



TBL PlcTM

2020 Annual Report







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COMPANY PROFILE

Tanzania Breweries Public Limited Company (TBLPlc), a member of the Anheuser-Busch InBev group of companies, manufactures, sells and distributes clear beer, alcoholic fruit beverages and non-alcoholic beverages within Tanzania. TBL as a major player in the beverage sector is committed to the export of its products to niche and neighboring markets under the East Africa common market trading arrangement.

TBLPlc has a controlling interest in Tanzania Distilleries Limited, Darbrew Limited and Kibo Breweries Limited.

TBLPlc's most popular clear beer brands include Safari Lager, Kilimanjaro Premium Lager, Ndovu Special Malt, Castle Lager and Castle Lite, Bia Bingwa, Balimi Lager and Eagle Lager. Other prominent brands associated with the TBLPlc Group are Konyagi Gin, Valeur, Vladmir Vodka and Redds Premium Cold. The TBLPlc Group is listed on the Dar es Salaam Stock Exchange, employs 1,515 people and is represented throughout the country with four clear beer breweries, a distillery, an opaque beer business, a malting facility and 8 distribution depots.

2020 Chairman's Statement

RESILIENT PERFORMANCE IN A VOLATILE ENVIRONMENT

Tanzania Breweries Public Limited Company and subsidiaries ("TBL Group") is pleased to announce its 2020 results. The 2020 financial year was not without challenges, the business performance for the period is one of resilience in a volatile environment.

The Group's revenue decreased by 6.2% impacted by the global Covid-19 pandemic. Despite this revenue reduction, the Group continues with a phased execution approach with enhanced brand positioning insights, superior media plans and developing transformational innovations to turn the tide by leveraging our Core+, Core and Affordable portfolio.

The Group delivered full year revenue of 961bnTsh and operating profit of TShs 163 billion. The decrease in operating profit was mostly driven by a revenue decline but also increased sales and marketing costs, to support our brands, and exceptional costs. TBL Group was able to approve a dividend payment of Tshs 47 billion to our shareholders for the financial year, which translates to TShs 160 per share.

MAINTAINING RESPONSIBLE CORPORATE CITIZENSHIP

Despite the challenges, TBL Group remains one of the largest taxpayers in the country making significant contributions to Government revenue in the form of corporate tax, excise duty and value added tax. A total of Tshs 463bn was paid to the Government during the year, compared to Tshs 466bn in prior year.

The Group plays a key role in the agriculture sector, which provides important raw materials for the production of its products. The Group sourced more than 70% of raw materials locally, inclusive of the agricultural produce.

In support of social growth and fight against the Global pandemic Covid-19, TBL Group supported the government's efforts to contain the spread of COVID-19 through the production of alcohol based sanitiser for health facilities. The Group donated containers of sanitiser to the Ministry of Health for use in Health Facilities across the country. We also donated face masks to retail outlets across the country and St. Francis Hospital in Ifakara, Morogoro, to assist in combating the spread and impact of COVID-19.

STRICT FOCUS ON OUR UNBENDING CORE VALUES

Our core values are anchored in our Dream-People-Culture that is explained through our 10 principles. This year we updated our principles to ensure there are elements of delivery and transformation while also enhancing the importance of diversity. Our broader purpose of "Bringing people together for a better world" is even more relevant now and remains the driving force behind our business. Looking ahead, TBL is committed to focus on the following strategic objectives:

1. To partner with the government and other stakeholders on its national five-year development plans (FYDP III) to spearhead positive environment for socio-economic growth.

2. To enhance our ability to influence consumer and retailer buying decisions by continually improving consumer awareness of responsible drinking, providing high quality brands with greater access to our full brand portfolio and providing consumers with optimal value for money products.
3. To promote local sourcing of raw materials; that focus on improving our efficiencies, security of supply and demand, while supporting the development of communities across the region.
4. To grow and develop our greatest strength which is our people, and as such provide sustainable rewards
5. To recruit, retain, develop and reward the best talents accordingly.
6. To manage our costs efficiently through innovative leaner structures that will support equitable and profitable top line growth

COMMERCIAL STRATEGY

After a very challenging year and despite ongoing uncertainties we expect to deliver good underlying performance in the year ahead. Our dream as TBL Group is to be the most aspirational company in East Africa delivering long term sustainable growth. Our actions aligned with our strategy have placed us in a good position to continue to grow and lead in the industry. Therefore, we can look forward to a year of renewed growth with anticipation coupled with continuous investment in people, innovation and technology that continues to sustain our momentum.

In the light of this positive outlook, management continues its efforts to return the business to growth, to increase investment in our brands and in capital expenditure, to establish the right organizational set up and to build capabilities of employees to support this growth, towards our long term ambition.

In closing, I would like to record my and the Board's appreciation first, to consumers of our products for their loyalty and support and then to management and staff for their commitment in driving the business to the level of performance we have reported this year and for positioning the business for continued growth in future. Finally, I extend my gratitude to all our shareholders and stakeholders for their contribution and effective oversight during the year, for their commitment to their role and for upholding the highest standards of corporate governance.

Last but not least we thank and shall continue to engage with Tanzania Government to create and deepen business environment.



Cleopa David Msuya
Chairman of the Board

Taarifa ya Mwenyekiti 2020

MATOKEO THABITI KATIKA MAZINGIRA TETE

Kampuni ya Tanzania Breweries Public Limited Company na kampuni zake tanzu ("TBL Group") inayo furaha kutangaza matokeo yake kwa mwaka wa fedha ulioishia 31 Desemba 2020. Mwaka huu wa fedha ulikuwa na changamoto, matokeo ya kibiashara yaliyopatikana katika kipindi hiki ni thabiti katika mazingira magumu.

Mapato ya TBL Group yalishuka kwa asilimia 6.2% kutokana na athari za ugonjwa wa Covid-19. Pamoja na kupungua kwa mapato kampuni iliendelea kutekeleza mkakati wake wa kutangaza bidhaa zake kwenye masoko na kuendelea na ubunifu wa kuteka masoko kwa kutumia chapa pendwa za vinywaji vyake na kuhakikisha vinapatikana kwa bei ambayo wateja wanaweza kuimudu,

Kampuni iliweza kupata mapato yanayofikia shilingi bilioni 961 na faida ya uendeshaji inayofikia shilingi bilioni 163. Kupungua kwa faida ya uendeshaji kulitokana na kushuka kwa mapato na ongezeko la gharama za masoko na mauzo katika kufanikisha bidhaa zetu kuendelea kuteka soko.

TBL Group iliweza kuidhinisha malipo ya gawio ya shilingi bilioni 47 kwa wanahisa wetu katika mwaka huu wa fedha, ambayo ni sawa na shilingi 160 kwa kila hisa.

KUENDELEA KUCHANGIA MAENDELEO YA JAMII

Pamoja na changamoto zilizojitokeza, TBL Group, iliendelea kushikilia rekodi ya kuwa mmoja wa walipa kodi wakubwa nchini, kwa kuchangia mapato ya Serikali kupitia kodi ya mapato, ushuru wa bidhaa na Kodi ya Ongezeko la Thamani. Kiasi cha shilingi bilioni 463 zililipwa Serikalini katika kipindi hiki cha mwaka, kulinganisha na kiasi cha shilingi bilioni 466 kilicholipwa katika mwaka uliotangulia.

Kampuni ina mchango mkubwa katika sekta ya kilimo, ambayo inazalisha malighafi muhimu za kuzalishia bidhaa zetu. Kampuni linunua asilimia 70% ya malighafi kutoka nchini ikiwemo mazao ya kilimo.

Katika kusaidia ukuaji katika jamii na mapambano dhidi ya janga la ugonjwa Covid 19, TBL, iliunga mkono jitihada za Serikali kupambana na maambukizi ya ugonjwa huu kwa kuzalisha vitakasa mikono kwa ajili ya kutumika katika vituo vya afya. Kampuni ilitoa msaada wa vitakasa mikono kwa Wizara ya Afya, kwa ajili ya kutumiwa katika vituo vya afya nchini kote. Pia tulitoa barakoa kwa baa nchini kote na kwa hospitali ya Mtakatifu Francis iliyopo Ifakara, Mkoani Morogoro.

KUZINGATIA MAADILI YETU YA MSINGI

Maadili yetu ya msingi yamejikita katika Ndoto-Watu-Utamaduni wetu ambao umelezewa kupitia kanuni zetu 10. Mwaka huu tuliboresha kanuni zetu ili kuhakikisha kuna mambo ya kufanikisha na kuleta mabadiliko tofauti. Lengo letu kubwa ni "Kuwaleta watu pamoja katika ulimwengu maridhawa" ni muhimu zaidi sasa na linabaki kuwa nguvu ya kufanikisha kuendesha biashara yetu. Mtazamo wetu wa mbele, TBL imedhamiria kuzingatia malengo ya kimkakati yafuatayo:

1. Kushirikiana na serikali na wadau wengine kufanikisha mipango yake ya kitaifa ya maendeleo ya miaka mitano (FYDP III) kwa kuweka mazingira mazuri ya ukuaji wa uchumi wa jamii.
2. Kuongeza uwezo wetu wa kushawishi wateja kutumia bidhaa zetu, na kuwapatia elimu ya matumizi ya vinywaji kistaarabu, kuwapatia bidhaa zetu bora na kuhakikisha zinawafikia mahali walipo na wanazipata kwa bei halisi.
3. Kukuza sera ya ununuzi wa malighafi ya ndani ambayo imelenga kuongeza ufanisi wetu, usalama wa bidhaa huku ikiwezesha jamii katika maeneo yetu ya biashara kupata maendeleo.
4. Kukuza na kukuza nguvu zetu kubwa ambazo ni watu wetu, kwa kuwapatia motisha endelevu.
5. Kuajiri, kuhifadhi, kukuza vipaji na kutoa motisha kwa wafanyakazi.
6. Kusimamia gharama zetu kwa ufanisi kupitia miundo ya ubunifu ambayo itasaidia ukuaji wa usawa na faida.

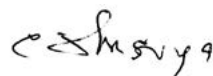
MKAKATI WA BIASHARA

Baada ya mwaka wenye changamoto nyingi na licha ya kutokuwa na uhakika wa hali ya mazingira ya kibiashara, tunatarajia kupata mafanikio katika mwaka ujao. Ndoto yetu kama TBL Group, ni kuwa kampuni inayovutia zaidi katika Afrika Mashariki kwa mafanikio ya ukuaji endelevu wa muda mrefu. Vitendo vyetu vinavyoendana na mkakati wetu vimetuweka katika nafasi nzuri ya kuendelea kukua na kuongoza katika tasnia. Hivyo, tunatarajia mwaka wa ukuaji mpya na matarajio pamoja na uwekezaji endelevu kwa watu, uvumbuzi na teknolojia ambayo inaendelea kudumisha kasi yetu.

Kwa kuzingatia mtazamo huu mzuri, uongozi unaendelea na juhudi za kurudisha biashara kwenye ukuaji, kuongeza uwekezaji katika bidhaa zetu na katika uboreshaji wa mitambo, kuimarisha muundo wa uendeshaji na kuwajengea uwezo wafanyakazi ili kusaidia kufanikisha ukuaji huu na kuelekea kufanikisha malengo ya muda mrefu tunayotamani kuyafikia.

Kwa kumaliza, ningependa kutoa shukrani zangu na za Bodi, kwanza, kwa watumiaji wa bidhaa zetu, kwa kuendelea kutuamini na kutuunga mkono, kisha kwa uongozi na wafanyakazi kwa kujitolea kwao kuendesha biashara kufanikisha kiwango cha utendaji ambacho tumeripoti mwaka huu sambamba na kuweka mazingira ya ukuaji wa biashara kwa siku zijazo. Mwisho, natoa shukrani zangu kwa wanahisa wetu wote na wadau wengine kwa mchango wao na usimamizi mzuri katika mwaka uliomalizika, kwa kujitolea kwao kufanikisha jukumu la kusimamia sharia, kanuni na viwango vya juu vya utawala katika kusimamia kampuni.

