

ALLCARGO TANZANIA LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD 02 JANUARY 2023 TO 31 DECEMBER 2023

Allcargo Tanzania limited
Report and financial statements
For the period 2 January 2023 to 31 December 2023

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COMPANY INFORMATION

BOARD OF DIRECTORS	:	Amjad Ahmed Shaikh	Nationality
	:	Rahul Rai	Indian
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	:	4th Floor FNB House	
	:	Plot No. 1008/1 & 1008/2	
	:	Ohio Street	
	:	P.O. Box 25304	
	:	Dar es Salaam	
INDEPENDENT AUDITOR	:	Tanzania	
	:	PKF Associates Tanzania	
	:	P.O. Box 7323	
	:	Dar es Salaam	
	:	Tanzania	
COMPANY SECRETARY	:	Asha Hamisi Mgembe	
	:	Breakthrough Attorneys	
	:	Corporate Secretarial Department	
	:	66 BTA Umoja House Street	
	:	Plot No. 331/00, Msasani Road	
	:	P. O. Box 72838	
	:	Dar es Salaam	
	:	Tanzania	
PRINCIPAL BANKER	:	Stanbic Bank Tanzania Limited	
	:	Corner Ali Hassan Mwinyi/ Kinondoni Road	
	:	P.O. Box 72647	
	:	Dar es Salaam	
	:	Tanzania	

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REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the period 2 January 2023 to 31 December 2023, which disclose the state of affairs of the company.

INCORPORATION

Allcargo Tanzania limited is a private company limited by shares. It was registered in the United Republic of Tanzania on 2 January 2023 through Certificate of Incorporation number 162337637.

PRINCIPAL ACTIVITY

The principal activity of the company is the Cargo Consolidation and De Consolidation.

CAPITAL STRUCTURE

Authorised and issued:

1,000 ordinary shares of Tshs 15,000 each

**2023
Tshs**

15,000,000

SHAREHOLDING

Allcargo Belgium N.V
 Arwa Abdulali Asgarali Yusufali

**%
of holding**

**No of
shares held**

**2023
Tshs**

75%

750

11,250,000

25%

250

3,750,000

100%

1,000

15,000,000

BUSINESS REVIEW

During the period 2 January 2023 to 31 December 2023, this was first year of operation and the company earned the total turnover of Tshs 234,248,408. The loss before tax during the period was Tshs 77,725,314.

As at 31 December 2023, the net equity deficit position of the company was Tshs. 62,725,314.

Key performance indicators

2023

Turnover (Tshs)

234,248,408

Gross profit (Tshs)

61,059,502

Gross profit margin (%)

26%

Loss for the period (Tshs)

(99,870,862)

Net loss margin (%)

-43%

Net equity deficit (Tshs)

(84,870,862)

Return on capital employed (%)

81%

PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging and this has a resultant effect on overall demand of the company's services. The company's strategic focus is to enhance sales growth whilst maintaining profit margins, the success of which remains dependent on overall market conditions.

The current risks and uncertainties facing the company is unpredictable statutory increase in minimum labour costs.

In addition to the business risk discussed above, the company's activities expose it to a number of risks which are described below:

Cash flow and foreign currency risk

The company's sales are in both currency usd and local currency (Tshs) but, the purchases of services are in foreign currency. Concerning the purchases the company is exposed to currency risk. However, this risk is managed through appropriate operational offset of open receivable and payable foreign currency positions.

Credit risk

The company's principal financial assets are cash and bank balances and trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over a number of counterparties.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company monitors its need for cash on a regular basis and takes appropriate action through financing arrangements with its lenders.

CORPORATE GOVERNANCE

The Board consists of two directors. The Board takes overall responsibility for the company, including the responsibility for identifying key risk areas, considering and monitoring investment decisions, and 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 and procedures are operative and in compliance with sound corporate governance principles.

The Board regularly met during the period 2 January 2023 to 31 December 2023. The board delegates the day to day management of the business to the branch Manager assisted by Senior management. The Managing Director and Senior management are invited to attend board meetings and facilitate the effective control of the company's operational activities, acting as a medium of communication and coordination between the various business units.

