,485,281
At end of year	-	2,021,942	2,698,783,332	5,286,047	40,683,131	1,170,759,854	3,917,534,306
Net book value	4,422,600	6,598,079	871,700,043	2,737,033	170,209,794	832,694,303	1,888,361,852
Year ended 31 December 2022							
Cost							
At start of year	4,422,600	5,018,750	3,570,483,374	3,252,080	53,615,381	1,571,378,155	5,203,747,740
Additions	-	-	-	4,771,000	38,229,640	60,667,359	103,667,999
At end of year	4,422,600	5,018,750	3,570,483,374	8,023,080	91,845,021	1,632,045,514	5,307,415,739
Depreciation							
At start of year	-	516,590	1,338,931,265	1,016,275	5,584,936	646,911,611	1,992,960,677
Charge for the year	-	562,770	836,832,041	2,627,552	10,782,511	246,283,476	1,097,088,349
At end of year	-	1,079,360	2,175,763,306	3,643,827	16,367,446	893,195,087	3,090,049,026
Net book value	4,422,600	3,939,390	1,394,720,068	4,379,253	75,477,575	738,850,427	2,221,789,313

NOTES (CONTINUED)

	2023	2022
	Tshs	Tshs
12. Inventories		
Finished goods	-	-
Less: impairment provisions	-	-
	<u>-</u>	<u>-</u>

13. Trade and other receivables

Trade receivables		-
Other receivables	647,170,262	1,371,836,055
Provision for bad debts	-	-
Prepayments	-	-
	<u>647,170,262</u>	<u>1,371,836,055</u>

14. Cash and cash equivalents

Cash at bank and in hand	<u>(6,734,214)</u>	<u>13,561,995</u>
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For the purpose of the statement of cash flows, the year end cash and cash equivalents

	2023	2022
	Tshs	Tshs
Cash in hand	6,818,791	1,097,057
Bank balance	<u>(13,553,004)</u>	<u>12,464,938</u>
	<u>(6,734,214)</u>	<u>13,561,995</u>

The company's bank balances are held with a major Tanzanian financial institution.

The carrying amounts of the company's cash and cash equivalents are denominated in the following currencies:

	2023	2022
	Tshs	Tshs
Tanzania Shilling	(5,236,068)	12,374,367
US Dollar	<u>(1,498,145)</u>	<u>1,187,629</u>
	<u>(6,734,214)</u>	<u>13,561,995</u>

15. Trade and other payables

Trade payables	2,163,295,785	2,303,629,691
Other payables and accrued charges	<u>654,710,642</u>	<u>250,989,159</u>
	<u>2,818,006,427</u>	<u>2,554,618,850</u>

NOTES (CONTINUED)

16. Going concern

During the year ended 31 December 2023 the company realised a net loss of Tshs 1577699834. The company meets its day to day cash operating requirements through operating cashflows, bank credit and related party borrowings. The shareholders have undertaken to continue to finance the company to meet its financing needs for the foreseeable future. Based on the above, the directors have considered it appropriate to prepare these financial statements on going concern basis. The shareholders have undertaken to continue to finance the company to meet its financing needs for the foreseeable future. Based on the above, the directors have considered it appropriate to prepare these financial statements on going concern basis.

17. Contingent liabilities

The directors are not aware of any contingent liabilities against the company as at the date of this report.

18. Incorporation

The company was incorporated on 30 September 2016, under the Companies Act as a limited liability company.

19. Presentation currency

These financial statements are presented in Tanzania Shillings.

SCHEDULE OF EXPENDITURE

	2023	2022
	Tshs	Tshs
1. Cost of sales		
Purchases	<u>1,477,641,824</u>	<u>1,684,293,855</u>
ADMINISTRATIVE EXPENSES		
2. Employment:		
Salaries and wages	1,060,824,963	1,029,508,755
National social security fund contributions	106,141,363	102,860,872
Skills development levy expenses	39,494,493	41,135,949
Workmen compensation fund expenses	<u>6,776,018</u>	<u>5,593,815</u>
Total employment costs	<u>1,213,236,836</u>	<u>1,179,099,391</u>
3. Other administrative expenses:		
Office expenses	14,215,414	48,873,518
Fuel expenses	2,282,488	913,537
Accommodation costs & travelling	10,630,141	-
Audit fees	6,750,000	6,750,000
Legal and professional fees	25,229,060	-
Medical expenses	-	193,800
Telephone, fax, email	970,000	676,000
Repair and maintainance	10,381,153	21,532,437
Customs and clearing costs	9,530,829	15,165,758
License and subscription fee	34,075,272	18,256,910
Printing and stationery	1,691,009	830,372
Property, plant and equipment	22,390,292	14,064,612
Transit/transportation	-	114,964,042
Postage and courier costs	<u>89,333,832</u>	<u>-</u>
Total other administrative expenses	<u>227,479,488</u>	<u>242,220,986</u>
Total administrative expenses	<u>1,440,716,324</u>	<u>1,421,320,377</u>
4. OTHER EXPENSES		
Rent and rates	-	4,169,699
Electricity	1,650,000	303,123
Insurance	3,200,000	2,360,000
City service levy	-	220,000
Rental Equipments	-	98,490,000
Unadjusted forex gain/loss	2,359,624	2,082,478
Car Tracking	-	1,694,976
Depreciation of property, plant and equipment	<u>827,485,281</u>	<u>1,097,088,349</u>
Total other expenses	<u>834,694,905</u>	<u>1,206,408,625</u>