

SIHEBS TECHNOLOGY COMPANY LIMITED

P.O BOX 33073

DAR ES SALAAM

TANZANIA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST, DECEMBER 2021

M.F.E CONSULTANTS SERVICES COMPANY

CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE

P.O BOX 10909

DAR ES SALAAM

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DIRECTORS' REPORTS

The Directors present their report, together with the financial statements, of the company for the year ended 31st December 2021 as stipulated by Section 159 of Company Act 2002 and the Company Financial Statements, in accordance with Section 94 of Income Tax Act, 2004 reading together with Section 37 of Tax Administration Act 2020.

Board of Directors

The following were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

1. Mr. Sebastian Bonaventura Mwamba.
2. Mr. Siwangu Victor Mgata

Principal activities

The principal activities of the company were to provide consultancy, site acquisition service and Information Technology and Computer services and other related activities in the United Republic of Tanzania.

Principal Registered Office

Ubungo Plaza Building, First Floor, East Wing Ubungo, Dar es salaam, Tanzania

Principal Banker(s)

- Akiba Commercial Bank, Ubungo Branch, A/c NO. 11000969817, Dar-es-Salaam, Tanzania

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of Operations

The profit/loss for the company after providing for Income Tax Expense amounted to TZS 5,712,994.96

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters Subsequent to the End of the Financial Year

No matter or circumstance has arisen since 31st December 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company is not subject to any significant environmental regulation under United Republic of Tanzania laws.

Indemnity and Insurance of Officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Company Act 2002. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and Insurance of Auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on Behalf of the Company

No person has applied to the Court under the Company Act 2002 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Statement of Directors' Responsibilities

The Company Act 2002 of Tanzania requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors' to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the business. The directors also are responsible for safeguarding the assets of the business.

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

- (i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- (ii) selecting and applying appropriate accounting policies; and
- (iii) Making accounting estimates and judgments that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the business as at 31st December 2021 and of its financial performance and cash flows for the year

then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 161 of the Company Act 2002 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to Section 166 of the Company Act 2002.



DIRECTOR

Date: 16/08/2022

M.F.E CONSULTANTS SERVICES COMPANY

Certified Public Accountants In Public Practice
P. O. Box 10909, Tel: 0754 888 776/014 444

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SIHEBS TECHNOLOGY COMPANY LIMITED

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **SIHEBS TECHNOLOGY COMPANY LIMITED** as at 31st December, 2021, and its financial performance and cash flows for the year then ended in accordance with International financial Reporting Standards.

We have audited

The financial statements of **SIHEBS TECHNOLOGY COMPANY LIMITED** are set out on pages 1 to 4 comprise:

- the statement of financial position as at 31st December, 2021
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Responsibilities of the Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation of the presentation of the financial statements in accordance with TFRS for Micro entities, and for such internal control as management determines 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, management is responsible for assessing the business's ability to continue as a going concern, disclosing, as applicable, matters related to going on concern basis of accounting unless management either intends to liquidate the business or to cease operations, or has no realistic alternative but to so.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF HRA GENERAL ENTERPRISES LIMITED.....CONT'D

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 as high level of assurance, but 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 considered material if, individually or in the aggregate, they should reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 to 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, misrepresentation, 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 business's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

This report, including the opinion, has been prepared for, and only for the Director's as a body in accordance with Income Tax Act 2004, and for no other purposes.

As required by the Income Tax Act 2004 we are also required to report to you if, in our opinion, the Director's Report is not consistent with the financial statements, if the Director has not kept proper records, if we have not received all the information and explanation we require for our audit, or if information specified by law regarding Director's remuneration and transaction with the business is not disclosed.

M.F.E CONSULTANTS SERVICES COMPANY
CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE
DAR ES SALAAM.



