

**AKM GLITTERS COMPANY LIMITED**



**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2019**



**Mission Statement**

To be the leading service provider in the development of sustainable and profitable poultry business and industry in Urban and Rural Tanzania and beyond utilizing sustainable

**TABLE OF CONTENTS**

	<b>Page No.</b>
Company Information	<b>3</b>
Report of the directors	<b>5-10</b>
Statement of directors' responsibilities	<b>11</b>
Declaration of Head of finance	<b>12</b>
Independent Auditor's report	<b>13-14</b>
Statement of profit or loss and other comprehensive income	<b>15</b>
Statement of financial position	<b>16</b>
Statement of changes in equity	<b>17</b>
Statement of cash flows	<b>18</b>
Notes to the financial statements	<b>19-35</b>

**COMPANY INFORMATION**

**REGISTERED OFFICE:** Sinza Kivulini Opposite Mlimani City Mall,  
Sam Nujoma Road Junction, Banana Area  
P.O. Box 35404  
Dar es Salaam,  
Tanzania.

**SECRETARY TO THE BOARD**  
Corporation Secretary,  
Sinza Kivulini Opposite Mlimani City Mall,  
Sam Nujoma Road Junction, Banana Area  
P.O. Box 35404  
Dar es Salaam,  
Tanzania

**BANKERS:** **Kenya Commercial Bank**  
Mlimani City Branch  
P.O Box,  
Dar –es –salaam,  
Tanzania

**CRDB BANK PLC.**  
**Vijana Branch**  
P.O. Box,  
Dar –es –salaam,  
Tanzania

**AUDITORS** **Demus Associates**  
P.O. Box,  
Dar –es –salaam,  
Tanzania

## AKM GLITTERS COMPANY LIMITED

### LIST OF ABBREVIATIONS

AECF	African Enterprise Challenge Fund
APMI	African Poultry Multiplication Initiatives
CEO	Chief Executive Officer
DOC's	Day Old Chick
FIFO	First In First Out
HESLB	Higher Education Students Loans Board
IFRS	International Financial Reporting Standard
ISO	International Standards Organization
MU	Mother Unit
NBAA	National Board of Accountants and Auditors
NBV	Net Book Value
NSSF	National Social Security Fund
P.S	Parent Stock
SAGCOT	Southern Agriculture Growth Corridor of Tanzania
SDL	Skill Development Levy
SEAF	Small Enterprise Assistance Fund
TIN	Tax Identification Number
TZS	Tanzanian Shilling
VAT	Value Added Tax
WCF	Workman Compensation Fund
WDV	Written Down Value
WPF	World Poultry Foundation



## AKM GLITTERS COMPANY LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. INTRODUCTION

The Board of Directors for AKM Glitters Company Limited submit their report and financial statements for the financial year ended 31 December 2019, which disclose the state of affairs of the Company. This Report has been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No. 1.

#### 2. AKM GLITTERS COMPANY LIMITED COMPANY PROFILE

AKM Glitters Company Limited Tanzania (AKMG) was found in 2007 by Tanzanian shareholders and registered under the Companies Act of 2002. AKM Glitters Company Limited is holds a Certificate of Incorporation No. 59540 issued on 7th day March 2019.

AKM Glitters Company Limited is also registered as a Taxpayer with Taxpayer Identification Number (TIN) 105-437-706.

AKM Glitters Company Limited is also registered with Tanzania Investment Centre with certificate no 022365. AKM Glitter is also an ISO (UK) registered with certificate No. TZ1029: ISO 9001:2015

##### **Compliance Certification**

All its activities are registered according to guidelines and policies of Tanzania Government. Being a company that deals with Poultry and Animal feed production all its farms, hatchery and feed mill operation are registered and licensed.

#### 3. INCORPORATION

The company is domiciled in Tanzania where it is incorporated as a private company limited by shares under the Tanzanian Companies Act 2002.

##### **The Company's vision**

A product on every table daily to all Tanzanians and beyond

##### **The Company's mission**

To be the leading service provider in the development of sustainable and profitable poultry business and industry in Urban and Rural Tanzania and beyond utilizing sustainable production methods.

##### **The Company's Value**

Priority to consumer health; committed to quality services; compliance to standards, responsiveness to changing situations and needs.

#### 4. DUTY OF AKM GLITTERS COMPANY LIMITED

AKM Glitters operates an integrated poultry business that addresses key components of the entire poultry value chain through its unique franchise model. AKM Glitters delivers its services through Brooder Units (franchise) Enterprises or Agents through which the company reaches to smallholder farmers with its poultry products, extension and technical services. AKM Glitters business franchise model is a sustainable and inclusive business

model. As of December 31, 2019 AKM, Glitters had 78 fulltime employees. Currently operates 2 stocked Kuroiler Parent Stock Farms, a feed mill and hatchery in Tanzania Mainland. AKMG also takes the responsibilities of providing opportunities for interns and field students from Government and Private Agriculture and Livestock Colleges.