Mwisho kabisa tunashukuru na tutaendelea kushirikiana na Serikali ya Tanzania, kuweka na kuimarisha mazingira mazuri ya biashara.



Cleopa David Msuya
Mwenyekiti wa Bodi

Managing Director Statement

OVERVIEW

Tanzania Breweries Public Limited Company and its subsidiaries ("TBL Group") are pleased to declare its results for the financial year ended 31 December 2020.

PERFORMANCE OVERVIEW

The Group's revenue decreased by 6.2% impacted by the global Covid-19 pandemic, delivering full year revenue of 961bnTsh. The global pandemic created a tough operating environment for the Group, however, the company demonstrated its resilience over the year and delivered important initiatives to protect our people, alongside the communities we operate in, that allowed us to continue to trade throughout the year.

Beer revenue declined by 8% over the year and was largely impacted during the height of the pandemic in April and May, while recovering throughout the rest of the year to deliver Q4 in line with 2019. Performance was significantly impacted by the Affordable segment which is under pressure from reduced disposable income, leading to consumers downtrading to an increasing variety of cheap spirits, and the emergence of local alternatives such as "banana wine" in packaged formats. Despite the tough operating environment, we delivered very encouraging results in our Core Plus Category, driven by significant volume growth of Castle Lite.

Our spirits business benefited from strong growth in our export markets, partly due to restrictions in on-premise consumption in those markets favouring the spirits category and partly due to increased availability across our key export markets as a result of new distribution partners. In the local market, despite some disruption to our supply chains, we experienced growth across our portfolio as we increased the availability of our wine and brandy products. As a result, Wine & Spirits revenue grew by 4% over the period.

DELIVERING OPERATIONAL EXCELLENCE THROUGH TECHNOLOGY

Throughout the business we have been embracing technology to drive improvements in the way we work and interact with our customers and consumers. We have deployed a Customer Interaction Centre with state-of-the-art technology that is allowing us to connect to over 15,000 retailers every week. This is enabling us to improve our service offering into the market and operate with a greater level of understanding at a more granular level to deliver unrivalled service.

At the same time, we are using technology to deliver the highest quality products through our world class operating facilities and I am pleased to report that our brewery in Mbeya was named Brewery of the Year across the ABI Africa Zone in 2020.

TBL Group Impact in the local economy

TBL Group is committed to continuing and increasing locally sourced materials as a key partner in the socio-economic development of Tanzania. The Group plays a key role in the Agriculture sector and over the last year purchased TShs 40bn of raw materials including barley, maize, sorghum, sugar and grapes

for the production of our products. TBL Group's role in Agriculture goes beyond purchasing of raw materials, in 2020 we carried out a pilot programme with WFP for 2000 Sorghum farmers. The project supported the farmers with seeds, crop insurance, crop management practices, agricultural extension services and contracts to improve market access, and resulted in a 70% increase in Sorghum production over previous year. As a result of the success of this pilot we will be expanding this programme in 2021 to support 4000 farmers and 10,000T of Sorghum.

We continue to be a key contributor to Government revenue in form of corporate tax, excise duty, and value added tax, amounting to Tshs 463 billion. Thus, retaining the honour of being one of the largest taxpayers in the country.

Beyond our contribution to government revenue, our extensive value chain from farm to retail has a significant impact in the Tanzanian economy. We estimate (based on a recent EY study) our annual economic output to be 1.7tr Tsh, amounting to 0.5% of GDP. Through all these activities it is clear TBL is a formidable driver of economic growth and continues to be a key partner in driving economic growth in Tanzania.

FUTURE PROSPECTS

While we emerge from the global Covid-19 pandemic there are still many uncertainties in our operating environment. That said, this doesn't change our strategy that holds the consumer at the centre of our organisation and everything we do; our plans will ensure we meet the needs of our consumers and customers both today and into the future. We will continue to build on the success of our core+ portfolio, drive brand love for our iconic core brands and build value propositions to bring people into the beer category, while continuing to offer differentiation through our Wine and Spirit portfolio. At the same time, we continue to deploy global best practices in our workplace to create a safe working environment for all and ensure we deliver products of the finest quality every time.

UTILISING OUR WINNING TEAM

We still have the right people, processes, tools, technology, brands and strategies in place to succeed on our journey forward. Our people will always be our greatest strength and I wish to assure our stakeholders that we will continue to work hard to seize strategic opportunities and mitigate the risks that this dynamic environment creates by effectively managing our short-term performance and setting a firm foundation for the long-term growth of our business in order to continue creating value for our shareholders.

I want to congratulate my team, who worked tirelessly and with energy and enthusiasm for our shareholders to deliver this solid performance through a year of unprecedented uncertainties.



Philip Redman
Managing Director

Taarifa ya Mkurugenzi Mkuu

MAELEZO YA JUMLA

Kampuni ya Tanzania Breweries Public Limited Company na kampuni zake tanzu ("TBL Group"), wanayo furaha kutangaza matokeo yake ya utendaji kwa mwaka wa fedha ulioishia 31 Desemba 2020.

HALI YA UTENDAJI KWA UJUMLA

Mapato ya kampuni yalipungua kwa asilimia 6.2% kutokana na athari za janga la kimataifa la ugonjwa wa UVIKO (Covid-19), mapato ya mwaka mzima yalikuwa shilingi bilioni 961. Janga hili la ulimwengu lilisababisha mazingira magumu ya kufanya kazi kwa Kampuni na kampuni zake tanzu, hata hivyo, kampuni ilionyesha uthabiti wake kwa mwaka na kutekeleza mipango muhimu ya kulinda watu wetu, pamoja na jamii tunayofanyia kazi, ambayo ilituruhusu kuendelea kufanya biashara kwa mwaka mzima.

Mapato ya bia yalipungua kwa asilimia 8% kwa mwaka mzima na athari zilijitokeza zaidi wakati tishio la ugonjwa lilikuwa kubwa katika miezi ya Aprili na Mei, biashara ilianza kuimarika katika kipindi kilichofuata na kufanikisha matokeo mazuri yaliyopatikana katika robo ya nne ya mwaka (Q4) kuendana na utekelezaji wa mipango ya Mwaka 2019. Mafanikio ya utendaji yaliyopatikana yalitokana na mkakati wetu wa kuwa na bidhaa zenye bei nafuu kutokana na kushuka kwa vipato, kulikosababisha wateja wetu wengi kuhamia kwenye vinywaji mbadala vya gharama nafuu vilivyoongezeka kwenye soko vikiwa kwenye vifungashio bora tofauti na hapo awali, vikiwemo pombe kali na vinginevyo kama 'banana wine'. Licha ya mazingira magumu ya kufanya kazi, tuliweza kupata matokeo mazuri kupitia chapa zetu kuu pendwa, zikiongozwa na ongezeko la mauzo ya bia chapa ya Castle Lite.

Biashara yetu ya vinywaji vikali ilinufaika na ukuaji mkubwa katika masoko yetu ya kuuza nje, kwa sababu ya zuio la kuuza vinywaji kwenye mabaa, hali hiyo ilisababisha matumizi ya vinywaji vikali kuongezeka na pia kupatikana washirika wapya wa usambazaji wa vinywaji hivyo. Katika soko la ndani, licha ya kuvurugika kwa mtandao wetu wa usambazaji, Tulishuhudia ongezeko la mauzo ya chapa za vinywaji vyetu pia tuliongeza upatikanaji wa bidhaa zetu za mvinyo na vinywaji vikali. Matokeo yake, mapato ya mvinyo na pombe kali yaliongezeka kwa asilimia 4% katika kipindi hicho.

KUFANIKIWA KIUTENDAJI KUTOKANA NA MATUMIZI YA TEKNOLOJIA ZA KISASA

Kampuni imekuwa ikitoa kipaumbele katika matumizi ya teknolojia ili kuboresha zaidi utendaji wetu wa kazi, kuwasiliana na wateja na watumiaji wa bidhaa zetu. Tumezindua Kituo cha Mawasiliano na Wateja kinachotumia teknolojia ya hali ya juu ambayo inatuwezesha kuwafikia wauzaji zaidi ya 15,000 wa rejareja kila wiki. Hii inatuwezesha kuboresha utoaji wetu wa huduma kwenye soko na kufanya kazi kwa kiwango kikubwa cha uelewa na kukabiliana na changamoto zinazotokea kwenye masoko.

Wakati huo huo, tunatumia teknolojia kuzalisha bidhaa zenye ubora wa hali ya juu kupitia mitambo yetu ya uzalishaji yenye viwango vya kimataifa, ninafurahi kuwajulisha kuwa kiwanda chetu cha Mbeya kilishinda tuzo ya kiwanda bora kwa mwaka katika viwanda vyote vya ABInBEV katika kanda ya Afrika katika kipindi cha mwaka 2020.

MCHANGO WA TBL GROUP KATIKA UCHUMI WA NCHI

TBL Group, imedhamiria na inaendelea kuongeza matumizi ya malighafi ya ndani kama mshirika muhimu katika maendeleo ya kijamii na kiuchumi ya Tanzania. Kampuni imefanikisha jukumu muhimu katika sekta ya Kilimo ambapo mwaka jana ilitumia shilingi

bilioni 40 kununua malighafi kwa ajili ya kuzalisha bidhaa zake, malighafi hizo ni pamoja na shayiri, mahindi, mtama, sukari na zabibu. TBL Group, mbali na kununua malighafi, kipindi cha 2020 kwa kushirikiana na Shirika la Mpango wa Chakula Duniani (WFP) tuliendesha mradi wa majaribio kwa wakulima 2,000 wa mtama. Mradi ulisasaidia wakulima kupatiwa mbegu, bima ya mazao, elimu ya kilimo cha kisasa, huduma za ugani na mikataba ya kuboresha upatikanaji wa soko, hali iliyosababisha ongezeko la asilimia 70% ya uzalishaji wa mtama zaidi ya mwaka uliotangulia. Kutokana na mafanikio ya mradi huo kampuni imeendelea kutekeleza mradi huu kwa kipindi cha mwaka 2021 kwa kufanya kazi na wakulima 4,000 wa shayiri na wakulima 10,000 wa mtama.

Tunaendelea kuwa mchangiaji mkubwa wa mapato ya Serikali kwa njia ya kulipa kodi ya mapato, ushuru wa bidhaa na Kodi ya Ongezeko la Thamani, jumla ya shilingi bilioni 463 zililipwa hivyo kuendelea kushikilia heshima ya kuwa mmoja wa walipa kodi wakubwa nchini.

Zaidi ya mchango wetu kwa mapato ya serikali, mnyororo wetu mkubwa wa thamani kutoka shamba hadi kwa wateja wetu wa rejareja una mchango mkubwa katika uchumi wa Tanzania. Tunakadiria (kulingana na utafiti wa hivi karibuni wa EY) mchango wetu kwenye uchumi kwa mwaka ni shilingi trioni 1.7, sawa na 0.5% ya Pato la Taifa. Kupitia shughuli hizi zote ni wazi TBL ni mmoja wa wabia wakubwa katika kufanikisha ukuaji wa uchumi na inaendelea kuwa mshirika muhimu katika kuendesha ukuaji wa uchumi nchini Tanzania.