STATEMENT OF COMPREHENSIVE INCOME AS AT DECEMBER 31ST 2021

	Note	2021 TZS	2020 TZS
Sales	3	533,726,483	1,825,233,727
Other Income	4	-	-
Total Revenue for the Year		<u>533,726,483</u>	<u>1,825,233,727</u>
Expenses for the Year			
Direct Expense/Cost of Sales	23	434,727,997	1,757,986,499
Depreciation Expense	9	10,323,626	1,676,062
Operating Expenses	24	82,961,865	121,926,229
Total Expenses for the Year		<u>528,013,488</u>	<u>1,881,588,790</u>
Profit Before Income Tax Expense		5,712,995	(56,355,063)
Income Tax Expense	9	-	-
Profit After Income Tax Expense for the Year		5,712,995	(56,355,063)
Other Comprehensive Income for the Year, Net of Tax		-	-
Total Comprehensive Income for the Year		<u>5,712,995</u>	<u>(56,355,063)</u>



DIRECTOR

Date: 16/08/2022

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31ST 2021

<i>ASSET</i>	Note	2021 TZS	2020 TZS
Current Assets			
Cash & Cash Equivalents	5	24,834,019	586,449,554
Accounts Receivables	6	-	17,304,003
Prepayments	7	<u>26,462,686</u>	<u>102,345,049</u>
Total Current Assets		<u>51,296,705</u>	<u>706,098,606</u>
Non-Current Assets			
Property, Plant & Equipment	9	<u>22,507,844</u>	<u>10,519,748</u>
Total Non-Current Assets		<u>22,507,844</u>	<u>10,519,748</u>
TOTAL ASSET		<u>73,804,549</u>	<u>716,618,354</u>
LIABILITIES			
Current Liabilities			
Income Tax	10	(2,000,000)	-
Duties & Taxes	11	625,369,176	669,450,055
Trade Payables	12	<u>253,838,832</u>	<u>856,284,753</u>
Total Current Liabilities		<u>877,208,008</u>	<u>1,525,734,808</u>
Non-Current Liabilities			
Loan		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>877,208,008</u>	<u>1,525,734,808</u>
NET ASSET		<u>(803,403,459)</u>	<u>(809,116,454)</u>
EQUITY			
Contributed Capital	13	10,000,000	10,000,000
Retained Earnings	14	<u>(813,403,459)</u>	<u>(819,116,454)</u>
TOTAL EQUITY		<u>(803,403,459)</u>	<u>(809,116,454)</u>



DIRECTOR

Date: 16/08/2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31ST 2021

	Contributed Capital TZS	Retained Profits TZS	Total TZS
Balance at January 01, 2021	10,000,000	(819,116,454)	(809,116,454)
Additional Capital	-	-	-
Profit Before Income Tax	-	5,712,995	5,712,995
Less: Corporate Tax for the Year	-	-	-
Balance at December 31, 2021	<u>10,000,000</u>	<u>(813,403,459)</u>	<u>(803,403,459)</u>

	Contributed Capital TZS	Retained Profits TZS	Total TZS
Balance at January 01, 2020	10,000,000	(762,761,391)	(752,761,391)
Additional Capital	-	-	-
Profit Before Income Tax	-	(56,355,063)	(56,355,063)
Less: Corporate Tax for the Year	-	-	-
Balance at December 31, 2020	<u>10,000,000</u>	<u>(819,116,454)</u>	<u>(809,116,454)</u>



DIRECTOR

Date: 16/08/2022

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31ST 2021

	Note	2021 TZS	2020 TZS
Cash Flows from Operating Activities			
Profit Before Income Tax		5,712,995	(56,355,063)
Adjustments for:			
– Depreciation	9	10,323,626	1,676,062
Changes in Working Capital:			
– Increase/Decrease in Receivables/Prepayments		93,186,366	(2,648,263,441)
– Increase/Decrease in Trade & Other Payables		<u>(646,526,800)</u>	<u>3,111,145,308</u>
Cash Generated from Operations		(537,303,814)	408,202,866
Tax Paid	10	<u>(2,000,000)</u>	<u>-</u>
<i>Net Cash Generated from Operations</i>		<u>(539,303,814)</u>	<u>408,202,866</u>
Cash Flows from Investing Activities			
Capital Working In Progress		-	-
Payments for Property, Plant & Equipment	9	<u>(22,311,722)</u>	<u>-</u>
<i>Net Cash Used in Investing Activities</i>		<u>(22,311,722)</u>	<u>-</u>
Cash Flows from Financing Activities			
Additional Capital		-	-
Advance Share Capital		<u>-</u>	<u>-</u>
<i>Net Cash Used in Financing Activities</i>		<u>-</u>	<u>-</u>
Net Increase in Cash & Cash Equivalents		(561,615,535)	408,202,866
Cash & Cash Equivalents at the Beginning of Financial Year		<u>586,449,554</u>	<u>178,246,688</u>
Cash & Cash Equivalents at the End of the Financial Year	5	<u>24,834,019</u>	<u>586,449,554</u>