REPORT OF THE DIRECTORS (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

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

SOLVENCY AND GOING CONCERN

The company's state of affairs is set out on page 13 of the financial statements. 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 the company has adequate resources to continue in operational existence for the foreseeable future.

EMPLOYEES' WELFARE

Management and employees' relationship

There were continued good relations between employees and management during the period 2 January 2023 to 31 December 2023.

The company is an equal opportunity employer. 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, tribe, religion and disability which does not impair ability to discharge duties.

Training facilities

The company provides on-the-job training to all its employees in order to improve their technical skills and effectiveness. Where necessary, employees are also considered for external training courses that upgrade skills and enhance development.

Health and safety

A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and appropriate training and assistance is arranged. It is the policy of the company that training, career development and promotion of disabled persons should, as far as possible and practical, be identical to that of other employees.

Employees benefit plan

The company pays contributions to the National Social Security Fund, which is a publicly administered mandatory defined benefits plan. Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and appropriate training and assistance is arranged. It is the policy of the company that training, career development and promotion of disabled persons should, as far as possible and practical, be identical to that of other employees.

RELATED PARTY

Details of related party transactions and balances are shown in note 16 of the notes to the financial statements.

SUBSEQUENT EVENTS

No material events or circumstances have arisen between the accounting date and the date of this report that require either disclosure or adjustment to the financial statements.

ACCOUNTABILITY AND AUDIT

Full disclosure

The Board recognizes its responsibility to present a balanced and understandable assessment of the Company's financial position and prospects. Financial information is prepared using appropriate accounting policies, which are applied consistently. The Board also discloses to shareholders any information that would materially affect the value of their investments and/or earnings. This assessment is provided in the directors' report and the audited financial statements forming part of this report.

Audit and shareholder relations

The company's financial statements are prepared in accordance with The International Financial Reporting Standard for Small and Medium entities (IFRS for SMEs) and in the manner required by the Tanzania Companies Act, 2002 and are audited in accordance with International Standards Auditing. The Directors recognize and have confirmed their responsibility over the financial statements. All shareholders are invited to the Annual General Meeting and are free to put questions to the Board and the Auditors on matters concerning operations and the statement of the company.

During the period 2 January 2023 to 31 December 2023, there were no serious prejudicial matters to report as required by the Tanzania Financial Reporting Standard No.1 (TFRS 1) on Directors' report.

STATEMENT OF COMPLIANCE

The Directors' Report has been prepared in full compliance with Tanzania Financial Reporting Standard No.1 (TFRS 1) on Report by those charged with Governance.

DIVIDEND

The directors do not recommend the declaration of a dividend for the period 2 January 2023 to 31 December 2023.

DIRECTORS

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

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

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

- (a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and

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REPORT OF THE DIRECTORS (CONTINUED)

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR (CONTINUED)

- (b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

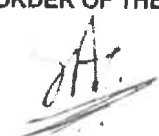
TERMS OF APPOINTMENT OF THE AUDITOR

PKF Associates Tanzania, was appointed the Company's auditor for the period 2 January 2023 to December 2023 on 2 December 2023. The address and other details of the auditor are shown on page 1. There is no statutory auditor rotation requirement for private companies in Tanzania. PKF has expressed willingness to continue in office and is eligible for re-appointment. A resolution proposing the re-appointment of PKF as the auditor of the Company will be put to the Annual General Meeting.

RESPONSIBILITY OF THE AUDITOR

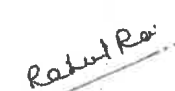
The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

BY ORDER OF THE BOARD



Amjad Ahmed Shaikh
Director
Dar es Salaam

30/07/ 2024



Rahul Rai
Director
Dar es Salaam

30/07/ 2024

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Tanzania Companies Act, 2002 requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for that period. 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 and 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 the 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:

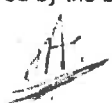
- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making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

The Directors confirm that the financial statements give a true and fair view of the financial position of Allcargo Tanzania Limited for the period 2 January 2023 to 31 December 2023 and of its financial performance and cash flows for the period then ended in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and the requirements of the Companies Act, 2002.