MATARAJIO YA BAADAYE

Wakati tunapambana kuondokana na athari za janga la UVIKO (Covid-19) bado mazingira yetu ya utendaji kazi hayajatangamaa. Hii ina maana kwamba hatutabadili mkakati wetu wa kuthamini zaidi mteja katika kampuni yetu na kila kitu tunachofanya; mipango yetu itahakikisha tunakidhi mahitaji ya wateja wetu kwa sasa na siku zijazo. Tutaendelea kujijenga na kupata mafanikio kupitia chapa pendwa za vinywaji vyetu na kuhakikisha bidhaa zetu zinaendelea kuteka soko la wanywaji wa bia sambamba na ukuzaji wa soko letu la vinywaji vya mvinyo na pombe kali. Wakati huohuo, tunaendelea kutumia viwango vya kimataifa katika maeneo yetu ya kazi ili yawe katika mazingira salama ya kufanyia kazi kwa wote na kuhakikisha tunazalisha bidhaa zenye ubora wa juu wakati wote.

KUTUMIA TIMU YETU YA USHINDI

Bado tuna watu sahihi, mifumo bora ya uzalishaji, zana, teknolojia, chapa na mikakati iliyowekwa kufanikisha safari yetu ya kusonga mbele. Watu wetu daima watakuwa nguvu yetu kubwa na ninapenda kuwahakikishia wadau wetu kwamba tutaendelea kufanya kazi kwa bidii, kutumia fursa za kimkakati na kupunguza hatari za kupata hasara kutokana na mazingira tete yaliyopo, kwa kusimamia vyema utendaji wetu wa muda mfupi na kuweka msingi thabiti wa ukuaji wa biashara yetu kwa muda mrefu ili kuendelea kujenga dhamana kwa wanahisa wetu.

Napenda kuipongeza timu yangu, ambayo ilifanya kazi bila kuchoka na kwa nguvu na kwa wanahisa wetu kuunga mkono utendaji uliowezesha kupata mafanikio makubwa katika mwaka uliokuwa na changamoto zisizo za kawaida.



Philip Redman
Mkurugenzi Mtendaji

Corporate affairs



Key Initiatives

CEMENT DONATION

TBL Plc through its brewery in Mbeya donated 100 bags of cement to Mbeya's Regional Council with the intent to renovate the Health and Medical Centre in Iyunga.



#ISIWESABABU CAMPAIGN

For 3 consecutive years TBL Plc has commemorated the 16 days of activism against GBV through its **#IsiweSababu** campaign. Like the other years, this year, we partnered with the Monduli District Police and the Gender Desk to help curb social norms that alcohol is a factor in 'Gender Based Violence' (GBV) as well as encourage for responsible consumption.



Donations to Health Facilities

Tanzania Breweries Plc in partnership with Diversey East and Central Africa Limited supported the government's efforts to contain the spread of COVID- 19 through the production of alcohol based sanitisers for health facilities. The company donated 681 five- litre containers of sanitizers to the Ministry of Health for use in Health Facilities across the country.



Donations to Customers

Tanzania Breweries Plc donated 2500 face masks to retail outlets across the country to assist in combating the spread and impact of the COVID- 19.



Donations to Customers (continued)



BAGS OF MAIZE DONATION IN RUFUJI

Tanzania Breweries Plc donated 9 tonnes of maize flour to the victims of the floods caused by the heavy rainfalls in Rufiji.



BAGS OF MAIZE DONATION IN KILIMANJARO

Tanzania Breweries Public Limited Company donated 10 tonnes of maize flour to the victims of the floods caused by the heavy rainfalls in Kilimanjaro.



Ideas for Good: Donation of Face masks

Tanzania Breweries Plc donated 10,000 face masks to St. Francis Hospital in Ifakara, Morogoro region to assist in combating the spread and impact of the COVID-19.

TARI Agribusiness Exhibition



TBL Plc demonstrated its commitment towards barley farmers across Northern regions by enabling 100 of its barley farmers to participate in an agricultural fair organized by Tanzania Agricultural Research Institute, (TARI) in Arusha. The Agriculture Fair was an opportunity for the barley farmers to engage with different agricultural stakeholders who provided them with the requisite knowledge to address some of the challenges they currently face in the field.



Corporate affairs (continued)



Nane Nane Exhibition

Every year on August 8 Government, stakeholders in the agricultural sector and farmers come together to mark the Nane Nane exhibitions. This year, TBL, participated in the exhibition during the national celebrations that were held in Simiyu region and were officiated by the Minister for Agriculture, Honorable Japhet Hasunga.



Global Beer Responsible Day (GBRD)

As a proud part of the AB InBev family, our mission is to take our smart drinking commitments beyond our company walls and out into the communities where we work and bring sustainable impact. This year on GBRD, we ran both various activations from employees pledging for responsible consumption to inviting our customers to champion our smart drinking messages. We also had some of our prestigious brands and their influences share our smart drinking messages n their social media pages.

TBL launched a smart drinking campaign dubbed Pombe Sio Chai Kunywa Kistaarabu

TBL Plc launched its 'Pombe Sio Chai, Kunywa Kistaarabu' campaign aimed to raise awareness on smart drinking, highlighting the health risks and negative impacts of excessive consumption of alcohol.

'Pombe sio chai' is a common phrase amongst the Tanzanian people that literally translates to 'Alcohol is not the same as tea'. This is a polite and advisory term to call attention to instances where someone appears to have been excessive when consuming alcohol. The campaign was aired through various communication media channels, including and not limited to social media, Radio, TV and Print.

TBL enables its farmers to attend Parthenium Hysterophorus Weed Day in Arusha

TBL Plc has a legacy of being a committed partner in improving livelihoods of farmers as well as increase barley productivity in the country through providing them with a guaranteed market for their produce. The company enabled its barley farmers to participate in the Parthenium Hysterophorus Weed Day event, organized by Tropical Pesticides Research Institute (TPRI) that was held in Arusha. The annual event brings together various stakeholders in the agricultural and environmental sectors to sensitize and provide education on effects and prevention of Parthenium Hysterophorus weed, which is one of the major challenges farmers face during farming that consequently increase chances in reducing harvest.



TBL – WFP Sorghum Project

TBL Plc collaborated with the FtMA and WFP on a pilot project to support sorghum farmer's productivity and access to market in Tanzania. The pilot project has benefited over 1,300 smallholder farmers in Kongwa and Mpwapwa regions have produced a yield 70% higher than in previous years. The tripartite also conducted a post season assessment for the project to assess the results of the project for the season ending 2019-2020, to identify areas of learning from and improvement for the program. The assessment was conducted few weeks before farmers embark in growing sorghum for the coming season of 2020 – 2021.



SORGHUM

TBL Plc collaborated with the World Food Program and the Farm to Market Alliance to support smallholder sorghum farming in Tanzania. The collaboration kicked off with a pilot project in January 2020 where, TBL Plc agreed to purchase the sorghum produced by 2,000 smallholder sorghum farmers in Dodoma and Manyara. TBL Plc, FtMA and WFP support the farmers with access to sorghum seed; crop insurance; sorghum crop management protocols; agricultural extension services; and improved aggregation and market access to maximize their harvest.

Two thousand sorghum farmers have produced yields that were approximately 70% better than the previous year.

The expected tonnage of the sorghum produced in Dodoma was 3000 tonnes. 2000 tonnes has been aggregated to date, the aggregation of the remaining 1000 tonnes will be completed early September.

The expected tonnage of the sorghum produced in Manyara was 1000 tonnes however, 80% of the crop has been damaged by birds thus the expected tonnage is 300 tonnes.



The company will roll-out BanQu – a Blockchain platform - in its Sorghum farming programme that will provide farmers with a digital identity, add transparency and traceability into its supply chain as well as promote financial inclusion in the season.



TBL - TARI

TBL and the Tanzania Agricultural Research Institution (TARI) had partnered to conduct a research project that aimed to improve the quality of sorghum seeds in Tanzania. Sorghum seeds grown through good agricultural practices (GAP) proved to have a higher yield of around 43% better than those grown through other conditions.



2019 Economic impact analysis

Executive Summary

Tanzania Breweries Limited (TBL) Group is primarily engaged in production, distribution and sale of malt beer, non-alcoholic malt beverages and alcoholic fruit beverages (AFB's) in Tanzania. The Group owns some of Tanzania's most popular beer and liquor brands and its subsidiary undertaking, Tanzania Distilleries Limited, distributes various brands of wines and spirits.

The Group plays a key role in the agriculture sector. In 2019, the Group sourced 74% of raw materials locally for the production of its products. TBL is also one of the largest taxpayers in the country, contributing TSh 466 billion to government revenue in the form of corporate tax, excise duty and value added tax.



TBL Group is committed to increasing locally sourced material as a key partner in the socio-economic development of Tanzania. TBLPlc plans to invest \$42 million in construction of a new greenfield malting facility in Dodoma. This will allow to localize malt production, increase barley production in Tanzania, and position Tanzania as a malt exporter to neighbouring markets. The production plant has the potential to add TSh 374 billion to GDP over 10 years and coupled with a proposed excise cut of 20%, the total contribution to GDP could be TSh 594 billion or 0.5% of GDP. The plant will also generate 670 FTE jobs during the construction stage and 580 during its operations stage.

Economic Impact Analysis of TBL operations

IN 2019, TBL SUPPORTED ~ TSH 1 755 BILLION OF ECONOMIC OUTPUT DIRECTLY AND INDIRECTLY IN TANZANIA

The Group's revenue for 2019 stood at TSh 1 025 billion, a 4.8% decline over previous year. Despite the reduction in revenue, the company continues to drive the strategy of more affordable brands and packs to enable more consumers to switch out of the informal sector.

The size of additional economic activity generated by TBL's interdependencies have been estimated using indirect and induced multiplier effects. The results suggest that TBL contributed:



	Direct	Indirect + Induced	Total
Jobs	1 453	23 556	25 009
GDP (TSh million)	358 481	254 731	613 216
Employee earnings (TSh million)	61 673	124 053	185 726
Economic output (TSh million)	1 025 960	729 043	1 755 003

TBL's contributions to Tanzania's manufacturing sector

According to 2019 National Accounts, the total manufacturing sector contributed 8.5% to GDP

Out of the total value created by TBL operations indirectly, 71% was concentrated in manufacturing sector.



TBLs operations, directly and indirectly, contributed ~4% of total manufacturing GDP in 2019

And 7.3% of total employment

1.1% of total manufacturing employment is associated with TBL's operations

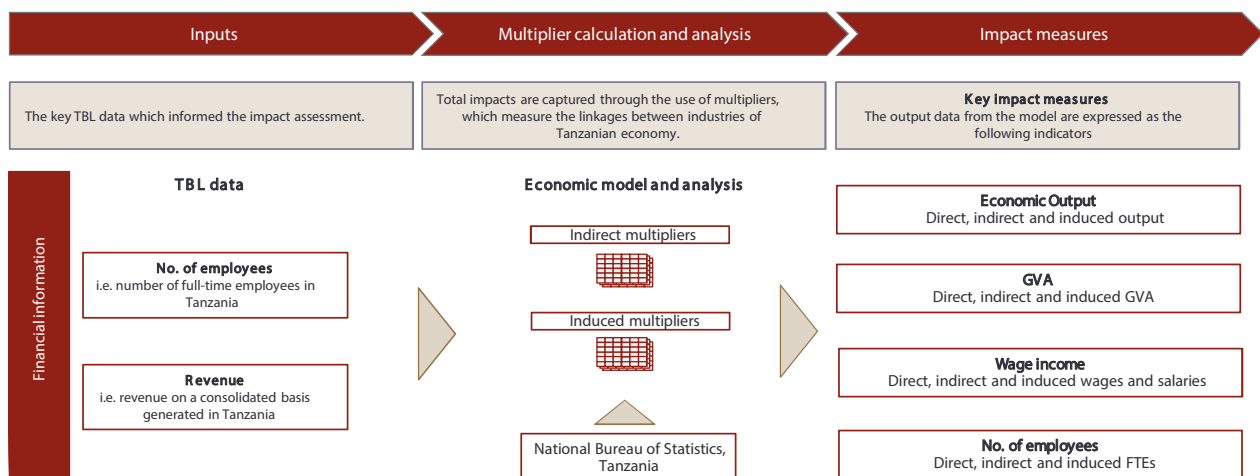
Economic Impact Assessment: conceptual framework

INPUT-OUTPUT MODELLING APPROACH

The direct impacts of TBL operations have been estimated using the 2019 financial data. However, to estimate the indirect and induced impacts, EY has used the Input-Output (IO) model of Tanzanian economy.