The goals of AKM Glitters' business operations are as follows:

1. Increased women and youth involvement in income generating through formally registered micro-and small business enterprises along the poultry value chain
2. Contribute to accelerate the socio-economic development rural households in particular and overall national economy of Tanzania (Mainland & Islands)
3. Contribute to improved household nutrition through campaigns programs to increase of consumption of eggs chicken in households, school and hospitals

## 5. PRINCIPAL ACTIVITIES OF THE AKM GLITTERS COMPANY LIMITED

AKM Glitters currently operates the following:

1. 2 stocked Kuroiler breed Parent Stock Farms,
2. Hatchery Operation to produce Kuroiler DOC's
3. Animal feed mill and hatchery in Tanzania Mainland.
4. Veterinary Extension Services
5. Training on poultry farming

## 6. ADVISORY BOARD MEMBERS

The members of the Board who served the Company during the year and up to the date of this report are as follows:

Advisory Board Members							
S/N	Name	Position	Qualification	Nationality	Date of Appointment	End of Tenure	Age
1	Elizabeth Christopher Swai	Founder Member and MD of AKMG	Business Development	Tanzania	2007	Ongoing	51
2	CPA.Placid AthanasKauzeni	Partner Member	Accountant/Finance	Tanzania	2011	Ongoing	53
3	Maria AbubakarHimid	Secretary and Partner	Lawyer	Tanzania	2011	Ongoing	31
4	Prof AmandusMuhairwa	Member	Veterinary medicine and public health	Tanzania	2014	Ongoing	54
5	Prof. HosnestNgowi	Member	Economics and Business	Tanzania	2014		53
6	Dr. FirminNguma	Chair of the Board	Veterinarian	Tanzania	2014	Ongoing	
7	Dr. John Kaijage	Member	Veterinarian	Tanzania	2014	ongoing	
8	Prof.Athanas Stpehen Kauzeni	Member	Agriculture/Extension	Tanzania	2014	Ongoing	82

## 7. INTERNAL AUDIT

AKMG do not have Internal Audit Unit. The AKMG Management is in the process of outsourcing the service from registered firm to conduct periodic internal audits and report to the Audit Committee of the Board. The function will help AKMG Management to address

the issues concerning with risks management, internal control processes and governance matters.

## **8. INDEPENDENCE**

All the Non-executive Directors are considered by the Board to be independent both in character, judgment and free of relationships or circumstances, which could affect their judgment.

## **9. SOLVENCY**

The Directors have reviewed the current financial position of AKM Glitters Company Limited. On the basis of this review together with the current business plan, the Directors are satisfied that the Company is a solvent going concern within the meaning described by the Companies Act No. 12 of 2002 of the laws of Tanzania and International Financial Reporting Standards (IFRSs). The Company's state of affairs is set out on page 17 of the financial statements.

## **10. REVIEW OF BUSINESS PERFORMANCE**

- AKMG received some visitors from Kegg Farms and they were very happy with AKMG programs and promised to continue supporting AKMG in terms of Parent Stock supply and Technical support
- AKMG has had various high ranking visits from the Vice President, Deputy Minister of Livestock , the farm launch by the National Uhuru Torch, Visits from the CEOs of National Environment Management Committee, The CEO of SAGCOT
- AKMG managed to partner with SEAF on the feed mill investment worth USD 1000,000. SEAFs financing comes with training of our mother units and staff on poultry business development skills to prepare poultry keepers access financing in terms of loans and its management. This is toward strengthening the APMI efforts. SEAF has already matched fund with AKMG and trained a total of 25 trainers of trainers who shall start training the mother units in March 2019. On feed mill investment the first USD 500,000 has been received and the expansion is under way. This investment is crucial for our poultry keepers as AKMG shall start producing chicken feeds in terms of concentrates and train farmers to make their own chicken feeds for health of their Kuroiler chickens.
- Due to outbreaks of Avian Influenza in India, AKM met with Ministry officials and coordinated with Kegg farms to get special permits to import the 3<sup>rd</sup> Parent Stock delivery in March 2019
- Exports are seriously being looked as an opening to multiplication efforts and the first export permit to Kenya has been acquired. More permits from Malawi, Burundi, Zambia and Zimbabwe are under way.
- AKMG has been part and parcel in the Private Sector Meetings with the Ministry of Livestock to discuss and contribute to abolition of VAT on feed additive, soya and sunflower cakes being the major ingredients for chicken feed making.
- AKMG has been participating in validation workshops with SAGCOT on introducing poultry sector into the SAGCOT programs.
- AKMG has been participating in El Mira Project Review by the World Bank



- AKMG contributes into Agricultural Sector Fiscal Reform Proposals for Finance Act 2019/20
- In January 2019 the Company began with 65 employees. This number insignificantly rose to 80 employees in April 2019. The increase in staff was because positions in the Yombo P.S farm were filled

### 10.1 KEY ACHIEVEMENT AND CHALLENGES

#### 10.2 REVIEW OF BUSINESS PERFORMANCE (CONTINUED)

- Construction of feed mill continues and it will be commissioned in May 2020
- Marketing department has been established and three staff were hired. (one for marketing and sales)

- **EXPANSION OF NEW FEED MILL**

During the financial year 2019 the company secure a loan 2mill Usd from foreign partner SEAF for expansion of feed mill. This will allow the company to enhance the capacity of production and also give room for different type of animal feeds to be produced including powder and pellets for poultry sector. The disbursement will be in two phases

- **Empowerment small holders through training**

The AKMG Company conduct training to small holder farmers on poultry keeping under commercial basis and the right way to avoid common diseases.

- **Status of the construction:**

The AKM Team visited China and meet the members of FAUSTUN Company which was awarded the contract to design, built and install the machine at Mbopo site in Dar-es-salaam. Therefore the manufacturing and assembling of the machine had already started in china and the first installment was disbursed accordingly. We are expecting shipment of the machine in early April 2019

- **Inadequate working capital:** This remained to be a big challenge. The Management is trying its best to source working capital for the company.
- **Break of Production in 2019:** Due to shortage of investment fund the Company was able to procure the third Farm at Mkuranga but could not made it operational and ready to receive batches of parent stock.