In preparing these financial statements the directors have assessed the company's ability to continue as a going concern as set out in Note 2(a) to the financial statements. The directors are of the opinion that the company will remain a going concern for at least the next twelve months from the date of this statement based on the factors described in Note 2(a).

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

Approved by the board of directors on 30/07/ 2024 and signed on its behalf by:



Amjad Ahmed Shaikh
Director



Rahul Rai
Director

Allcargo Tanzania limited
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DECLARATION OF THE HEAD OF FINANCE OF ALLCARGO TANZANIA 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 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 the 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, RASHID SULEMANI, being the Head of Finance of Allcargo Tanzania limited hereby acknowledge my responsibility of ensuring that the company's financial statements for the period 2 January 2023 to 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 Allcargo Tanzania limited as on that date and that they have been prepared based from properly maintained financial records.

Signed by:

Position:

NBAA Membership No:

Date:



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Girl Guides Building, 1st Floor of Tower B, Plot
No. 1088 Kibasila Street, Upanga,
P.O. Box 7323,
Dar es salaam, Tanzania.

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2152504
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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ALLCARGO TANZANIA LIMITED

Opinion

We have audited the financial statements of Allcargo Tanzania Limited set out on pages 12 to 29, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Allcargo Tanzania Limited as at 31 December 2023, and of its financial performance and cash flows for the period then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the requirements of the 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(a) to the financial statements on the going concern preparation basis, which indicates that the company incurred a net loss of Tshs 77,725,314 during the period 2 January 2023 to 31 December 2023 and, as of that date, it had net equity deficit of Tshs 84,870,862. This condition along with other matters set forth in Note 2 (a) indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified with respect to this matter.

Other information

The directors are responsible for the other information. The other information comprises the report of the directors, statement of directors responsibilities declaration of the head of finance and schedule of other operating expenditure report and any other reports that comprise the annual report but does not include the financial statements and our auditor's report thereon.

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

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



**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ALLCARGO TANZANIA LIMITED (CONTINUED)**

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give true and fair view in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and the requirements of the Tanzania Companies Act, 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the company financial report process.

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 skepticism 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 directors' use of the going concern basis of accounting and based on the audit evidence obtained, assess 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.



**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ALLCARGO TANZANIA LIMITED (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and assess 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 Tanzania Companies Act, 2002

In our opinion the information given in the report of the directors on pages 2 to 6 is consistent with the financial statements.

As required by the Tanzania 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is :

PKF ASSOCIATES TANZANIA
P.O. Box 7923
DAR-ES-SALAAM

Date: 30/07/2024

CPA Mustansir Gulamhussein, Practising certificate No. ACPA-PP1810

For and on behalf of PKF Associates Tanzania

Certified Public Accountants

Dar es Salaam

Ref: PKF/A/A082/196/24/mg

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Period 2-January-2023 to 31st December 2023 Tshs
	Notes	
Revenue	3	234,248,408
Cost of sales		<u>(173,188,906)</u>
Gross profit		61,059,502
Other income	4	35,668,128
Administrative expenses		(146,203,729)
Other operating expenses		<u>(19,402,691)</u>
Operating loss	5	(68,878,789)
Finance costs	7	<u>(8,846,525)</u>
Loss before tax		(77,725,314)
Tax charge	8	<u>(22,145,548)</u>
Loss for the period		<u><u>(99,870,862)</u></u>
Other comprehensive income:		<u>-</u>
Total comprehensive income for the period		<u><u>(99,870,862)</u></u>

The notes on pages 16 to 28 form an integral part of these financial statements.

Report of the independent auditor - pages 9 to 11.