Different sectors in the economy depend on each other through a network of supplier-customer relations. Outputs from one sector are used as an input into another industry. The IO tables provide a consistent representation of national economic accounts, illustrating interdependencies between industries.

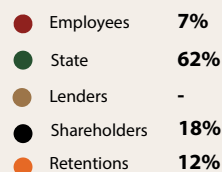
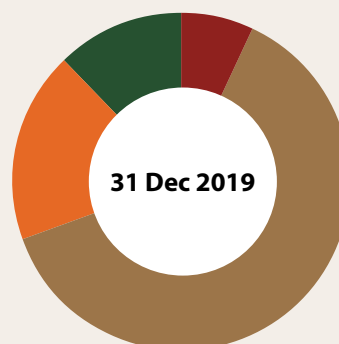
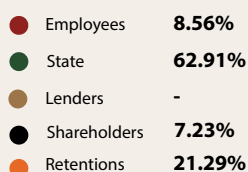
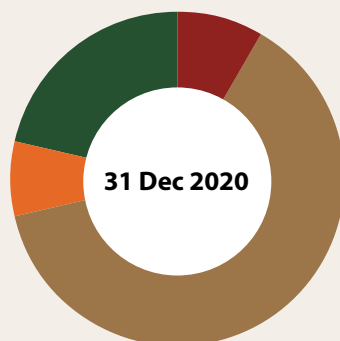
EY has calculated the economic multipliers using the publicly available Tanzania IO table, published by the National Bureau of Statistics, Tanzania (NBS), to estimate the indirect and induced GVA impacts of TBL operations. The indirect and induced employment impacts have been estimated using labour productivity ratios, also based on data published by NBS.



Performance in a snapshot

Cash value added statement

Million Tanzania Shillings	31 Dec 2020	%	31 Dec 2019	%
Cash generated				
Cash derived from sales	1,171,323		1,203,052	
Cash value generated	1,171,323		1,203,052	
Cash paid to suppliers	(439,016)		(450,440)	
Cash value added	732,307	100.0	752,613	100.0
Cash utilised to				
Remunerate employees for their services	(62,721)	8,56	(53,947)	7,17
Pay direct taxes to Government	(82,116)	11,21	(65,284)	8,67
Pay excise duty and Value Added Tax	(378,579)	51,70	(401,558)	53,36
Provide lenders with a return on borrowings	-	-	(1,946)	0,26
Provide shareholders with cash dividends	(52,966)	7,23	(137,753)	18,30
Cash disbursed among stakeholders	(576,382)	78,71	(660,488)	87,76
Cash retained to fund replacement of assets and facilitate further growth	155,925	(21,29)	92,124	(12,24)



TBL Plc™

The report by those charged with governance

The Directors submit their report together with the audited financial statements for the year ended 31 December 2020, which disclose the state of affairs of Tanzania Breweries Public Limited Company (the “Company”, TBL Plc) and its subsidiaries, Tanzania Distilleries Limited (TDL), Darbrew Limited and Kibo Breweries Limited, (together the “Group”).

1 Incorporation

TBL Plc was incorporated in the United Republic of Tanzania under the Companies Act as a limited liability Company. The Company is listed on the Dar es Salaam Stock Exchange and is domiciled in the United Republic of Tanzania. The address of its registered office and the principal place of business is:

Uhuru Street,
Mchikichini, Ilala District,
Plot 79, Block “AA”,
PO Box 9013,
Dar es Salaam, Tanzania.

2 Principal activities

The Company’s principal activities are the production, distribution and sale of malt beer, non-alcoholic malt beverages and alcoholic fruit beverages (AFB’s) in Tanzania. It operates breweries in Dar es Salaam, Arusha, Mwanza and Mbeya and eight depots throughout the country. It has a malting plant in Moshi which is not operational. The Company has a controlling interest in Tanzania Distilleries Limited, a spirituous liquor company that is situated in Dar es Salaam and Darbrew Limited, an opaque beer company (not in operation) located in Dar es Salaam. It also fully owns Kibo Breweries Limited, a Property management company domiciled in Moshi.

The Group owns some of Tanzania’s most popular beer and liquor brands, notably:

Safari Lager;
Kilimanjaro Premium Lager;
Ndovu Special Malt;
Bia Bingwa;
Balimi Lager and Eagle Lager;
Konyagi.

The Company also produces and distributes Castle Lager, Castle Milk Stout, Castle Lite, and Redds Premium Cold under licence from ABInbev International BV. In addition, it distributes ABInbev beer brands Budweiser and Corona.

3 Dream

“Our Dream is to create the ideal company in Africa, one which grows a lot, is super-efficient, which everyone loves to work for and, very importantly, makes a real difference in society.”

4 Operating and financial review

MARKET OVERVIEW

After several years of stagnated growth, the beer industry in Tanzania is poised for good growth opportunities. The industry benefitted from a shift in strategy towards more affordable brands and packs. In spite of Company regaining our market share, a challenging economic environment has affected disposable income for spending.

FINANCIAL REVIEW

The Group experienced a challenging year that saw revenue decline by 6%. Performance was adversely impacted by the global pandemic COVID-19, with the North East region of Tanzania being affected more severely from the lack of tourism. Despite the reduction in revenue, the company continues to drive the strategy on engaging and investing in marketing, more affordable brands and packs to enable more consumers to switch out of the informal sector.

The Group’s operating profit decreased by 26% driven primarily by reduced revenues during the pandemic and non-operational fixed costs.

A total of TZS 41,189 million was invested in capital expenditure during the year compared to TZS 64,178 million invested during the year ended 31 December 2019.

The report by those charged with governance (continued)

4 Operating and financial review (continued)

The Group's reported cash generated from operations was TZS 253,451 million during the year versus TZS 297,107 million generated during the year ended 31 December 2019. Of this amount, TZS 82,872 million was utilized to pay corporate income tax and the remaining amount funded capital expenditure and dividends to shareholders with TZS 72,136 million being retained in the business.

Future development:

The Group experienced a strong finish of the year and will continue with its expansion and facility upgrade program. The Directors believe that the future prospects of the Company and the Group are promising.

5 Dividend

The Board of Directors approved the payment of a dividend of TZS 160 per share during the year ended December 2020. This amounted to TZS 47,209 million (2019: TZS 500 per share amounting to TZS 147,528 million).

The total dividend paid out in the year amounted to TZS 52,966 million (2019: TZS 137,753 million) as per breakdown below;

Total dividend paid out in the year ended 31 December 2020;

Dividends declared in;	TZS millions
Year ended December 2019	5,757
Year ended December 2020	47,209
Total	52,966

6 Composition of the board of directors

The Directors of the Company at the date of this report, all of whom have served since 1 January 2020, unless otherwise stated, are:

Board of directors:

Name	Nationality	Age	Remarks
Hon. C.D. Msuya	Tanzanian	89	Chairman. Retired Vice President and Prime Minister of United Republic of Tanzania. He was appointed to the Board on 18 August 2005. For the period under review, he was an appointee of AB Inbev Africa BV.
Mr. Phillip Redman	British	42	He is the Managing Director, Tanzania Breweries Plc. He was appointed to the Board in February 2019. He is representing AB Inbev Africa BV.
Ambassador A.R. Mpungwe	Tanzanian	70	Businessman, appointed by AB Inbev Africa BV in October 2001.
Mr. L. Mususa	Tanzanian	67	A Certified Public Accountant and Private Management Consultant. He was appointed on 1 July 2015. He is an appointee of AB Inbev Africa BV. He also serves as the Chairman of the Audit and Risk Committee.
Mr. A. B. S. Kilewo	Tanzanian	83	Former Executive Managing Director of TANZANIA BREWERIES PLC. He was appointed in September 1999. He is an appointee of AB Inbev Africa BV.
Mr. P. J. I. Lasway	Tanzanian	74	Business Consultant. He was appointed on 18 February 2010. He is an appointee of AB Inbev Africa BV.

The report by those charged with governance (continued)

6 Composition of the board of directors (continued)

Name	Nationality	Age	Remarks
Ms. L. Swartz	South African	64	Vice President, People Africa Zone AB Inbev Africa. She was appointed to the Board on 15 December 2015. She is an appointee of AB Inbev Africa BV.
Mr Andrew Murray	American	39	Vice President, Finance Africa Zone AB Inbev Africa BV– Africa Zone. He was appointed on 3rd April, 2018 and resigned on 10th November 2020. He was an appointee of AB Inbev Africa BV.
Mr Richard Rivett-Carnac	South African	45	Vice President, Finance Africa Zone AB Inbev Africa BV– Africa Zone. He was appointed on 10th November 2020. He is an appointee of AB Inbev Africa BV.

In accordance with the Company's Articles of Association, the directors are not required to retire by rotation. The Board met four times during the year.

Operating Board:

Name	Nationality	Remarks
Mr. Philip Redman	British	Managing Director – Appointed in February 2019
Mr. Jacques Els	South African	Procurement Director - Appointed in October 2020
Mr. Lize Kruger	South African	Logistics Director – Appointed in September 2019
Mr. David Magese	Tanzanian	Human Resources Director – Appointed in September 2013 resigned December 2020
Mr. James Bokella	Tanzanian	Regional Director North – Appointed in December 2016 and resigned December 2020
Mr. Devis Deogratus	Tanzanian	Regional Director (TDL) – Appointed in December 2016
Ms. Mary Nassali	Ugandan	Revenue Management Director – Appointed in July 2019
Mr. Yannick Bomans	Belgian	Business Development Director - Appointed in March 2020
Ms. Georgia Mutagahywa	Tanzanian	Legal & Corporate Affairs Director – Appointed in November, 2015 and resigned September 2020
Mr. Vivianus Rwezaura	Tanzanian	Regional Director South – Appointed in December 2016 resigned December 20
Mr. Richmond Raymond	Tanzanian	Technical Director – Appointed in March 2020

Company Secretary as at the date of this report who has served throughout the year is Huruma Ntahena.

As at the date of this report, the Directors holding shares are listed below:

	Ordinary Shares Dec 2020	Ordinary Shares Dec 2019
C.D. Msuya	8,000	8,000
A.R. Mpungwe	7,000	7,000
A.B.S. Kilewo	37,641	37,641
P.J.I. Lasway	36,216	36,216
Total	88,857	88,857

7 Corporate governance

The Board of Directors of the Company consists of ten Directors, with 2 positions being vacant. The Company Memorandum and Articles of Association is in the process of being amended to allow appointment of two directors representing minority shareholders through election. Apart from the Managing Director, no other directors hold executive position in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive

The report by those charged with governance (continued)

7 Corporate governance (continued)

system of internal control, policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is scheduled to meet quarterly. The Board delegates the day to day management of the business to the Managing Director assisted by Senior Management. Senior Management is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units.

The Company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability. During the year the Board had board sub-committees to ensure a high standard of corporate governance throughout the Company. These are audit and risk committee and remuneration committee.

The overall objective of the Group Audit and Risk Committee is to ensure that the operating board has created and maintains an effective control environment within the organization and that management demonstrates and stimulates the necessary respect of the internal control structure amongst all parties.