#### 10.3 OPERATIONAL PERFORMANCE (IMPLEMENTATION OF CORPORATE PLAN ACTIVITIES)

AKMG is following up on performance of its company. Systems are being placed to assist in problem solving. In management of the company's financing AKMG has done the following:

- Invested on a web based quick books systems,
- Seeking vendor to supply and install total integration application system for all activities performed by AKM.

## **11. GOING CONCERN ASSUMPTION**

The Directors confirm that the 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 AKM Glitters Company Limited has adequate resources to continue in operational existence for the foreseeable future.

## **12. RISK MANAGEMENT AND INTERNAL CONTROLS**

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

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

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

The management assessed the internal control systems throughout the financial year ended 31 December 2019 and is of the opinion that they met the accepted criterion.

## **13. ACCOUNTING POLICIES**

A summary of key accounting policies is in Note 2 to the financial statements and were consistently applied during the year under review.

## **14. ENVIRONMENTAL CONTROL PROGRAMME**

AKM Glitters Company Limited preserves the environment through tree planting within and outside its offices or farms and is committed to making sure that all internal and external surroundings of its offices are clean.

## **15. POLITICAL AND CHARITABLE DONATIONS**

AKM Glitters Company Limited did not make any political and charitable donations.

## **16. PREJUDICIAL ISSUES**

In the opinion of the directors, there are no serious unfavourable matters that can adversely affect AKM Glitters Company Limited.

## **17. CORPORATE SOCIAL RESPONSIBILITIES**

AKM Glitters Company Limited encourages employees` initiatives on participating in corporate social responsibilities activities. However, during the year under review the Company did not engage in any corporate social responsibility activities.

**18.FIDUCIARY RESPONSIBILITY**

Members of the Board of Directors as stewards of public trust always acted for the good of the Company rather than for the benefit of themselves throughout the period. Reasonable care was exercised in all decisions taken by the Company without placing the Company under unnecessary risks

**19.AUDITOR**

Demus Associates is the appointed auditor of the AKM Glitters Company Limited by virtue of existing procedures and requirement in carrying out the audit of the AKM Glitters Company Limited for the year ended 31<sup>st</sup> December, 2019

**By order of the Board**

.....  
Board Chairman

.....  
Date

.....  
Director

.....  
Date

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are required under the Tanzanian Companies Act, 2002, to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the statement of income and expenditure of the company for the period.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Tanzanian Companies Act, 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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.

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Date**

## AKM GLITTERS COMPANY LIMITED

### DECLARATION OF HEAD OF FINANCE

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

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

**Placid A. Kauzeni** being the Head of Finance/Accounting of AKM Glitters Company Limited I hereby acknowledges my responsibility of ensuring that financial statements for the year ended 30 December 2019 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 AKMG as on that date and that they have been prepared based on properly maintained financial records.

Signed by: Placid A. Kauzeni

Position: Director of Finance & Administration

NBAA Membership No: 1614

Date:

## **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF AKM GLITTERS COMPANY LIMITED (Continued)**

Chief Executive Officer (CEO)  
AKM Glitters Company Limited  
Sinza Kivulini Opposite Mlimani City Mall,  
Sam Nujoma Road Junction, Banana Area  
P.O. Box 35404  
Dar es Salaam,  
Tanzania

### **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF AKM GLITTERS COMPANY LIMITED**

We have audited the accompanying financial statements of AKM Glitters Company Limited, set out on pages 8 to 11 which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Directors' responsibility for the financial statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's responsibility**

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the company's internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

#### **Unqualified Opinion**

In our opinion, the financial statements and the cashflow statement presents fairly in all material respects, from 1st January 2019 to 31 December 2019 and its financial position as at the end of the period in accordance with the International Financial Reporting standards



**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF AKM GLITTERS  
COMPANY LIMITED (Continued)**

**Report on Other Legal and Regulatory Requirements**

In our opinion, proper accounting records have been kept by the AKM Glitters Company Limited and the financial statements referred to in the preceding paragraph are in agreement with the accounting records and have generally complied with the requirements of Companies Act, 2002.

**DEMUS ASSOCIATES**

Certified Public Accountants

Dar es Salaam

Date \_\_\_\_\_ 2019

**AKM GLITTERS COMPANY LIMITED****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

		2019	2018
	Note	Tshs	Tshs
Sales		<b>1,767,555,540</b>	1,825,065,051
Other Incomes	11	<b>1,900,913,877</b>	2,921,559,362
Cost of sales	5	<b>(915,673,924)</b>	(787,623,317)
Direct costs	12	<b>(760,107,670)</b>	(1,275,636,562)
Gross profit		<b>1,992,687,823</b>	2,683,364,534
Administration costs	13	<b>(412,906,614)</b>	(645,821,657)
Staffs Costs	15	<b>(584,899,800)</b>	(651,497,489)
Depreciation and amortization	14	<b>(260,883,319)</b>	(656,855,298)
Financial Expenses		<b>(115,653,641)</b>	(12,768,170)
Total Expenses		<b>(1,374,343,374)</b>	(1,966,942,614)
Gross Profits		<b>618,344,450</b>	716,421,921
Taxation		<b>(185,503,335)</b>	(214,926,576)
Net profits		<b>432,841,115</b>	501,495,344

The notes on pages 19 to 35 form an integral part of these financial statements. The Financial Statements on pages 15 to 18 were approved by the board of directors and authorized for issue on..... 2019 and were signed on its behalf by

.....  
**Director**

.....  
**Date**

Report of the independent auditors - page 13 to 14.