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STATEMENT OF FINANCIAL POSITION

	Notes	As at 31st December 2023 Tshs
EQUITY		
Share capital	9	15,000,000
Retained earnings		(99,870,862)
Shareholders deficit		(84,870,862)
Non-current liabilities		
Borrowings	10	250,603,220
		165,732,358
REPRESENTED BY		
Non-current assets		
Property and equipment	12	73,810,161
Current assets		
Trade and other receivables	13	308,252,276
Cash and cash equivalents	14	177,957,899
		486,210,175
Current liabilities		
Borrowings	10	129,109,415
Trade and other payables	15	243,033,016
Deferred Tax	11	22,145,548
		394,287,978
Net current assets		91,922,197
		165,732,358

The financial statements on pages 12 to 28 were approved and authorised for issue by the Board of Directors on 30/07/2024 and were signed on its behalf by:


 Amjad Ahmed Shaikh
 Director


 Rahul Rai
 Director

The notes on pages 16 to 28 form an integral part of these financial statements.

Report of the independent auditor - pages 9 to 11.

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STATEMENT OF CHANGES IN EQUITY

Period ended 31 December 2023	Share capital Tshs	Retained earnings Tshs	Total Tshs
At start of period	-	-	-
Total comprehensive income for the period		(99,870,862)	(99,870,862)
Transactions with owners:			
Issue of ordinary share capital	15,000,000	-	15,000,000
At end of period	15,000,000	(99,870,862)	(84,870,862)

The notes on pages 16 to 28 form an integral part of these financial statements.

Report of the independent auditor - pages 9 to 11.

Allcargo Tanzania limited
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STATEMENT OF CASH FLOWS

	Notes	2023 Tshs
Cash flows in operating activities		
Loss before tax		(77,725,314)
Adjustments for:		
Depreciation on property and equipment	12	2,124,815
Interest expense	7	3,807,805
Foreign exchange currency on borrowings	7	<u>3,079,330</u>
Cash flows used in operating activities before changes in working capital		(68,713,365)
Changes in working capital:		
- trade and other receivables		(308,252,277)
- trade and other payables		<u>243,033,016</u>
Net cash used in operating activities	9	<u>(133,932,625)</u>
Cash flows from investing activities		
Cash paid for purchase of property and equipment	12	<u>(75,934,976)</u>
Net cash used in investing activities		<u>(75,934,976)</u>
Cash flows from financing activities		
Issue of ordinary shares	9	15,000,000
Proceeds from borrowings	10	<u>372,825,500</u>
Net cash received from financing activities		<u>387,825,500</u>
Increase in cash and cash equivalents		<u>177,957,899</u>
Movement in cash and cash equivalents		
At start of period		-
Increase		<u>177,957,899</u>
At end of the period	14	<u>177,957,899</u>

The notes on pages 16 to 28 form an integral part of these financial statements.

Report of the independent auditor - pages 9 to 11.

NOTES

1) General Information

Allcargo Tanzania Limited is a private company limited by shares. It was registered in the United Republic of Tanzania on 2 January 2023 through Certificate of Incorporation number 162337637. The address of its registered office and its principal place of business is in 4th Floor FNB House, Plot No. 1008/1 & 1008/2, Ohio Street, P.O. Box 25304, Dar es Salaam - Tanzania.

2) 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.

2 a) Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board and are consistent with the previous period.

The financial statements have been prepared under the historical cost convention, except for property, plant and equipment which are measured at a fair value.

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 areas where assumptions and estimations are significant to the financial statements, are disclosed in note 2 (b).

These financial statements comply with the requirements of the Tanzania Companies Act, 2002. The statement of profit or loss and statement of comprehensive income represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

The financial performance of the company is set out in the report of the directors and in the statement of profit or loss and other comprehensive income. The financial position of the company is set out in the statement of financial position. Disclosures in respect of principal risks and uncertainties are included within the report of the directors.

The company incurred a net loss of Tshs 20,134,982 during the period 2 January 2023 to 31 December 2023 and, as of that date, it had net equity deficit of Tshs 5,134,982.

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.

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.

2) **Significant accounting policies (continued)**

b) **Key sources of estimation uncertainty and judgements (continued)**

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Useful lives, depreciation methods and residual values of property and equipment accounted for using the cost model.

Management reviews the useful lives, depreciation methods and residual values of the items of property, plant and equipment accounted for using the cost model on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of property and equipment are disclosed in note 12.

- Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DC) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The carrying amounts of property and equipment is disclosed in note 12.

- Impairment of trade and other receivables

The company reviews its portfolio of trade and other receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected. The carrying amount of trade and other receivables is disclosed in note 13.

- Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details on taxes are disclosed in

c) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and/or performance of services, in the ordinary course of business and is stated net of Value Added Tax (VAT), rebates and discounts.

NOTES (CONTINUED)

2) Significant accounting policies (continued)

c) Revenue recognition (continued)

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 contingencies 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 specifics of each arrangement.

Sales of services are recognised upon performance of the services rendered by reference to the stage of completion of the service contract;

d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Tanzanian Shillings (the functional currency), at the rates ruling at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

e) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation and any accumulated impairment losses (except as stated below). 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 profit or loss during the financial year in which they are incurred.

Depreciation on all assets is calculated on straight line method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Motor vehicles	25.0
Electronics and computer equipment	33.3
Furniture, fittings and equipment's	12.5

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.

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

NOTES (CONTINUED)

2) Significant accounting policies (continued)

e) Property and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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.

f) Impairment of non-financial assets

At each reporting date, property, plant and equipment, investment property, intangible assets, and investments in associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or cash generating unit (CGU)) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. If an item of inventory is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

h) 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. At the end of each reporting period, the carrying amounts of trade receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

i) Financial liabilities

Trade payables 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.

NOTES (CONTINUED)

2) Significant accounting policies (continued)

j) Taxation

The tax expense for the year comprises current tax and deferred tax. Tax is recognised in the profit or loss.

Current tax

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

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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.

Value Added tax (VAT)

Expenses and assets are recognised net of the amount of VAT except:

- when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

k) Share capital

Ordinary shares are classified as equity.

NOTES (CONTINUED)

2) Significant accounting policies (continued)

l) Accounting for leases

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

m) Provisions

Provisions for restructuring costs and legal claims are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

n) Pension obligations

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.

o) Comparatives

These are the first statutory financial statements of the company's, Hence, no comparative figures are presented.

	Period 2-January-2023 to 31st December 2023 Tshs
3 Revenue	
Revenue from services	234,248,408
4 Other operating income	
Subcontractual income	35,668,128
5 Operating loss	
The following items have been charged in arriving at the operating loss:	
Depreciation on plant and equipment (Note 12)	2,124,815
Auditor's remuneration	5,763,874
Staff costs (Note 6)	39,784,990
6 Staff costs	
Salaries and wages	36,004,516
National social security fund contribution	3,780,474
	39,784,990
7 Finance costs	
Net foreign exchange loss	5,038,720
Interest expense:	
- related party loan (Note 10)	3,807,805
	8,846,525
8 Tax	
Current tax	-
Deferred tax credit (Note 11)	(22,145,548)
Tax charge/(credit)	(22,145,548)
The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:	
Loss before tax	(77,725,314)
Tax calculated at a tax rate of 30%	(23,317,594)
Tax effect of:	
- expenses not deductible for tax purpose	135,000
- deferred tax not recognised	1,037,046
Tax charge/(credit)	(22,145,548)

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NOTES (CONTINUED)

9 Share capital	2023 Tshs
Authorised and issued:	
1,000 ordinary shares of Tshs 15,000 each	<u>15,000,000</u>

10 Borrowings

The borrowings are made up as follows:

Non-current	
Borrowings from related party (Note 16 (vi))	<u>250,603,220</u>
Current	
Borrowings from related party (Note 16 (vi))	<u>129,109,415</u>
Total borrowings	<u>379,712,635</u>

Reconciliation of liabilities arising from financing activities:

At start of period	-
Interest charged to profit or loss	3,807,805
Foreign exchange loss	3,079,330
Cash flow:	
- Operating activities (interest paid)	-
- Proceeds from borrowings	<u>372,825,500</u>
At end of period	<u>379,712,635</u>

Loan from related party - Allcargo Belgium N.V

As per the loan agreement dated 06 October 2023, Ecuhold N.V/(Allcargo Belgium N.V) signed a loan contract with Allcargo Tanzania Limited for funding of up to USD 195,000. In 2023, the company received USD 150,000 out of USD 195,000. The loan is to be used for the acquisition of property and equipment and financing the day-to-day expenses. The loan is repayable in 3 annual equal instalments of USD 195,000 with effect from 31 December 2024 and attracts interest of 6.25% p.a.