DIRECTOR

Date: 16/08/2022

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31ST 2021

Note 1. Significant Accounting Policies

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

Basis of Preparation

These are special purpose financial statements that have been prepared for the purposes of complying with the Company Act 2002 requirements to prepare and distribute financial statements to the owners of Sihebs Technology Company Limited. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Sihebs Technology Company Limited.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the International Accounting Standards and Interpretations issued by the National Board of Accountants and Auditors ('NBAA') and the disclosure requirements of IAS Presentation of Financial Statements, Statement of Cash Flows, Accounting Policies IAS 8, Changes in Accounting Estimates and Errors, Interpretation of Standards' and International Additional Disclosures', as appropriate for for-profit oriented entities.

Historical Cost Convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, certain classes of property, plant and equipment and derivative financial instruments.

Critical Accounting Estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Foreign Currency Translation

The financial statements are presented in Tanzania shillings, which is Sihebs Technology Company Limited's functional and presentation currency.

Foreign Currency Transactions

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Revenue Recognition

The company recognizes revenue as follows:

Revenue is recognized at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognized as a refund liability.

Sale of Goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of Services

Revenue from a contract to provide services are recognized over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other Revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realized or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and Other Receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

Contract Assets

Contract assets are recognized when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Customer Acquisition Costs

Customer acquisition costs are capitalized as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortized on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. An incremental cost of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Customer Fulfillment Costs

Customer fulfillment costs are capitalized as an asset when all the following are met: (I) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfillment costs are amortized on a straight-line basis over the term of the contract.

Right of Return Assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labor, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realizable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Derivative Financial Instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently premeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Depreciable Assets, Allowances, and Inclusions

Depreciable assets, allowances and inclusions are treated as provided by Section 17 of Income Tax Act, 2004, reading together with Third Schedule Paragraph 1(1) and 3(6) and are classified as follows:

CLASS	DEPRECIABLE ASSETS	RATE
1	Computers and data handling equipment together with peripheral devices; automobiles, buses and minibuses with a seating capacity of less than 30 passengers, goods vehicles with a load capacity of less than 7 tones; construction and earth-moving equipment.	37.5%
2	Buses with a seating capacity of 30 or more passengers, heavy general purpose or specialized trucks, trailers and trailer-mounted containers; railroad cars, locomotives, and equipment; vessels, barges, tugs, and similar water transportation equipment; aircraft; other self-propelling vehicles; Plant and machinery used in agriculture or manufacturing; specialized public utility plant, equipment, and machinery irrigation installations and equipment.	25%
3	Office furniture, fixtures and equipment; any asset not included in another Class.	12.5%
5	Buildings, structures and similar works of a permanent nature used in agriculture, livestock farming or fishing farming.	20%
6	Buildings, structures and similar works of permanent nature other than those mentioned in Class 5.	5%
7	Intangible assets other than those in class 4.	1 divided by the useful life of the asset in the pool and rounded down to the nearest half year.
8	Plant and machinery (including windmills, electric generators and distribution equipment) used in agriculture and electronic fiscal device purchased by a non-Value Added Tax registered trader, equipment used for prospecting and exploration of minerals and petroleum .	100%

Research and Development

Research costs are expensed in the period in which they are incurred. Development costs are capitalized when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalized development costs are amortized on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Contract Liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognized when a customer pays consideration, or when the company recognizes a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

Refund Liabilities

Refund liabilities are recognized where the company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

Borrowings

Loans and borrowings are initially recognized at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalized as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognized when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognized as a finance cost.