**AKM GLITTERS COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

	Note	2019 Tshs	2018 Tshs
<b>Non-current assets</b>			
PPE	4	4,479,883,373	4,705,459,092
Investments		<u>2,082,219,296</u>	<u>463,304,610</u>
<b>Sub Total</b>		<u><b>6,562,102,669</b></u>	<u><b>5,168,763,702</b></u>
<b>Current assets</b>			
Inventory/Stocks	5	51,027,650	52,523,000
Biological Assets		278,010,764	116,517,436
Trade Receivables & Prepayments	6	373,309,397	349,749,455
Cash and Bank balances	7	<u>28,455,707</u>	<u>517,978,545</u>
<b>Sub Total</b>		<u><b>730,803,518</b></u>	<u><b>1,036,768,436</b></u>
<b>Total Assets</b>		<u><b>7,292,906,187</b></u>	<u><b>6,205,532,138</b></u>
<b>Equity &amp; Liabilities</b>			
Share Capital		82,793,600	82,793,600
Deferred Grant Income		1,016,928,474	1,910,045,288
Deferred Capital Grants		2,139,841,362	1,278,835,603
Retained Earnings		<u>1,164,245,419</u>	<u>731,404,304</u>
<b>Total Equity</b>		<u><b>4,403,808,855</b></u>	<u><b>4,003,078,795</b></u>
<b>Non-Current Liabilities</b>			
AECF Repayable Loan		220,000,000	220,000,000
SEAF Loan		<u>1,982,968,750</u>	<u>1,294,469,744</u>
<b>Sub Total</b>		<u><b>2,202,968,750</b></u>	<u><b>1,514,469,744</b></u>
<b>Current Liabilities</b>			
Trade and other Payables	8	500,600,939	467,790,697
Tax Payable	9	<u>185,527,643</u>	<u>220,192,902</u>
<b>Sub Total</b>		<u><b>686,128,582</b></u>	<u><b>687,983,599</b></u>
<b>Total Equity and Liabilities</b>		<u><b>7,292,906,187</b></u>	<u><b>6,205,532,138</b></u>

The notes on pages 19 to 35 form an integral part of these financial statements. The Financial Statements on pages 15 to 18 were approved by the board of directors and authorized for issue on..... 2019 and were signed on its behalf by

.....  
**Director**

.....  
**Date**

Report of the independent auditors - page 13 to 14.

**AKM GLITTERS COMPANY LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Capital</b>	<b>Retained Earnings</b>	<b>Capital Reserve</b>	<b>Revaluation Reserve</b>	<b>Total</b>
As at 01.01.2018	82,793,600	229,908,959	125,091,010	848,509,556	1,286,303,125
Capital Reserve			(125,091,010)	-	(125,091,010)
Revaluation Reserve				(848,509,556)	(848,509,556)
Profit for the year	-	501,495,344	-		501,495,344
As at 31.12.2018	<b>82,793,600</b>	<b>731,404,304</b>	-	-	<b>814,197,904</b>
	-				-
As at 01.01.2019	82,793,600	731,404,304	-	-	814,197,904
Profit for the year	-	432,841,115			432,841,115
As at 31.12.2019	<b>82,793,600</b>	<b>1,164,245,419</b>	-	-	<b>1,247,039,019</b>

**AKM GLITTERS COMPANY LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 Tshs	2018 Tshs
<b>Cash flows from operating activities</b>		
Profit(Loss) for the period before Tax	618,344,450	716,421,921
Depreciation	115,653,641	656,855,298
Amortization of grants	29,390,000	363,370,000
<b>Working capital adjustments:</b>		
(Increase)/decrease in inventories	1,495,350	(13,590,150)
(Increase)/decrease in Biological assets	(161,493,328)	294,722,564
(Increase)/decrease in receivables	(23,559,942)	(110,976,616)
Increase/(decrease) in payables	32,810,242	232,436,067
	<u>612,640,412</u>	<u>2,139,239,084</u>
Tax Paid	(220,168,594)	(36,065,304)
Net Cashflows from Operating Activities	<u>392,471,819</u>	<u>2,103,173,780</u>
<b>Cashflows From Investing Activities</b>		
Purchase of Fixed assets	(5,917,600)	(1,304,298,610)
Investments	(1,618,914,686)	(463,304,610)
Net Cashflow from Investing Activities	<u>(1,624,832,286)</u>	<u>(1,767,603,220)</u>
<b>Cashflows From Financing Activities</b>		
Loan	779,007,040	189,729,744
Deferred Grant Income	995,095,841	2,499,296,696
Deferred Grant Amortized	(1,888,212,655)	(2,855,864,591)
Deferred Capital Grants	861,005,759	1,278,835,603
Capita Reserve	-	(125,091,010)
Revaluation Reserve	-	(848,509,556)
Net Cashflows From Financing Activities	<u>746,895,985</u>	<u>138,396,886</u>
Net increase/(Decrease) in cash and cash equivalents(A+B+C)	(485,464,482)	473,967,446
Cash and cash at the beginning of the year	<u>517,978,545</u>	<u>44,011,099</u>
Cash and cash equivalent at the end of the year	<u>32,514,063</u>	<u>517,978,545</u>

## **1. GENERAL INFORMATION**

AKM Glitters Company Limited Tanzania (AKMG) was found in 2007 by Tanzanian shareholders and registered under the Companies Act of 2002. AKM Glitters Company Limited is holds a Certificate of Incorporation No. 59540 issued on 7th day March 2019. AKM Glitters Company Limited is also registered as a Taxpayer with Taxpayer Identification Number (TIN) 105-437-706. AKM Glitters Company Limited is also registered with Tanzania Investment Centre with certificate no 022365. AKM Glitter is also an ISO (UK) registered with certificate No. TZ1029: ISO 9001:2015