The Group Audit and Risk Committee members, as well as the internal and external auditors, have unlimited access to whatever information they require in performing their responsibilities.

REMUNERATION COMMITTEE

The remuneration committee comprises the Managing Director and two non-executive members, one of whom chairs the committee. The committee is responsible for the assessment and approval of a broad remuneration strategy for the Company, including short term incentives for executive and senior management. The Committee may advise on the remuneration of the Board. The remuneration strategy is aimed at rewarding employees at market related levels and in accordance with their contribution to the Company's operating and financial performance in terms of basic pay as well as short-term incentives.

8 Capital structure and shareholders

The Company's authorised, issued and fully paid up share capital during the twelve months period was 295,056,063 ordinary shares of a par value of TZS 100 each (2019: 295,056,063). The Company has only one class of ordinary shares which carries no right to fixed income. The ownership structure is as set out in Note 24.2 of the financial statements.

9 Management

The Management of the Company is under the Managing Director and is organized in the following departments:

- Supply Chain department;
- Procurement and Sustainability department;
- Logistics department;
- Solutions department;
- Marketing department;
- Sales department;
- Finance department;
- People department; and
- Legal and Corporate affairs department.

10 Stock exchange information

The Company is listed on the Dar es Salaam Stock Exchange. The share price at 31 December 2020 was TZS 10,900 (December 2019: TZS 10,900) and market capitalization was TZS 3,216,111 million (December 2019: TZS 3,26,111 million).

11 Risk management and internal control

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

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

The report by those charged with governance (continued)

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the financial year ended 31 December 2020 and is of the opinion that they met accepted criteria. The Board carries out risk and internal control assessment through the Audit and Risk Committee.

The Board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

12 Employee welfare

MANAGEMENT AND EMPLOYEES' RELATIONSHIP

Relations between employees and management continued to be good during the year. A healthy relationship continues to exist between management and trade union. The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees. This is achieved through formal and informal meetings.

TRAINING FACILITIES

The Company spent about TZS 175 million for staff training programs compared to TZS 390 million in the year ended December 2019. The programs are aimed at improving the employee's technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

MEDICAL ASSISTANCE AND MEDICAL SERVICES

The Company provides medical services through onsite dispensaries and outside hospitals. Staff are entitled to access referral hospitals as the need arises. All members of staff, their spouses and four children to the age of 21 years were availed medical insurance. Currently these services are provided through Strategis Insurance.

HEALTH AND SAFETY

The Company has a strong health and safety section which ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary. All breweries, the distillery and other facilities operated by the Group are audited by National Occupational Safety Association (NOSA) annually.

FINANCIAL ASSISTANCE TO STAFF

The Company has in place arrangement with commercial banks where employees can secure loans at competitive rates. The Company also assisted its employees to establish, operate and join the Company Savings and Credit Co-operative Society (SACCOS) to assist in promoting the welfare of its employees. Financial support is available to all employees.

PERSONS WITH DISABILITIES

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

EMPLOYEES BENEFIT PLAN

The Company pays contributions to various publicly administered defined contribution plans on a mandatory basis.

The report by those charged with governance (continued)

13 Gender parity

At 31 December 2020, the Company had 1,135 (December 2019: 1,453) employees, out of which 214 (December 2019: 233) were female and 921 (December 2019: 1,220) were male.

14 Related party transactions

All related party transactions and balances are disclosed in note 37 to the financial statements.

15 Political and charitable donations

The Company did not make any political donations during the year. Donations made to charitable organisations during the year amounted to TZS 176 million (December 2019: TZS 793 million).

16 Corporate social responsibility (CSR)

POMBE SIO CHAI KUNYWA KISTAARABU

TBL Plc launched its 'Pombe Sio Chai, Kunywa Kistaarabu' campaign aimed to raise awareness on smart drinking, highlighting the health risks and negative impacts of excessive consumption of alcohol.

'Pombe sio chai' is a common phrase amongst the Tanzanian people that literally translates to 'Alcohol is not the same as tea'. This is a polite and advisory term to call attention to instances where someone appears to have been excessive when consuming alcohol. The campaign was aired through various communication media channels, including and not limited to social media, Radio, TV and Print.

PARTHENIUM HYSTEROPHORUS WEED DAY

TBL Plc has a legacy of being a committed partner in improving livelihoods of farmers as well as increase barley productivity in the country through providing them with a guaranteed market for their produce.

The company enabled its barley farmers to participate in the Parthenium Hysterophorus Weed Day event, organized by Tropical Pesticides Research Institute (TPRI) that was held in Arusha. The annual event brings together various stakeholders in the agricultural and environmental sectors to sensitize and provide education on effects and prevention of Parthenium Hysterophorus weed, which is one of the major challenges farmers face during farming that consequently increase chances in reducing harvest.



18+ KUNYWA KISTAARABU, HARIZWI KWA WENYE UMRI CHINI YA MIKAJA 18.



18+ KUNYWA KISTAARABU, HARIZWI KWA WENYE UMRI CHINI YA MIKAJA 18.

The report by those charged with governance (continued)

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TBL - TARI

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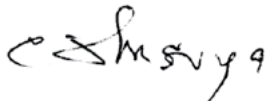
DONATIONS

Tanzania Breweries Plc donated 9 tonnes of maize flour to the victims of the floods caused by the heavy rainfalls in Rufiji. In addition, it donated 10 tonnes of maize flour to the victims of the floods caused by the heavy rainfalls in Kilimanjaro. In partnership with Diversey East and Central Africa Limited supported the government's efforts to contain the spread of COVID- 19 through the production of alcohol based sanitisers for health facilities. The company donated 681 five- litre containers of sanitizers to the Ministry of Health for use in Health Facilities across the country. In addition. It donated 2500 face masks to retail outlets across the country to assist in combating the spread and impact of the COVID- 19.

17 Auditor

The auditor, PricewaterhouseCoopers, has expressed willingness to continue in office as auditor and is eligible to apply for re-appointment. A resolution proposing appointment of an auditor of the Company for the next financial year will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



Hon. C.D. Msuya
Chairman

Date: 28/05/2021



18+ KUNYWA KISTAARABU, HAUZHI KWA WENYE UMRI CHINI YA MIKAJA 18.

Statement of directors' responsibilities

for the year ended 31 December 2020

The Companies Act, No. 12 of 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of its profit or loss for the year. It also requires the directors to ensure that the Company and Group keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and Group. They are also responsible for safeguarding the assets of the Company and Group and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the 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 (IFRS) and the requirements of the Companies Act, No. 12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs and results of operations of the Company and Group in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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

Approved by the board of directors on and signed on its behalf by:



Hon. C.D. Msuya

Date: 28/05/2021



Declaration of the head of finance

for the year ended 31 December 2020

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 to discharge the responsibility of preparing financial statements of an entity showing the true and fair view of the entity's financial 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 stated under Statement of directors' responsibilities on an earlier page.

I Jofrey Malkiadi being the Management Accountant representing Group Head of Finance (i.e. Tanzania Breweries Plc) and its subsidiaries (i.e. Tanzania Distilleries Limited, Darbrew Limited and Kibo Breweries Limited) together "the Group", at 31 December 2020 and for the year then ended hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2020 have been prepared in compliance with International Financial Reporting Standards and Companies Act No 12 of 2002.

I thus confirm that the financial statements give a true and fair view of the financial position of the Group and Company as 31 December 2020 and for the year then ended and that that they have been prepared based on properly maintained financial records.



Signed:

Position: Management Accountant

NBAA Membership No: ACPA 3763

Date: 31/05/2021





Independent auditors' report

REPORT TO THE MEMBERS OF TANZANIA BREWERIES PUBLIC LIMITED COMPANY ON THE AUDIT OF THE GROUP AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

OUR OPINION

In our opinion, the Group and Company financial statements give a true and fair view of the Group and Company financial position of Tanzania Breweries Public Limited Company (the Company) and its subsidiaries, Tanzania Distilleries Limited (TDL), Darbrew Limited and Kibo Breweries Limited (together the "Group") as at 31 December 2020 and of its Group and Company financial performance and its Group and Company cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Tanzania Companies Act, No. 12 of 2002.

What we have audited

Tanzania Breweries Public Limited Company's financial statements as set out on pages 28 to 72, comprising:

- the Group and Company statements of financial position as at 31 December 2020;
- the Group and Company statements of profit or loss and other comprehensive income for the year then ended;
- the Group and Company statements of changes in equity for the year then ended;
- the Group and Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Group and Company 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 Group and Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and Company financial statements of the current period. These matters were addressed in the context of our audit of the Group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Independent auditors' report (continued)

Report on the audit of the Group and Company financial statements (continued)
Key audit matters (continued)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><i>Excise duty contingent liability</i></p> <p>The Company's subsidiary Tanzania Distilleries Limited (TDL) received tax assessments relating to excise duty for years of income 2008 to 2018. The liability for the principal amounts and the associated penalties and interest was assessed at TZS 98 billion. Having considered advice from internal expert, the directors have exercised judgement that this matter will not crystalize to a significant liability. The assessments could have a significant impact on the results if the exposures were to crystalize. Refer to Note 3 (i) and 35(ii) for further details.</p>	<p>We tested management's process for identification and evaluation of tax exposures from TRA assessments.</p> <p>We examined a list of open tax matters and tax assessments by TRA as at 31 December 2020.</p> <p>We tested completeness of the list by examining minutes of the board meetings and legal correspondences between the Group and its lawyers and inquired from Group tax manager.</p> <p>We examined correspondence between Management and the Tanzania Revenue Authority, and the Government.</p> <p>We obtained and assessed advice from management expert that was applied by management to assess the level of provisioning required and the tax objections filed thereon.</p> <p>We reviewed the provisions for tax exposures based on management's own assessment and the advice provided by the Group's tax advisor.</p> <p>We have evaluated the reasonableness of the management judgement and assessed the adequacy of the disclosures made in the financial statements in relation to contingent liabilities and significant judgement applied by directors.</p>

Other information

The directors are responsible for the other information. The other information comprises the report by those charged with governance, statement of directors' responsibilities and declaration of the head of finance (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and other information that will be included in the Annual Report which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the Group and Company financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Group and Company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information that will be included in the Annual Report which is expected to be made available to us after the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request them to take appropriate corrective measures.

Responsibilities of the directors for the Group and Company financial statements

The directors are responsible for the preparation of the Group and Company financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of Group and Company financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' report (continued)

Report on the audit of the Group and Company financial statements (continued)
Other information (continued)

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

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Group and Company financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group and Company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group and Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group and Company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group and Company financial statements, including the disclosures, and whether the Group and Company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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, action taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group and Company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditors' report (continued)

Report on the audit of the Group and Company financial statements (continued)
Auditor's responsibilities for the audit of the Group and Company financial statements (continued)

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.

As required by the Companies Act, No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.