Employee Benefits

IAS 19.120 requires the entity to recognize service cost and net interest on the net defined benefit liability (asset) in profit and loss account in accordance with IAS 1.

Short-Term Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other Long-Term Employee Benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided

by employees up to the reporting date using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined Contribution Superannuation Expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognized when declared during the financial year and no longer at the discretion of the company.

Value Added Tax ('VAT') and Other Similar Taxes

Revenues, expenses and assets are recognized net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognized as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

Note 2. Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various

factors, including expectations of future events; management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue from Contracts with Customers Involving Sale of Goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Determination of Variable Consideration

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the company where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Allowance for Expected Credit Losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for Impairment of Inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of Useful Lives of Assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of Non-Financial Assets Other Than Goodwill and Other Indefinite Life Intangible Assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income Tax

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of Deferred Tax Assets

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

Employee Benefits Provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Leases Make Good Provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Warranty Provision

In determining the level of provision required for warranties the company has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Note 3.Revenue

	2021	2020
	TZS	TZS
Sales as per EFDM	533,726,483	1,825,233,727
Less: Discount	<u>-</u>	<u>-</u>
Total Revenue for the Year	<u>533,726,483</u>	<u>1,825,233,727</u>

Note 4.Expenses

	2021	2020
	TZS	TZS
Profit Before Income Tax Includes the Following Expenses:		
Direct Expenses/Cost of Sales	23 <u>434,727,997</u>	<u>1,757,986,499</u>
Depreciation on;		
Assets Class 1	8,741,896	-
Assets Class 2	572,869	763,825
Assets Class 2	210,654	-
Assets Class 3	798,207	912,237
Total Depreciation Charged for the Year	9 <u>10,323,626</u>	<u>1,676,062</u>
Operating Expense (Excluding Employee Benefits)	24 <u>82,961,865</u>	<u>121,926,229</u>
Total Expenses Incurred During the Year	<u>528,013,488</u>	<u>1,881,588,790</u>

Note 5.Current Assets – Cash & Cash Equivalents

	2021	2020
	TZS	TZS
Cash On Hand	23,924,073	-
Akiba Commercial Bank A/c	<u>909,946</u>	<u>586,449,554</u>
Total Cash & Cash Equivalents	<u>24,834,019</u>	<u>586,449,554</u>

Note 6. Current Assets – Trade Receivables

	2021	2020
	TZS	TZS
Avek Investment Company Ltd	-	1,440,000
Land Access Tanzania	-	195,000
Madaha Francis Mkama	-	59,000
Makini School	-	15,120,003
NewgenTZ	-	195,000
Tutandae Technologies Ltd	-	295,000
Total Receivables	-	17,304,003

Note 7. Current Assets – Prepayments

	2021	2020
	TZS	TZS
Non-Final Withholding Tax	26,462,686	54,320,872
Provision Tax	-	11,250,000
Prepaid Tax Brought forward	-	36,774,177
Total Prepayments	26,462,686	102,345,049

Note 8. Non-Current Assets - Property, Plant & Equipment

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

2021					
Cost	Class 1	Class 2	Class 2	Class 3	Total
	TZS	TZS	TZS	TZS	
	Computers & Accessories	Machines & Equipment(s)	Motor Vehicles	Furniture & Fixtures	
At January 01,	37,300,000	47,350,000	16,500,000	24,370,052	125,520,052
Add : Additional during the year	22,311,722	-	-	-	22,311,722
Less: Disposal	-	-	-	-	-
At December 31,	59,611,722	47,350,000	16,500,000	24,370,052	147,831,774
Depreciation:					
At January 01,	36,300,000	45,058,524	15,657,383	17,984,397	115,000,304
Depreciation for the Year	8,741,896	572,869	210,654	798,207	10,323,626
Deprecation on Disposal	-	-	-	-	-
At 31st December	45,041,896	45,631,393	15,868,037	18,782,604	125,323,930
Net Book Value at December 31,	14,569,826	1,718,607	631,963	5,587,448	22,507,844