### **Compliance Certification**

All its activities are registered according to guidelines and policies of Tanzania Government. Being a company that deals with Poultry and Animal feed production all its farms, hatchery and feed mill operation are registered and licensed

## **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.

### **2.1 Statement of compliance**

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

### **2.2 Basis of preparation**

The financial statements have been prepared under the historical cost convention as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are presented in Tanzania Shillings (TZS). The financial statements comprise a statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and explanatory notes.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the accounting policies adopted by the company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates. The judgments and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgments of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed

### **2.3 Improvements to IFRSs**

- i. New and revised IFRSs mandatorily effective at the end of the reporting period with no material effect on the reported amounts and disclosures in the current or prior year**

The following new or revised IFRSs were mandatorily effective and adopted by AKM Glitters Company Limited as at the end of the reporting period, but did not have a material effect on the current or previously reported financial performance or financial position



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

Name of standard	Details of the changes
IAS 19 <i>Defined Benefit Plans: Employee Contributions — Amendments to IAS 19</i>	<p>IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit.</p> <p>Effective for annual periods beginning on or after 1 July 2014.</p> <p><b>Impact</b> These changes provide a practical expedient for simplifying the accounting for contributions from employees or third parties in certain situations.</p>
IFRS 7 – Financial Instruments: Disclosures	Amendments requiring disclosures about the initial application of IFRS 9.(Effective for annual periods beginning on 1 January 2015).

**ii. Standards and interpretations in issue but not yet effective**

At the reporting date, the following new and/or revised accounting standards and interpretations were in issue but not yet effective and therefore have not been applied in these financial statements. AKM Glitters Company Limited has not yet assessed the impact of these changes on their financial statements when they become effective:

Name of standard	Changes made to the standard
IAS 16 and IAS 41 Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41	<p>The amendments to IAS 16 and IAS 41 <i>Agriculture</i> change the scope of IAS 16 to include biological assets that meet the definition of bearer plants (e.g., fruit trees). Agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of IAS 41. As a result of the amendments, bearer plants will be subject to all the recognition and measurement requirements in IAS 16, including the choice between the cost model and evaluation model for subsequent measurement.</p> <p>Effective for annual periods beginning on or after 1 January 2019.</p> <p><b>Impact</b></p>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

Name of standard	Changes made to the standard
	<p>The requirements will not entirely eliminate the volatility in profit or loss as produce growing on bearer plants will still be measured at fair value. Furthermore, entities will need to determine appropriate methodologies to measure the fair value of these assets separately from the bearer plants on which they are growing, which may increase the complexity and subjectivity of the measurement.</p>
<p>IAS 16 and IAS 38 Clarification of Acceptable Methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38</p>	<p>The amendments clarify the principle in IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible Assets</i> that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.</p> <p>Effective for annual periods beginning on or after 1 January 2019.</p> <p><b>Impact</b> Entities currently using revenue-based amortisation methods for property, plant and equipment will need to change their approach to an acceptable method, such as the diminishing balance method, which would recognise increased amortisation in the early part of the asset's useful life.</p>
<p>IAS 1 Disclosure Initiative – Amendments to IAS 1</p>	<p>The amendments to IAS 1 <i>Presentation of Financial Statements</i> clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:</p> <ul style="list-style-type: none"> <li>□ The materiality requirements in IAS 1 <ul style="list-style-type: none"> <li>□ That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated</li> </ul> </li> <li>□ That entities have flexibility as to the order in which they present the notes to financial statements <ul style="list-style-type: none"> <li>□ That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the</li> </ul> </li> </ul>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**

Name of standard	Changes made to the standard
	<p>statement of financial position and the statement(s) of profit or loss and OCI.</p> <p><b>Impact</b> These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement. Although these amendments clarify existing requirements of IAS 1, the clarifications may facilitate enhanced disclosure effectiveness.</p>
<p>IFRS15 Revenue from Contracts with Customers</p>	<p>IFRS 15 replaces all existing revenue requirements in IFRS (<i>IAS 11 Construction Contracts</i>, <i>IAS 18 Revenue</i>, <i>IFRIC 13 Customer Loyalty Programmes</i>, <i>IFRIC 15 Agreements for the Construction of Real Estate</i>, <i>IFRIC 18 Transfers of Assets from Customers</i> and <i>SIC 31 Revenue – Barter Transactions Involving Advertising Services</i>) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, equipment and intangible assets.</p> <p>Effective for annual periods beginning on or after 1 January 2019.</p> <p><b>Impact</b> IFRS 15 is more prescriptive than the current IFRS requirements for revenue recognition and provides more application guidance.</p> <p>The disclosure requirements are also more extensive. The standard will affect entities across all industries. Adoption will be a significant undertaking for most entities with potential changes to their current accounting, systems and processes.</p>
<p>IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28</p>	<p>The amendments address three issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Furthermore, the</p>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)

Name of standard	Changes made to the standard
	<p>amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.</p> <p>Effective for annual periods beginning on or after 1 January 2019.</p> <p><b>Impact</b> The amendments to IFRS 10 and IAS 28 provide helpful clarifications that will assist preparers in applying the standards more consistently. However, it may still be difficult to identify investment entities in practice when they are part of a multilayered group structure.</p>
IFRS 9 Financial Instruments	<p><b>Key requirements</b></p> <p><i>Classification and measurement of financial assets</i> All financial assets are measured at fair value on initial recognition, adjusted for transaction costs, if the instrument is not accounted for at fair value through profit or loss (FVTPL).</p> <p><i>Classification and measurement of financial liabilities</i> For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI.</p> <p>The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.</p> <p><i>Impairment</i> The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 and lease receivables under IAS 17 <i>Leases</i>.</p> <p><i>Hedge accounting</i></p>

Name of standard	Changes made to the standard
	<p>Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, will often be qualitative.</p> <p>Effective for annual periods beginning on or after 1 January 2019.</p> <p><b>Impact</b></p> <p>The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and the business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.</p>
IFRS 14 Regulatory Deferral Accounts	IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2019.