Zainab Salome Msimbe, FCPA

For and on behalf of PricewaterhouseCoopers
Certified Public Accountants
Dar es Salaam

Date: 1 June 2021

Financial statements

Statement of profit or loss and other comprehensive income

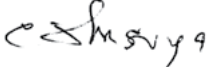
For the year ended 31 December 2020 Million Tanzania Shillings	Notes	Group		Company	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Revenue	6	961,886	1,025,960	799,206	870,226
Cost of sales	7	(597,121)	(628,290)	(480,909)	(528,854)
Gross profit		364,765	397,670	318,297	341,372
Selling and distribution costs	7	(131,231)	(118,688)	(125,801)	(106,573)
Administrative expenses	7	(61,070)	(50,258)	(57,833)	(46,425)
Other expenses	9	(9,073)	(7,623)	(8,750)	(4,809)
Fair value loss on derivatives	10	-	(1,031)	-	(1,031)
Operating profit		163,391	220,070	125,913	182,534
Finance income	11	5,797	2,777	5,493	2,648
Finance costs	11	(4,363)	(1,349)	(4,603)	(1,533)
Profit before income tax		164,825	221,498	126,803	183,649
Income tax expense	12	(75,739)	(71,286)	(64,675)	(61,751)
Profit for the year		89,086	150,212	62,128	121,898
Attributable to:					
Non-controlling interests		9,280	6,552		
Owners of the parent		79,806	143,660		
		89,086	150,212		
Other comprehensive income:					
<i>Items that may be reclassified to profit or loss:</i>					
Gain on re-measurement of defined benefit plan		53	308	42	316
Deferred tax on re-measurement of defined pension benefit plan		(16)	(92)	(12)	(95)
Total comprehensive income:		89,123	150,428	62,158	122,119
Attributable to:					
Non-controlling Interests		9,282	6,550		
Equity holders of company		79,841	143,878		
		89,123	150,428		
<i>Basic earnings per share (Tshs)</i>	13	270	487		
<i>Diluted earnings per share (Tshs)</i>	13	270	487		

Financial statements (continued)

Statement of financial position

For the year ended 31 December 2020 Million Tanzania Shillings	Notes	Group		Company	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
ASSETS					
Non-current assets					
Property, plant and equipment	15	488,349	542,214	454,993	506,597
Intangible assets	17	43,696	43,334	3,957	3,595
Right-of-use assets	16	12,540	10,302	9,757	5,868
Investments	18	88	88	45,108	45,108
Deferred income tax asset	28(ii)	7,052	6,419	-	-
		551,725	602,357	513,815	561,168
Current assets					
Derivative financial instruments	19	-	32	-	32
Inventories	20	108,299	112,726	92,681	94,050
Trade and other receivables	21	92,592	100,439	82,602	91,446
Restricted bank balance	23	38,300	38,300	38,300	38,300
Bank and cash balances	22	155,925	85,574	122,876	72,012
		395,116	337,071	336,459	295,840
Total assets		946,841	939,428	850,274	857,008
EQUITY					
Capital and reserves attributable to owners of the parent					
Share capital	24	29,506	29,506	29,506	29,506
Share premium		45,346	45,346	45,346	45,346
Retained earnings		442,991	410,359	367,737	352,788
Other reserves	25	66,643	66,643	66,683	66,683
		584,486	551,854	509,272	494,323
Non-controlling interests	26	23,149	13,867	-	-
Total equity		607,635	565,721	509,272	494,323
LIABILITIES					
Non-current liabilities					
Deferred income tax liability	28(i)	36,589	35,705	38,340	37,460
Lease liability	34(c)	9,377	4,900	6,454	3,577
Defined pension benefits	29	1,496	1,933	1,439	1,875
		47,462	42,538	46,233	42,912
Current liabilities					
Provisions	30	12,469	12,862	7,113	7,348
Trade and other payables	31	268,527	298,367	275,574	295,121
Current income tax payable	32	5,547	12,915	7,846	13,640
Lease liability	16(a)	5,201	5,811	4,236	2,518
Borrowings	27	-	1,214	-	1,146
		291,744	331,169	294,769	319,773
Total liabilities		339,206	373,707	341,002	362,685
Total equity and liabilities		946,841	939,428	850,274	857,008

The financial statements on pages 28 to 72 were approved by the board of directors on 28/05/2021 and signed on its behalf by:-


Hon. C.D. Msuya
 Chairman

Financial statements (continued)

Statement of changes in equity

Million Tanzania Shillings	Notes	Attributable to owners of the parent				Total	Non-controlling interest	Total equity
		Share capital	Share premium	Other reserves	Retained earnings			
GROUP								
Year ended 31 December 2020:								
Balance at 1 January 2020		29,506	45,346	66,643	410,359	551,854	13,867	565,721
Profit for the year		-	-	-	79,806	79,806	9,280	89,086
<i>Other Comprehensive Income</i>								
Re-measurement of defined benefit plan (net of tax)		-	-	-	35	35	2	37
Total comprehensive income		-	-	-	79,841	79,841	9,282	89,123
<i>Transaction with owners</i>								
Dividends declared	14	-	-	-	(47,209)	(47,209)	-	(47,209)
At 31 December 2020		29,506	45,346	66,643	442,991	584,486	23,149	607,635

Million Tanzania Shillings	Notes	Attributable to owners of the parent				Total	Non-controlling interest	Total equity
		Share capital	Share premium	Other reserves	Retained earnings			
Year ended 31 December 2019:								
Balance at 1 January 2019		29,506	45,346	66,643	414,009	555,504	7,317	636,295
Profit for the year		-	-	-	143,660	143,660	6,552	150,212
<i>Other comprehensive Income</i>								
Re-measurement of defined benefit plan (net of tax)		-	-	-	218	218	(2)	216
Total comprehensive income		-	-	-	143,878	143,878	6,550	150,428
<i>Transaction with owners</i>								
Dividends declared	14	-	-	-	(147,528)	(147,528)	-	(147,528)
At 31 December 2019		29,506	45,346	66,643	410,359	551,854	13,867	565,721

Financial statements (continued)

Statement of changes in equity (continued)

Million Tanzania Shillings	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
COMPANY						
Year ended 31 December 2020:						
Balance at 1 January 2020		29,506	45,346	66,683	352,788	494,323
Profit for the year		-	-	-	62,128	62,128
<i>Other comprehensive income:</i>						
Re-measurement of defined benefit plan (net of tax)		-	-	-	30	30
Total comprehensive income		-	-	-	62,158	62,158
<i>Transaction with owners</i>						
Dividends declared	14	-	-	-	(47,209)	(47,209)
At 31 December 2020		29,506	45,346	66,683	367,737	509,272
Million Tanzania Shillings	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
Year ended 31 December 2019:						
Balance at 1 January 2019		29,506	45,346	66,683	378,197	519,732
Profit for the year		-	-	-	121,898	121,898
<i>Other Comprehensive income:</i>						
Re-measurement of defined benefit plan (net of tax)		-	-	-	221	221
Total comprehensive income		-	-	-	122,119	122,119
<i>Transactions with owners</i>						
Dividends declared	14	-	-	-	(147,528)	(147,528)
At 31 December 2019		29,506	45,346	66,683	352,788	494,323

Financial statements (continued)

Statement of cash flows

For the year ended 31 December 2020 Million Tanzania Shillings		Notes	Group		Company	
			31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Cash flows from operating activities						
Cash generated from operations	36(i)	253,451	297,107	219,557	266,780	
Interest paid	36(ii)	(4,363)	(1,946)	(4,603)	(2,108)	
Income tax paid	36(iii)	(82,872)	(65,284)	(69,596)	(55,254)	
Net cash inflow from operating activities		166,216	229,877	145,358	209,418	
Cash flows from investing activities						
Purchase of property, plant and equipment and intangible assets	36(v)	(41,189)	(64,178)	(39,927)	(61,842)	
Interest received	36(iv)	5,797	2,777	5,493	2,648	
Dividend received		-	-	-	2,750	
Proceeds from disposal of property, plant and equipment		1,661	54	1,661	51	
Net cash used in investing activities		(33,731)	(61,347)	(32,773)	(56,393)	
Cash flows from financing activities						
Dividends paid to owners of the parent	36(vi)	(52,966)	(137,753)	(52,966)	(137,753)	
Payment of lease liability		(6,169)	(6,859)	(5,680)	(5,551)	
Repayment of bank borrowings	36(vii)	(1,214)	-	(1,146)	-	
Net cash utilised in financing activities		(60,349)	(144,612)	(59,792)	(143,304)	
Net increase in cash and cash equivalents						
		72,136	23,919	52,792	9,720	
Cash and cash equivalents at beginning of the year		84,360	60,702	70,866	61,478	
Exchange loss on cash and cash equivalent		(571)	(261)	(783)	(332)	
Cash and cash equivalents at the end of the year	22	155,925	84,360	122,876	70,866	

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Notes

1 General information

Tanzania Breweries Plc is incorporated in the United Republic of Tanzania under the Companies Act as a limited liability Company. The Company is listed on the Dar es Salaam Stock Exchange and is domiciled in the United Republic of Tanzania. The principal activities of the Company and its subsidiaries are disclosed in the The Report by those charged with Governance. The address of its registered office is:

Uhuru Street,
Mchikichini, Ilala District,
Plot 79, Block "AA",
PO Box 9013,
Dar es Salaam, Tanzania.

2 Significant accounting policies

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

(a) Basis of preparation

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and those parts of the Companies Act, No. 12 of 2002 applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The measurement basis applied is the historical cost basis except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzanian Shillings (TZS), rounded to the nearest million.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires the directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group and Company

New standards and amendments that are applicable for the first time for their annual reporting period commencing 1 January 2020, are not significant and material to the Group and Company.

Number	Effective	Executive summary
Definition of a Business – Amendments to IFRS 3	1 January 2020	<p>The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.</p> <p>The amendments will likely result in more acquisitions being accounted for as asset acquisitions.</p>

Notes (continued)

2 Significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(i) New and amended standards adopted by the Group and Company (continued)

Number	Effective	Executive summary
Definition of Material – Amendments to IAS 1 and IAS 8	1 January 2020	<p>The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.</p> <p>In particular, the amendments clarify:</p> <ul style="list-style-type: none"> that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and the meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need. <p>The standard does not have significant impact to the Group and Company.</p>
Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39	1 January 2020	<p>The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms.</p> <p>The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect the Group and Company. During the year the Company had no hedging activities with third parties.</p>

The above amendments do not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Number	Effective	Executive summary
Amendment to IAS 1 ‘Presentation of Financial Statements’ on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2021 (Published August 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date.
IFRS 16, ‘Leases’ COVID-19-Related Rent Concessions Amendment	Annual periods beginning on or after 1 June 2020 (early adoption is permitted) (Published August 2020)	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.
Amendments to IFRS 9 ‘Financial Instruments’, IAS 39 ‘Financial Instruments: Recognition and Measurement’, IFRS 7 ‘Financial Instruments: Disclosures’, IFRS 4 ‘Insurance Contracts’ and IFRS 16 ‘Leases’ – interest rate benchmark (IBOR) reform (Phase 2)	Annual periods beginning on or after 1 January 2021 (Published August 2020)	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

Notes (continued)

2 Significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(i) New and amended standards adopted by the Group and Company (continued)

Number	Effective	Executive summary
Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022	<p>These amendments include minor changes to:</p> <ul style="list-style-type: none"> IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. <p>IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.</p>

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group and the Company.

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

De-facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of their shareholders give the group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

(b) Consolidation (continued)*(i) Subsidiaries*

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Profit or losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision maker has been identified as operating board that makes strategic decisions.

(d) Foreign currency translation*(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Tanzanian Shillings (TZS), rounded to the nearest million, which is the Group and Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into Tanzania Shillings 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 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 in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses that relate to borrowing and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other exchange gain or losses are presented in the profit or loss within other income/expenses.

(e) Property, plant and equipment

All property, plant and equipment is stated at cost, less subsequent depreciation and impairment. Cost includes expenditure directly attributable to the acquisition of the items. Costs may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchase in respect of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or Company and the cost of the item can be measured reliably.

Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over the estimated useful life, as follows:

Notes (continued)

2 Significant accounting policies (continued)

(e) **Property, plant and equipment** (continued)

Land and buildings	Shorter of the lease term or 50 years
Plant and machinery	10 – 15 years
Containers	5 years
Furniture and equipment	3 – 12 years
Vehicles	4 – 8 years

Land and buildings comprises mainly factories, depots and offices.