	2023 Tshs
6 - 12 months	129,109,415
1 - 3 years	<u>250,603,220</u>
	<u>379,712,635</u>

Weighted average effective interest rates at the reporting date were:

	2023 %
Loan from related party	<u>6.25%</u>

NOTES (CONTINUED)

10 Borrowings

The fair values of current borrowings equal to their carrying amount, as the impact of discounting is not significant.

**2023
Tshs**

The carrying amounts of the company's borrowings are denominated in US Dollar:

379,712,635

Maturity based on the repayment structure of non-current borrowings is as follows:

Between 1 and 2 years

125,301,610

Between 2 and 5 years

125,301,610

250,603,220

11 Deferred tax (For disclosure purposes only)

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

The movement on the deferred tax account is as follows:

**2023
Tshs**

At start of period

-

Charge to profit or loss (Note 8)

(22,145,548)

(22,145,548)

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

	At start of period Tshs	Credit to profit or loss Tshs	At end of period Tshs
Deferred tax assets			
Property and equipment			
- accelerated capital allowance	-	6,005,173	6,005,173
Unrealised forex gain/loss	-	(1,511,616)	(1,511,616)
Taxable loss carried forward	-	(26,639,105)	(26,639,105)
	<u>-</u>	<u>(22,145,548)</u>	<u>(22,145,548)</u>

Deferred tax assets on tax losses carried forward are only recognised to the extent of certainty of availability of sufficient future taxable profits to utilise such losses and deductible temporary differences against.

Deferred tax assets amounting to Tshs 26,639,105 in respect to tax losses of Tshs 88,797,105 and unrealised foreign exchange loss of Tshs 5,038,720 that can be carried forward against future taxable profits have not been recognised as the directors as of year end were uncertain of the company's ability to generate sufficient taxable profits in the foreseeable future against which this asset will be utilised.

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NOTES (CONTINUED)

12 Plant and equipment

	Motor vehicles Tshs	Electronics, computer and equipment Tshs	Furniture, fittings and equipments Tshs	Total Tshs
Cost				
At start of period	-	-	-	-
Additions	41,648,850	8,951,888	25,334,237	75,934,976
At end of period	41,648,850	8,951,888	25,334,237	75,934,976
Accumulated depreciation				
At start of period	-	-	-	-
Charge for the period	867,684	372,995	884,135	2,124,815
At end of period	867,684	372,995	884,135	2,124,815
Net carrying amount				
As at 31 December 2023	<u>40,781,166</u>	<u>8,578,893</u>	<u>24,450,102</u>	<u>73,810,161</u>

13 Trade and other receivables

	2023 Tshs
Trade receivables	41,174,036
VAT receivable	16,509,552
Prepayments	14,277,619
Advance to supplier	25,867,482
Other receivables	122,345,583
Receivable from related party (Note 16 (iii))	84,327,984
Amount due from shareholders (note 16 (iv))	3,750,020
	<u>308,252,276</u>

14 Cash and cash equivalents

Cash at bank	176,428,635
Cash in hand	<u>1,529,264</u>
	<u>177,957,899</u>

For the purposes of statement of cashflows, the year end cash and cash equivalents comprise the above.

NOTES (CONTINUED)

15 Trade and other payables

Trade payables	5,031,211
Deferred Income	119,402,123
Accruals	55,722,336
Advance from Customer	14,925,750
Other payables	17,872,244
Provisions - Taxation	8,677,812
Payable to related parties (Note 16 (v))	21,401,540
	<u>243,033,016</u>

16 Related party transactions and balances

The company is controlled by the Allcargo Belgium N.V who owns 75% of the company's shares. The remaining 25% of shares owned by Arwa Abdulali Asgarali Yusufali. Other related parties include entities related through common directorship and/or common shareholding.