#### 2.4 Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**2.5 Revenue recognition**

Revenue represents the fair value of consideration received or receivable for the sale of services in the course of the company's activities. It is recognised when it is probable that future economic benefits will flow to the company and the amount of revenue can be measured reliably. It is stated net of Value Added Tax, rebates and trade discounts. Cash discounts are included as part of finance costs. Sale of services is recognised upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to AKM Glitters Company Limited and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**2.6 Recognition of expenses**

The effects of expenses are recognised when they occur (and not as cash or its equivalent is paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

**2.7 Employees' benefits including post-employment benefits**

Short term employment benefits such as salaries and social security contributions are recognized in the statement of profit or loss and other comprehensive income when they fall due.

**Post- retirement benefits**

The Company operates a defined contribution plan whereby each of its employees and the Company contributes 10% of employee gross salary in respect of the National Social Security Fund (NSSF) for staff based in Tanzania. Apart from these monthly contributions, the Company has no further commitments or obligations to NSSF and it has no other post-retirement benefit scheme. The contributions are charged to the statement of comprehensive income in the year to which they relate.

**Other employee benefits**

Currently, the Company has a medical insurance scheme for the senior management staff and pays staff a fixed medical allowance per annum. The cost is charged to the statement of comprehensive income.

**2.8 Translation of foreign currencies***Functional and presentation currency*

Items included in the financial statements of each transaction that are denominated in foreign currencies during the year are converted into Tanzania Shillings (functional currency) at rates ruling at the transaction dates.

Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Tanzania Shillings at the rates ruling at that date. The resulting differences from conversion and translation are dealt with in the Statement of comprehensive income in the year in which they arise. The presentation currency is Tanzania Shillings (TZS).



*Transaction and balances*

Foreign currency transactions are translated into Tanzania Shilling using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at the statement of financial position date, which are expressed in foreign currencies, are translated into Tanzania Shillings at the rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated foreign currencies are recognised in profit or loss.

**2.9 Property and equipment**

All items of property, plant and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation, less any cumulative asset impairment. Cost includes all expenditure directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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 of the item can be reliably measured. All other minor repair and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

The asset residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the financial year. No depreciation is charged if the residual value is equal to or greater than its carrying value

Depreciation on assets is calculated by using a reducing balance method on the cost or Valuation of all Property, Plant and Equipment other than freehold land in order to write off such amounts over the following estimated useful lives by equal installments. The depreciation rates are as follows:

<b>PARTICULARS OF ASSETS</b>	<b>RATES</b>
Plant and Machinery	12.5. %
Motor Vehicles	25%
Computer Machine	38%
Furniture & Fittings	13%
Specialized Trucks	25%
Land and Buildings	4%

Newly acquired assets are depreciated on pro-rata basing on their period of use. Similarly, depreciation on fixed assets disposed off is charged on pro-rata basis, basing on period of use during the year. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount, and are taken into account in determining the net surplus or loss for the year.

**Impairment of assets**

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Assets that have an indefinite useful life are subjected to amortisation and are tested annually for impairment and whenever events or change in circumstances indicate that the carrying amount may not be recoverable.

**2.10 Dividends**

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting.

## 2.11 Inventories and biological assets

### a. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling expenses.

### b. Biological assets

Biological assets include beef cattle, breeder flocks held for the production of hatching eggs, layer pullets being grown for sale to table egg farmers, layer pullets held for the production of table eggs, and broiler flocks at various stages of growth.

No active markets exist for breeder flocks, layer pullets in grow out and broiler flocks at various stages of growth. Biological assets, except breeder flocks and pullets in production, are measured at fair value less cost to sell. Fair value is determined by reference to available market data. In the absence of market data, fair value is based on management's best estimate considering available data and benchmark statistics. Gains and losses arising from changes in fair values are recorded in profit or loss for the period in which they arise.

Breeder flocks and pullets in production are capitalised. Breeder flocks and pullets in production are not sold and no active market exists for these birds. Other references to market prices such as market prices for similar assets are also not available. Valuation based on a discounted cash flow method is considered to be unreliable given the uncertainty with respect to mortality rates and production. Consequently, breeder flocks and pullets in production are measured at cost, less depreciation and impairment losses.

Pullets in production are depreciated on a straight line basis over the production life cycle which is estimated to be one year on average. Breeder flocks are depreciated over the production cycle which is estimated to be nine months on average based on the anticipated production output month to month.

## 2.12 Financial instruments

The company classifies its financial instruments into the following categories:

- i. **Financial assets and financial liabilities at fair value through profit or loss**, which comprise financial assets and financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term or to generate short-term profit;
- ii. **Loans and receivables**, which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and exclude assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss.
- iii. **Financial liabilities**, which comprise all financial liabilities except financial liabilities at fair value through profit or loss.

### 2.12.1 Financial assets

Financial assets comprise of loans and other receivables. Loan and receivables are non-derivatives financial assets with fixed determinable payments that are not quoted in the active market. All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale. Financial assets carried at fair value through profit or losses are initially recognised at fair value and the transaction costs are expensed in the profit and

loss account. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost.