Containers in circulation are recorded within property, plant and equipment at cost net of accumulated depreciation less any impairment loss. Depreciation of returnable bottles and containers is calculated to write the containers off over the course of their economic life. Breakages and losses in trade are written off from the relevant cost and accumulated depreciation accounts.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance expenditures are charged to profit or loss during the financial period in which they are incurred.

Assets in the course of construction are carried at cost less any impairment loss. Cost includes professional fees and, for qualifying assets, certain borrowing costs. When these assets are ready for their intended use, they are transferred into the appropriate category. At this point, depreciation commences on the same basis as on other property, plant and equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

(f) **Intangible assets**

(i) *Goodwill*

Goodwill arising on consolidation represents the excess of the costs of acquisition over the Group's interest in the fair value of the identifiable assets (including intangibles), less liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the Group's share of identifiable net assets acquired exceeds the fair value of the consideration, the difference is recorded as negative goodwill. Negative goodwill arising on an acquisition is recognised immediately in profit or loss.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment identified is recognised immediately in profit or loss and is not reversed.

(ii) *Software*

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring them to use. Capitalised computer software, license and development costs are amortised over their useful economic lives of between 3 and 5 years.

Internally generated costs associated with maintaining computer software programmes are expensed as incurred.

(iii) *Brands*

Brands are recognized as an intangible asset where the brand has a long-term value. Acquired brands are only recognized where title is clear or the brand could be sold separately from the rest of the business and the earnings attributable to it are separately identifiable.

The Group considers Brands to have an indefinite life and are therefore, not amortized but tested for impairment on an annual basis. The Group and Company had no brand for the year ended 31 December 2020.

(g) **Impairment of non-financial assets**

Impairment reviews are performed by comparing the carrying value of the non-current asset to its recoverable amount, being the higher of the fair value less costs to sell and value in use.

The fair value less costs to sell is considered to be the amount that could be obtained on disposal of the asset. The value in use of the asset is determined by discounting, at a market based pre-tax discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of non-current assets are written down by any impairment amount, the loss is recognised in profit or loss in the period in which it is incurred.

Where the asset does not generate cash flows that are independent from the cash flows of other assets, the group or Company estimates the recoverable amount of the cash generating unit (CGU) to which the assets belongs. For the purpose of conducting

(g) Impairment of non-financial assets (continued)

impairment reviews, CGUs are considered to be groups of assets and liabilities that have separately identifiable cash flows. They also include those assets and liabilities directly involved in producing the income and a suitable proportion of those used to produce more than one income stream.

When impairment is recognised, the impairment loss is applied firstly to reduce the carrying amount of any goodwill allocated to the CGU then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in profit or loss in the period in which it occurs and the carrying value of the asset is increased. The increase in the carrying value of the asset is restricted to the amount that it would have been had the original impairment not occurred. Impairment losses in respect of goodwill are irreversible.

Intangible non-current assets with an indefinite life and goodwill are tested annually for impairment.

(h) Investments in subsidiaries

Investments in subsidiaries are carried at cost. If there is objective evidence that an impairment loss has been incurred on investments in subsidiaries, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Any subsequent reversal of an impairment loss is recognised in the statement of profit or loss and other comprehensive income.

(i) Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value, as follows:

- Raw materials, consumable stores and spares: Purchase cost net of discounts and rebates on a weighted average basis; and
- Finished goods and work in progress: Raw material cost plus direct costs and a proportion of manufacturing overhead expenses.

The purchase costs of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of the materials.

Net realisable value is the estimated selling price in an open market less further costs expected to be incurred to completion and disposal.

(j) Deposits by customers

Bottles and containers in circulation are recorded within property, plant and equipment and a corresponding liability is recorded in respect of the obligation to repay customers' deposit. Deposits paid by customers for branded returnable containers are reflected in statement of financial position within current liabilities. Any estimated liability that may arise in respect of deposits for containers and bottles is shown in provisions.

(k) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore all receivables aging from 0 – 30 days are all classified as current. Trade receivables are recognised initially at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 2(aa).

(l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits payable on demand, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on statement of financial position and are included within cash and cash equivalents on the face of the cash flows as they form an integral part of the Group's or Company's cash management. Restricted cash are not included as part of cash and equivalents.

(m) Share 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.

(n) Investment in own shares (treasury and shares held by employee benefit trusts)

Shares held by employee share benefit trusts and in treasury are treated as a deduction from equity until the shares are cancelled, reissued or disposed of.

Purchases of such shares are classified in the statement of cash flows as a purchase of own shares for share trust or purchase of own shares for treasury within net cash from financing activities.

Where such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental costs and related tax effects is included in equity attributable to the Company's equity shareholders.

(o) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(p) Trade payables

These amounts represent liabilities for goods and services provided to the Group and Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(q) Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in profit or loss within finance costs.

(r) Income tax

Income tax expense is the aggregate of the charge in profit or loss in respect of current and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(s) Leases

The Group and Company leases warehousing spaces and fleet of vehicles in various parts of the region. Warehouses rental contractual period terms varies according to the warehouses and ranges within 2 – 7 years. Motor vehicles lease rental are for 4 years with extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group and Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

(s) Leases (continued)

To determine the incremental borrowing rate, the Group and Company:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and Company, which does not have recent third party financing, and
- makes adjustments specific to the lease

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs and restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Extension and termination options

Extension and termination options are included in a number of property leases contracts. These terms are used to maximise operational flexibility in terms of managing contracts.

(t) Employee benefits*(i) Bonus plans*

The Group and the Company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Defined contribution plan

The Group and Company pay contributions to the National Social Security Fund (NSSF) and Parastatal Pensions Fund (PPF), which are publicly, administered pension plans, on a mandatory basis. These are defined contribution schemes. A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity.

The Group and the Company have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group's and the Company's contributions are recognised as employee benefit expense when they are due.

(iii) Defined pension benefits

The Company introduced a defined benefit plan for selected employees. The plan is a final salary pension plan, which provides benefit of 50% monthly basic salary for each year of service to permanent employees of grades A - FA in the form of a lump sum amount payable on retirement or on the occurrence of any event giving rise to the accrual of that benefit. The level of benefit provided depends on member's length of service and the final salary at retirement. The plan is unfunded and the company meets benefit payment obligations as they fall due.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

(u) Earnings per share

Basic earnings per share represent the profit on ordinary activities after taxation attributable to the equity shareholders of the parent entity, divided by the weighted average number of ordinary shares outstanding during the year, excluding the weighted average number of ordinary shares held in the Group's and the Company's employee benefit trust during the year.

Diluted earnings per share represent the profit on ordinary activities after taxation attributable to the equity shareholders of the parent entity, divided by the weighted average number of ordinary shares outstanding during the year, including the weighted average number of ordinary shares held in the Group's and the Company's employee benefit trust during the year, plus the weighted average number of dilutive shares resulting from share options and other potential ordinary shares outstanding during the year.

(v) Dividends distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

(w) Revenue recognition

The Group and Company present revenue gross of excise duties because, unlike value added tax, excise is not directly related to the value of sales, it is not recognised as a separate item on invoices, increases in excise duties are not always directly passed on to customers, and the Group and Company cannot reclaim the excise duties where customers do not pay for product received. The Group and Company, therefore, consider excise duties as a cost to the entity and reflect it as a production cost. Consequently, any excise duties that is recovered in the sale price is included in revenue.

Revenue is measured based on the consideration specified in a contract with the customer. The Group and Company recognises revenue when it transfers control over a good or service to a customer.

Revenue from a contract with customers are recognised when the goods are delivered to the customers' premises, and control of the goods have been transferred, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract/sales order, or the group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from the sale of goods is measured at the amount that reflects the best estimate of the consideration expected to receive in exchange for those goods. The effects for discounts that relate to variable consideration resulting from discounts on the price of the products provided to the customers once the customer meets specific volume have been assessed to be immaterial for adjustments.

(x) Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(y) Financial assets*(i) Classification and measurements*

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group and Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI or FVTPL. The Group classifies its financial assets as at amortised cost only if both of the following criteria are met: the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Contractual cash flow characteristic of the asset: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, The Company considers whether the contractual cash flows are consistent with the nature of the assets/liabilities and basic lending arrangement i.e Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

(y) Financial assets (continued)*(i) Classification and measurements* (continued)

The SPPI test will be applied to the typical financial assets below:

Asset	Characteristic	SPPI (Pass/fail)
Trade receivables	Receivables from normal trading activities, interest is not normally charged.	Repayment represents payment of the transaction price, which represents the principal amount – Pass
Cash and bank balances	Short- term bank balances	Pass
Derivatives	Arose from foreign exchange forward contracts and futures contracts	Fail

Trade and other receivables, cash and cash equivalents are subsequently carried at amortised cost, and derivatives are measured at FVTPL.

ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

z) Impairment of financial assets

The Group has trade and other receivables that impairment assessments are subject to the expected credit loss model. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics in the following categories: distribution centres, distributors and others and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the growth domestic product (GDP) of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(aa) Derivative financial assets and financial liabilities

Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

These include derivatives embedded in host contracts. Such embedded derivatives need not be accounted for separately if the host contract is already fair valued; if it is not considered as a derivative if it was freestanding; or if it can be demonstrated that it is closely related to the host contract.

There are certain currency exemptions which the Group and Company have applied to these rules which limit the need to account for certain potential embedded foreign exchange derivatives, namely where a contract is denominated in the functional currency of either party or in a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place.

For derivatives that have not been designated to a hedging relationship, all fair value movements are recognised immediately in profit or loss.

(ab) Derivative financial instruments – hedge accounting

Financial assets and financial liabilities at fair value through profit or loss include all derivative financial instruments. The derivative instruments used by the Group, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise forward foreign exchange contracts and other specific instruments as necessary under the approval of the board. Such

(ab) Derivative financial instruments – hedge accounting (continued)

derivative instruments are used to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policies. The Group also has derivatives embedded in other contracts primarily cross border foreign currency supply contracts for raw materials.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the hedging relationship.

In order to qualify for hedge accounting, the group documents at inception, the relationship between the hedged item and the hedging instrument as well as its risk management objectives and strategy for undertaking hedging transactions. The group documents and demonstrate that the relationship between the hedged item and the hedging instrument will be highly effective. This effectiveness test is reperformed at each period end to ensure that the hedge has remained and will continue to remain highly effective.

The Group designates certain derivatives as either: hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or hedges of highly probable forecast transactions or commitments (cash flow hedge).

Cash flow hedges

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage currency and interest rate risk to which the cash flows of certain liabilities are exposed. The effective portion of changes in the fair value of the derivative that is designated and qualifies for hedge accounting is recognized in other comprehensive income. The ineffective portion is recognized immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the period in which the hedged item affects profit or loss. However, where a forecasted transaction results in a non-financial asset or liability, the accumulated fair value movements previously deferred in equity are included in the initial cost of the asset or liability.

3 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Income tax – Uncertain tax position and tax related contingency

Significant judgment is required in determining the Group's and Company's overall income tax provision or estimated future recovery of income tax losses. There are many transactions and calculations, for which the ultimate tax determination is uncertain. The Company and Group recognise liabilities for anticipated tax audit issues, based on estimates of whether additional taxes will be due. Where the final outcome of tax matters is different from the amounts that were initially recorded, such differences will have an impact on the tax provisions in the periods in which the determination is made. The Group received a number of additional tax assessments from Tanzania Revenue Authority.

Based on the advice from tax expert, the Directors have exercised significant judgement in concluding whether liability will crystalize from the tax assessments. As disclosed in Note 35 of the financial statements, some of these amounts have not been taken into account by Directors in preparation of the Group and Company financial statements.

(ii) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2 (f). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The value in use of the clear beer segment as at 31 December 2020 was estimated at TZS 958,968 million (December 2019: TZS 1,595,335 million). The recoverable amount calculated based on value in use exceeded carrying value by TZS 449,696 million. (December 2019: TZS 1,105,540 million). Refer to note 17 for sensitivity analysis disclosures of the key assumptions used in goodwill impairment assessment of the clear beer segment.