2020					
Cost	Class 1	Class 2	Class 2	Class 3	Total
	TZS	TZS	TZS	TZS	
	Computers & Accessories	Machines & Equipment(s)	Motor Vehicles	Furniture & Fixtures	
At January 01,	37,300,000	47,350,000	16,500,000	24,370,052	125,520,052
Add : Additional during the year	-	-	-	-	-
Less: Disposal	-	-	-	-	-
At December 31,	37,300,000	47,350,000	16,500,000	24,370,052	125,520,052
Depreciation:					
At January 01,	36,300,000	44,294,699	15,657,383	17,072,160	113,324,242
Depreciation for the Year	-	763,825	-	912,237	1,676,062
Deprecation on Disposal	-	-	-	-	-
At 31st December	36,300,000	45,058,524	15,657,383	17,984,397	115,000,304
Net Book Value at December 31,	1,000,000	2,291,476	842,617	6,385,655	10,519,748

Note 9. Current Liabilities - Income Tax

	2021	2020
	TZS	TZS
Income from Continuing Operations Before Income Tax Expenses	5,712,995	(56,355,063)
Add: Disallowable & Private element		
Depreciation Expenses	10,323,626	1,676,062
Adjusted Income	16,036,621	(54,679,001)
Less: Allowable		
Wear & Tear Expenses	(10,323,626)	(1,676,062)
Unrelieved Loss During the Year	(137,210,252)	(80,855,189)
Taxable Profit for the year	(131,497,257)	(137,210,252)
Tax There On 30%	-	-
Alternative Tax (0.5% of Revenue)	-	-
Less: Tax Paid /Withheld		
Provision Tax Paid During the Year	2,000,000	-
Withheld Tax On Sales During the Year	-	-
Tax Due During The Year	(2,000,000)	-

Note 10. Current Liabilities – Duties & Taxes

	2021	2020
	TZS	TZS
Corporate Tax	197,809,791	-
SDL Payable	9,340,106	5,680,577
Paye Payable	18,065,172	13,350,612
Stamp Duty Payable	3,732,676	1,534,837
Additional Assessment(s)	-	616,748,676
VAT Payable	394,449,766	1,805,214
Withholding Tax Capital Gains	596,160	-
Withholding Tax On Rental	-	15,348,372
Withholding Tax On Service	1,375,506	14,981,767
Total Duties & Taxes	625,369,176	669,450,055

Note 11. Current Liabilities – Trade & Other Payables

	2021	2020
	TZS	TZS
Airtel Tanzania Ltd	5,961,579	6,961,579
City Levy Payable	11,398,384	9,797,205
Consultancy Payable	800,000	4,000,000
Craft Digitalia	1,475,000	1,475,000
Dr Anneline Marwa	1,000,000	-
Flugence Masawe	2,316,072	2,316,072
Gerald Mugabika	-	644,000
Gray Business Consultancy	8,500,000	8,500,000
Higher Learning Student Loans Board	11,823,992	11,823,992
Invention Technologies	7,557,570	-
LAPF	19,400,000	-
Invention Technologies	7,557,570	7,557,570
MIC Tanzania	3,930,057	3,930,057
NMB Plc Limited	-	645,956,130
PPF & NSSF	36,340,000	28,042,493
RealCom Technologies	1,155,860	2,037,320
Reliance Insurance	-	991,200
Shabani Zakaria	-	9,900,000
Simbanet	-	5,727,460
Ubungo Plaza	132,860,548	105,322,991
WCF Payable	1,762,200	1,301,684
Total Trade Payables	<u>253,838,832</u>	<u>856,284,753</u>

Note 12. Related Parties

The company had the following related transactions with related parties as at December 31, 2021

1) Payments to Related Parties	2021	2020
	TZS	TZS
<i>Salaries to Directors</i>		
Sebastian Mwamba	7,000,000	-
Siwangu Mgata	9,500,000	-
	<u>16,500,000</u>	<u>-</u>

2) Payments to Related Parties	2021	2020
	TZS	TZS
<i>Remunerations to Directors</i>		
Sebastian Mwamba	15,060,000	-
Siwangu Mgata	13,580,000	-
	<u>28,640,000</u>	<u>-</u>