The Company assesses at each year end whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognised. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

#### **2.12.2 Financial liabilities**

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the profit and loss account.

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the year ended and those which the Company does not have an unconditional right to defer settlement for at least 12 months after the year end.

#### **2.12.2 Financial liabilities (Continued)**

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expire.

#### **2.12.3 Trade and other receivable**

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables), are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### **2.12.4 Impairment of financial assets**

Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For Available for Sale (AFS) equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables include Trans Orient's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with defaults on receivables. Provision for bad and doubtful debts is made in respect of specific debts, which have been outstanding for recovery for one year and are considered doubtful of recovery.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### **2.12.4 Impairment of financial assets (Continued)**

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

#### **2.12.5 De-recognition of financial assets**

AKM Glitters Company Limited derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If AKM Glitters Company Limited neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If AKM Glitters Company Limited retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

#### **2.13 Operating leases – rented premises**

Lease agreements that do not transfer substantially all risks and rewards of ownership to the company as the lessee are classified as operating leases. Rental receivable under operating lease are charged to the statement of comprehensive income on straight line basis over the terms of lease.

#### **2.14 Provision**

Provisions are recognized when AKM Glitters Company Limited has a present legal or constructive obligation as a result of past events; when it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

**2.15 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand and demand and short term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. Bank overdrafts repayable on demand form part of cash and cash equivalents.

**2.16 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to AKM Glitters Company Limited.

**2.17 Income tax**

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the statement of profit or loss and other comprehensive income account

Current tax:

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Tanzanian Income Tax Act Cap 332 as revised from time to time.

Deferred income tax:

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit nor loss. Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

Preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities as well as the disclosures of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of the asset or liability affect in future period.

In the process of applying the Company's accounting policies, management has used its judgments and made estimates in determining the amount recognized in the financial statements. Although these estimates are based on the management's knowledge of current events and actions, actual result ultimately may differ from these estimates. The most significant use of judgments and estimates are follows:

**a. Impairment losses on accounts receivable**

The Company reviews its accounts receivable to assess impairment at least on annual basis. In determining whether an impairment loss should be recorded in the statement of income and expenditure, the Company makes judgments as to whether there is any observable data

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Continued)**
**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)**

indicating that there is a measurable decrease in the estimated future cash flows in an individual receivable in the accounts receivable balance. This evidence may include observable data indicating that there has been an adverse change in the payment status of members, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the past subscription of members and accounts receivables.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

**a. Useful lives**

The useful lives of items of property and equipment have been estimated annually and are in line with the rate at which they are depreciated.

**Note: 4 Non-Current Assets-2019**

	<b>Computers and accessories</b>	<b>Motor Vehicles</b>	<b>Plants Furniture's and Fittings</b>	<b>Land &amp; Buildings</b>	<b>TOTAL</b>
	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>	<b>TZS</b>
At 1 Jan 2019	13,837,723	289,751,881	820,971,100	3,996,409,135	5,120,969,839
Additions	1,647,600		4,270,000	-	5,917,600
At 31 Dec 2019	<b>15,485,323</b>	<b>289,751,881</b>	<b>825,241,100</b>	<b>3,996,409,135</b>	<b>5,126,887,439</b>
Depreciation					
At 1 Jan 2019	8,320,324	85,567,923	158,326,140	163,296,360	415,510,747
Charge for the year	2,858,198	64,173,519	83,247,494	81,214,108	231,493,319
At 31 Dec 2019	<b>11,178,522</b>	<b>149,741,442</b>	<b>241,573,634</b>	<b>244,510,468</b>	<b>647,004,066</b>
Net Book Value					
NBV 31 Dec 2019	<b>4,306,801</b>	<b>140,010,439</b>	<b>583,667,466</b>	<b>3,751,898,667</b>	<b>4,479,883,373</b>
NBV 31 Dec 2018	<b>5,517,399</b>	<b>204,183,958</b>	<b>662,644,960</b>	<b>3,833,112,775</b>	<b>4,705,459,092</b>



**AKM GLITTERS COMPANY LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2019 (Continued)**

	2019 Tshs	2018 Tshs
<b>5 Inventory</b>		
Opening balance	52,523,000	38,932,850
Purchases	<u>914,178,574</u>	<u>801,213,467</u>
Available for sale	<u>966,701,574</u>	<u>840,146,317</u>
Less closing stock	<u>(51,027,650)</u>	<u>(52,523,000)</u>
Cost of sales	<u>915,673,924</u>	<u>787,623,317</u>
<b>6 Receivables</b>		
Trade Receivables	496,613,850	349,749,455
Staff debtors & Advances	<u>34,792,048</u>	-
<b>Total</b>	<u>531,405,898</u>	<u>349,749,455</u>
<b>7 Cash and Cash equivalents</b>		
Cash on hand	9,059,693	517,978,545
Cash at Bank	<u>19,396,015</u>	-
<b>Total</b>	<u>28,455,708</u>	<u>517,978,545</u>
<b>8 Current Liabilities</b>		
Trade Payables	48,251,798	213,520,918
Net Salaries Payable	203,680,198	12,473,937
SDL Accrued	74,396,494	72,937,739
Withholding Tax - PAYE	81,062,544	79,473,082
Social security contribution. payable	91,172,721	89,385,021
Accrued WCF	<u>2,037,184</u>	-
<b>Total</b>	<u>500,600,939</u>	<u>467,790,697</u>
<b>9 Tax Computation for the year</b>		
Profit for the year	618,344,450	716,421,921
Add Depreciation	231,493,319	293,485,298
Add Amortization	<u>29,390,000</u>	<u>363,370,000</u>
	879,227,769	1,373,277,219
Less:Wear and tear	<u>(260,883,319)</u>	<u>(656,855,298)</u>
Total income	<u>618,344,450</u>	<u>716,421,921</u>
<b>Income Tax</b>		
Opening Balance	220,192,902	41,331,630
Provision during the year	185,503,335	214,926,576
Adjustment for nonprofit element	<u>(176,154,322)</u>	<u>(33,065,304)</u>
Less: Paid during the year		
Withholding tax paid	<u>(6,400,000)</u>	-
Provisional tax paid	<u>(37,614,272)</u>	<u>(3,000,000)</u>
<b>Net tax payable/refundable</b>	<u>185,527,643</u>	<u>220,192,902</u>
<b>11 Other Incomes</b>		
Amortized grant incomes	1,888,212,655	2,855,864,591
Exchange gain	701,222	53,694,771
In kind contribution	<u>12,000,000</u>	<u>12,000,000</u>
<b>Total</b>	<u>1,900,913,877</u>	<u>2,921,559,362</u>