The following transactions were carried out with related parties:

i) Sales of services (other related party)

	2023 Tshs
Allcargo FCL Gurgaon IC	74,918,000
ECU Abidjan IC	11,262,500
ECU Mombasa IC	3,192,459

ii) Purchase of services (other related party)

	<u>89,372,959</u>
Allcargo Belgium N.V - borrowing interest charges	3,807,805
Allcargo Logistics Limited	21,475,945
	<u>25,283,749</u>

Outstanding balances arising from sale and purchase of services: (other related party)

iii) Receivable from related parties (Note 13)

Allcargo FCL Gurgaon IC	73,677,347
ECU Abidjan IC	10,650,637
	<u>84,327,984</u>

iv) Amounts due from shareholders

Amounts owed for issued share capital	<u>3,750,020</u>
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The receivable from related parties are interest free, have no specific dates of repayment and are unsecured.

NOTES (CONTINUED)

16 Related party transactions and balances (continued)

v) Payables to related parties (Note 15)

Allcargo FCL Mumbai IC	13,120,908
Allcargo New Delhi IC	7,188,303
ECU Mombasa IC	1,092,329
	<u>21,401,540</u>

The payable to related parties are interest free, have no specific date of repayment and are unsecured

vi) Loan from related party - Allcargo Belgium N.V

	2023 Tshs
Non-current	250,603,220
Current	129,109,415
	<u>379,712,635</u>

Reconciliation of liabilities arising from financing activities:

At start of period	
Foreign exchange loss	3,079,330
- Proceeds from borrowings	372,825,500
At end of period	<u>375,904,830</u>

As per the loan agreement dated 06 October 2023, Ecuhold N.V./Allcargo Belgium N.V signed a loan contract with Allcargo Tanzania Limited for funding of up to USD 195,0000. In 2023, the company received USD 150,000 out of USD 195,000. The loan is to be used for the acquisition of property and equipment and financing the day-to-day expenses. The loan is repayable in 3 annual equal instalments of USD 65,000 with effect from 31 December 2024 and attracts interest of 6.25% p.a.

17 Contingent liabilities

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

18 Commitments

Operating lease commitments - as a lessee

The future minimum lease payments payable under non-cancellable operating leases are as follows:

Not later than 1 year	<u>15,528,253</u>
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The company leases various properties under non-cancellable operating lease agreements. The lease terms are between 2 to 4 years and these are generally renewable at the end of the tenure of the lease.

NOTES (CONTINUED)

19 Events after the reporting period

The Directors of the Company are not aware of any events or matters since the date of this report that require adjustments or disclosure in the financial statements.

20 Period of reporting

The financial statements have been prepared for a period of 12 months as the company began operations on 2 January 2023 to 31 December 2023. These are the first statutory financial statements of the company's. Hence, no comparative figures are presented.

21 Presentation currency

These financial statements are presented in Tanzanian Shillings.

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SCHEDULE OF EXPENDITURE

1. DIRECT COSTS	2023 Tshs
Operational Costs	173,188,906
	<u>173,188,906</u>
2. ADMINISTRATIVE EXPENSES	
Employment	
Salaries and wages	36,004,516
National social security fund contributions	3,780,474
Other staff costs	<u>4,569,425</u>
Total employment costs	<u>44,354,415</u>
Other administrative expenses:	
Bank charges	1,401,022
Office expenses	481,600
Audit fees	5,763,874
Legal and professional fees	44,309,863
Printing and stationery	1,049,490
Transport	2,840,000
Telephone and postage	1,985,000
Penalties	450,000
Registration and formation expenses	<u>43,568,466</u>
Total other administrative expenses	<u>101,849,314</u>
Total administrative expenses	<u>146,203,729</u>
3. OTHER OPERATING EXPENSES	
Establishment:	
Rent and rates	15,528,253
Electricity and water	1,065,623
Repairs and maintenance	684,000
Depreciation	<u>2,124,815</u>
Total other operating expenses	<u>19,402,691</u>