Note 13. Equity - Contributed Capital

	2021	2020
	TZS	TZS
At Beginning of Year	10,000,000	10,000,000
Add; Capital Acquired	-	-
Total Contributed Capital	<u>10,000,000</u>	<u>10,000,000</u>

Note 14. Equity - Retained Earnings

	2021	2020
	TZS	TZS
Retained Earnings at the Beginning of Financial Year	(819,116,454)	(762,761,391)
Adjustments of Taxes, Penalties & Fine	-	-
Profit Before Income Tax Expense	5,712,995	(56,355,063)
Less: Corporate Tax for the Year	-	-
Retained Earnings at the End of Financial Year	<u>(813,403,459)</u>	<u>(819,116,454)</u>

Note 15. Equity – Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 16. Remuneration of Auditors

		2021	2020
		TZS	TZS
<i>Audit Services</i>			
Audit of the financial statements	22	800,000	1,000,000
<i>Other Consultancy Services</i>			
Preparation of the Tax Return & Other Services	22	<u>-</u>	<u>2,892,203</u>
Total Consultancy & Audit Expenses		<u>800,000</u>	<u>3,892,203</u>

Note 17. Contingent Liabilities

The company had no contingent liabilities as at December 31, 2021 and December 31, 2020.

Note 18. Commitments

The company had no commitments for expenditure as at December 31, 2021 and December 31, 2020.

Note 19. Events after the Reporting Period

No matter or circumstance has arisen since 31st December 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 20. Direct Expenses

		2021	2020
		TZS	TZS
Installation Charges		122,582,464	-
Purchases of Material		312,145,533	1,756,554,499
Transport Expenses – Site		<u>-</u>	<u>1,432,000</u>
Total Direct Expenses		<u>434,727,997</u>	<u>1,757,986,499</u>

Note 21. Operating Expenses

	2021	2020
	TZS	TZS
Administrative Expenses		
Cleaning & Sanitation Expenses	195,000	180,000
Medical Expenses	-	235,000
Motor Vehicle Maintenances Expenses	378,518	3,701,000
Office Expenses	2,757,000	3,538,004
Printing & Stationery Expenses	1,784,000	4,925,000
Rental Expenses	-	37,798,292
Staff Welfare Expenses	3,205,000	6,680,000
Telephone, Internet & Postage Expenses	6,575,000	5,680,073
Travelling & Accommodation Expenses	175,000	-
Utility Expenses	592,000	2,979,173
	15,661,518	65,716,542
Finance Expenses		
Exchange Gain/Loss	-	83,689
Bank Charges	284,988	955,538
	284,988	1,039,227
Human Resources Expenses		
Salaries & Wages Expenses	24,900,000	38,400,000
Director's Remunerations	33,427,500	-
	58,327,500	38,400,000
Professional Expenses		
Consultancy & Auditing Expenses	800,000	3,892,203
	800,000	3,892,203
Statutory Expenses		
City/Service Levy	1,601,179	5,475,701
License & Subscription Expenses	768,000	400,000
NSSF /Pension Contributed by Employer	2,490,000	3,840,000
Skill Development Levy	2,333,100	1,632,000
WCF Contributions	226,200	384,000
Stamp Duty	-	383,709
	7,418,479	12,115,410
Sales & Marketing Expenses;		
Advertising Expenses	-	50,847
Tender Fee	-	62,000
Web Hosting Expenses	469,380	650,000
	469,380	762,847
Total Operating Expenses	82,961,865	121,926,229

DIRECTORS' DECLARATION

In the Directors' opinion:

1. The company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached financial statements have been prepared for the purposes of complying with the Company Act 2002 requirements to prepare and distribute financial statements to the owners of Sihebs Technology Company Limited.
2. The attached financial statements and notes comply with Company Act 2002, the Accounting Standards as described in note 1 to the financial statements, and other mandatory professional reporting requirements.
3. The attached financial statements and notes give a true and fair view of the company's financial position as at 31st December 2021 and of its performance for the financial year ended on that date; and
4. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed herein, accordance with resolution of the directors made pursuant to the Company Act 2002.



DIRECTOR

Date: 16/08/2022