	<b>2019</b>	2018
	<b>Tshs</b>	Tshs
<b>12 Direct Costs</b>		
Utilities(Electricity & water) Bagamoyo, Mkura,mbopo&Hatchery	<b>79,378,036</b>	64,335,882
Farms security,Hatchery&Head office	<b>61,252,000</b>	125,108,826
Cleanness Mbopo farm& Waste Management Hatchery	<b>17,550,250</b>	19,853,850
Supplies and Expense	<b>77,863,110</b>	249,862,492
Drugs and Vaccination		145,823,000
Other Costs		3,529,700
Building repair&Maintenance- Farms and Hatchery	<b>55,489,500</b>	100,928,390
Airport Handling(Tax & Duties)	<b>57,542,636</b>	88,924,000
Generators Fuelrunning overhead	<b>10,323,600</b>	7,029,500
Salaries -Yombo,Mbopo& Hatchery	<b>365,398,371</b>	329,250,605
Cost of Transportation-MU	<b>35,310,166</b>	140,990,317
<b>Total</b>	<b><u>760,107,670</u></b>	<b><u>1,275,636,562</u></b>
<b>13 Administration costs</b>		
Legal and audit charge	<b>7,920,000</b>	4,604,612
Meeting expenses	<b>14,666,000</b>	1,420,000
Travelling allowance(periderm)	<b>2,322,980</b>	19,140,000
Land valuation	<b>31,254,864</b>	2,700,000
Rent	<b>34,060,000</b>	23,220,000
staff uniform(boots-shirt)	<b>102,000</b>	131,956,400
Website designing	<b>91,000</b>	700,000
Local transport	<b>5,731,000</b>	-
Commission outward	<b>406,000</b>	180,000
Donations to community	<b>5,900,000</b>	3,500,000
Consultancy fees	<b>32,033,000</b>	35,090,800
Licenses & permit	<b>13,125,340</b>	28,964,790
Sales & Marketing	<b>39,223,927</b>	14,783,250
Equipment repair	<b>19,492,700</b>	46,152,500
Motor Vehicle repair	<b>57,143,870</b>	44,981,893
Fuel	<b>20,430,229</b>	32,352,254
Membership fees	<b>7,092,972</b>	
International Travel accommodation	<b>7,803,172</b>	20,325,085
staff relocation	<b>2,123,000</b>	1,231,000
Office supplies	<b>16,108,450</b>	6,614,827
Printing & Stationeries	<b>533,650</b>	25,440,530
Staff training & Accomodation	<b>25,784,130</b>	64,379,238
Internent,telephone and postage	<b>29,063,515</b>	26,288,277
International travel - Air fare	<b>5,104,680</b>	12,831,285
International travel - Per Diem& incidental	<b>809,170</b>	7,493,800
Dawasco water head office	<b>4,684,915</b>	11,419,136
Security Administration	<b>3,245,000</b>	
Travel(20 Tech ext officer)	<b>25,317,000</b>	50,075,680
Office maintenance	<b>244,000</b>	1,788,000
Business &Motor Vehicle insurance	<b>1,090,050</b>	25,670,300
Electricity Expenses	<b>-</b>	2,518,000
<b>Total</b>	<b><u>412,906,614</u></b>	<b><u>645,821,657</u></b>

	<b>2019</b>	2018
	<b>Tshs</b>	Tshs
<b>14 Depreciation and amortization</b>		
Depreciation expenses	<b>231,493,319</b>	293,485,298
Amortization expenses	<b>29,390,000</b>	363,370,000
Total	<b><u>260,883,319</u></b>	<u>656,855,298</u>
<b>15 Staff Costs</b>		
Salaries HQ,Admin& Ext/tech	<b>506,406,753</b>	564,067,090
SDL	<b>22,788,304</b>	25,383,019
WCF	<b>5,064,068</b>	5,640,671
NSSF	<b>50,640,675</b>	56,406,709
Total	<b><u>584,899,800</u></b>	<u>651,497,489</u>

#### **16. CAPITAL COMMITMENT**

AKM Glitters Company Limited had no capital commitments as at year end.

#### **17. EVENTS AFTER REPORTING PERIOD**

At the signing of the financial statements, the Board of Directors were not aware of any matter or circumstances that need to be disclosed arising since the reporting date, not otherwise dealt with in the financial statements which significantly affect the financial position of the Company and the results of operations.

#### **18. Comparative Figures**

Previous year figures have been regrouped whenever considered necessary in order to make them comparable with current year's figures.