(iii) Property, plant and equipment

The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. The Group and Company regularly reviews all of its depreciation rates and residual values to take account of any changes in circumstances, and any changes that could affect prospective depreciation charges and asset carrying value.

(iv) Defined pension benefit

The present value of the retirement benefit plan depends on a number of factors that are determined in an actuarial basis using assumptions of discount rate, salary escalation rate, mortality rates, invalidity rates and withdrawal rates.

Notes (continued)

3 Critical accounting estimates and judgments (continued)

(iv) Defined pension benefit (continued)

Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost for pensions include the discount rate. Other key assumptions for pension obligations are based in part on current market conditions. Refer to note 29 for the risk exposure and sensitivity analysis.

(v) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed to Note 4.1.

(vi) Determination of lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the leases of office space, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group and Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the Group and Company did not exercise the extension option in the accounting for leases.

4 Financial risk management

4.1. Financial risk factors

The Group's and Company's activities expose them to a variety of financial risks including: market risk (including foreign exchange, interest rate and price risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimize potential adverse effects on the Group's financial performance. Risks management is carried out by the management on behalf of the Board of Directors.

Market risk

(i) Foreign exchange risk

The Group and Company import raw materials, capital equipment and services and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro and SA Rand. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies, and foreign exchange deals with banks for near future maturing obligations. To mitigate the US dollar concentration risk the foreign currency obligations are spread over a period of time thus the Group and Company is able to manage cashflows.

The tables below set out the Group's currency exposures from financial assets and liabilities held by the Group in currencies other than their functional currencies and resulting in exchange movements in profit or loss and statement of financial position.

Million Tanzania Shillings	Exposure in ZAR	Exposure in US\$	Exposure in Euro	Exposure in KES	Total exposure
GROUP					
31 December 2020					
Financial assets/(liabilities)					
Cash and cash equivalents	3,558	97,025	8,823	-	109,407
Trade and other receivables	-	2,822	-	-	2,822
Trade and other payable	(6,100)	(44,797)	(16,345)	(2,721)	(69,963)
Net monetary liabilities	(2,542)	55,050	(7,522)	(2,721)	42,266

4.1. Financial risk factors

Market risk (continued)

(i) Foreign exchange risk (continued)

Million Tanzania Shillings	Exposure in ZAR	Exposure in US\$	Exposure in Euro	Exposure in KES	Total exposure
GROUP					
31 December 2019					
Financial assets/(liabilities)					
Cash and cash equivalents	-	2,192	1,951	-	4,143
Trade and other receivables	-	2,881	-	-	2,881
Trade and other payable	(6,939)	(48,635)	(25,342)	(3,498)	(84,414)
Net monetary liabilities	(6,939)	(43,462)	(23,391)	(3,498)	(77,390)

Million Tanzania Shillings	Exposure in ZAR	Exposure in US\$	Exposure in Euro	Exposure in KES	Total exposure
COMPANY					
31 December 2020					
Financial assets/(liabilities)					
Cash and cash equivalents	3,248	74,519	5,017	-	82,784
Trade and other receivables	-	2,377	-	-	2,377
Trade and other payable	(6,082)	(37,340)	(16,290)	(2,721)	(62,433)
Net monetary liabilities	(2,834)	39,556	(11,272)	(2,721)	22,728
31 December 2019					
Financial assets/(liabilities)					
Cash and cash equivalents	-	(541)	302	-	(239)
Trade and other receivables	-	2,881	-	-	2,881
Trade and other payable	(5,249)	(37,905)	(24,520)	(3,498)	(71,172)
Net monetary liabilities	(5,549)	(35,565)	(24,218)	(3,498)	(68,530)

At 31 December 2020, if the Tanzania shilling (TZS) had weakened/strengthened by 10% (December 2019: 10%) against the US dollar with all other variables held constant, Group's post-tax profit for the year would have been higher or lower by TZS 3,854 million (December 2019: TZS 3,415 million) and the Company's post-tax profit for the year by TZS 2,769 million (December 2019: TZS 2,855 million), mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated cash and cash equivalents, trade receivables and trade and other payable.

At 31 December 2020, if the Tanzania shilling (TZS) had weakened/strengthened by 10% (December 2019: 10%) against the Euro with all other variables held constant, Group's post-tax profit for the year would have been higher/lower by TZS 527 million (December 2019: TZS 1,637 million) and Company's post-tax profit for the year by TZS 789 million (December 2019: TZS 1,695 million), mainly as a result of foreign exchange gains/losses on translation of Euro-denominated cash and cash equivalents and trade and other payable.

At 31 December 2020, if the Tanzania shilling (TZS) had weakened/strengthened by 10% (December 2019: 10%) against the SA Rand with all other variables held constant, Group's post-tax profit for the year would have been higher or lower by TZS 178 million (December 2019: TZS 486 million) and Company's by TZS 198 million (December 2019: TZS 367 million), mainly as a result of foreign exchange losses/gains on translation of SA Rand-denominated cash and cash equivalents and trade and other payable.

The effect of movement by 10% of KES is not material.

(ii) Cash flow and fair value interest rate risk

The Group's and Company's interest bearing financial liabilities include its bank overdrafts and term loans, some of which are at a variable rate, and on which it is therefore exposed to cash-flow interest rate risk. The Group and Company regularly monitor financing options available to ensure optimum interest rates are obtained. At 31 December 2020, an increase/decrease of 100 basis points (December 2019: 100 basis points) would have resulted in a decrease/increase in post-tax profit of the Group TZS Nil million (December 2019: TZS 8 million) and Company TZS Nil million (December 2019: TZS 8 million).

(iii) Price risk

The Group and Company exposure to price risk is considered negligible both to the Group and Company.

4.1 Financial risk factors (continued)

Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and credit exposures to customers, including outstanding receivables. These are carried at amortised costs.

Credit risk is managed by the National Credit Manager. Credit risk arises from cash at bank and short-term deposits with banks, as well as trade and other receivables and derivatives. The Group or Company has no significant concentrations of credit risk. The National Credit Manager assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

The counterparties to the transactions relating to the Group's and Company's cash and cash equivalents are financial institutions with a strong financial standing. The Group manages the risk by banking with financial institutions assessed as financially strong. Management does not believe there is a significant risk of non-performance by these counterparties. The Group and Company monitor receivables ensuring that all trade receivables are within their approved credit limits and no receivables have had their terms renegotiated.

The Group's and Company's maximum exposure to credit risk (for financial instruments subject to impairment) is made up as follows:

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Trade and other receivables (excluding prepayments and advances from supplier)	85,196	92,135	71,563	85,414
Bank balances (restricted and unrestricted)	194,225	123,874	161,176	110,312
Derivative financial assets	-	32	-	32
	279,421	216,041	232,739	195,758

There is no independent credit rating for banks operating in Tanzania. However, the Group and Company's bankers are reputable local banks and subsidiaries of reputable international banks. The Group banks with the following banks: Stanbic Bank Tanzania Limited, Standard Chartered Bank Tanzania Limited, Citibank Tanzania Limited, National Bank of Commerce Limited, CRDB Bank Plc and NMB Bank Plc.

All major credit customers are required to give collateral in the form of cash deposits or bank guarantees. Credit risk is managed by limiting the aggregate amount of exposure to any counterparty. The guarantees can be called upon if the counter party is in default under the terms of the agreement.

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Collateral held comprises:				
Cash security	36,863	36,873	29,529	30,898
Bank guarantees and share certificates	38,999	39,248	37,979	37,057
	75,862	76,121	67,508	67,955

Impairment of financial assets

The Group and Company financial assets that are subject to impairments as per IFRS 9 using expected credit loss model. These financial assets include trade and other receivables and cash and cash equivalents.

The Group and Company apply the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and Company have identified the Growth Domestic Product (GDP) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in GDP.

The Group and Company consider default customers with outstanding balances of more than 90 days. For purposes of ECL, loss is based on debts that are outstanding for more than 360 days and the Group exhausted all means of enforcing the payments. The loss rates are based on the historical loss rates of 3 years experiences. On that basis, the loss allowance as at

4.1. Financial risk factors (continued)

Impairment of financial assets (continued)

31 December 2020 was determined to be immaterial. Refer to below 31 December 2020 analysis of impairment provision as per IFRS 9, which is lower than recognised impairment losses for trade receivables.

GROUP	0 - 30 days	30 - 60 days	60 - 90 days	90 - 180 days	180 - 360 days	Over 360	Total
31 Dec 2020							
Trade receivables	72,768	123	350	938	429	39,044	113,652
Loss rates	0.8%	8.3%	22.8%	39%	68.3%	98.4%	
Loss allowances	582	10	80	366	293	38,419	39,750
31 Dec 2019							
Trade receivables	76,343	955	452	379	852	41,745	120,726
Loss rates	0.8%	8.3%	22.8%	39%	68.3%	98.4%	
Loss allowances	611	79	103	148	582	41,077	42,600
COMPANY							
31 Dec 2020							
Trade receivables	64,834	116	350	936	367	6,646	73,249
Loss rates	0.5%	7%	23.7%	40.3%	69.6%	98.4%	
Loss allowances	324	8	83	377	256	6,540	7,588
31 Dec 2019							
Trade receivables	67,735	713	374	355	498	8,216	77,894
Loss rates	0.5%	7%	23.7%	40.3%	69.6%	98.4%	
Loss allowances	339	50	89	143	347	8,085	9,051

However, the Group and Company determined impairment provision based on ageing profile of its trade receivables with impairment provision considered for balances outstanding for more than 90 days. The individually impaired receivables mainly relate to sale of goods and other receivables. It was assessed that a portion of the receivables is expected to be recovered.

The Group and Company took conservative approach to recognize high impairment provision as shown in the note 21.

Impairment of financial assets

The factors that were considered in assessing impairment for each customer's balance individually include:

- financial difficulties of a customer based on information obtained by the Credit controller;
- balances not paid for more than 90 days
- the impact of the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Below are balances impaired based on the above factors;

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Trade and other receivables	42,978	42,978	44,077	9,072
Related party receivables	-	-	-	35,005
Trade receivable (release)	(2,484)	-	-	-
Net carrying amount	40,494	42,978	44,077	44,077

For movement of loss allowance for trade and other receivables refer to note 21.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the customer to meet the agreed payment plans and severe financial difficulties faced by the customer. This assessment is performed on a case by case basis.

Notes (continued)

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The table below shows the availability of funding for the Group from banks and their related utilisation at the statement of financial position dates

Million Tanzania Shillings	Group				Company			
	Dec 2020		Dec 2019		Dec 2020		Dec 2019	
Name of bank	Credit limit	Utilised	Credit limit	Utilised	Credit limit	Utilised	Credit limit	
Stanbic Bank Tanzania								
- Overdraft facility	30,000	-	30,000	-	30,000	-	30,000	-
- FX spot facility – USD 2,500,000	5,500	-	5,500	-	5,500	-	5,500	-
National Bank of Commerce Limited	37,100	-	37,100	68	37,100	-	37,100	-
Standard Chartered Bank Tanzania Limited								
• Short terms loan/overdraft	18,000	-	18,000	1,146	18,000	-	18,000	1,146

The table below analyses the Group's non derivative financial liabilities and derivative financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Million Tanzania Shillings	Group		Company	
	Within 1 year	Between 2 and 5 years	Within 1 year	Between 2 and 5 years
At 31 December 2020				
<i>Non-derivative financial liabilities</i>				
Trade and other payable (excluding statutory and other non-financial liabilities)	232,053	-	240,624	-
	232,053	-	240,624	-
Financial guarantee	100		100	

Liquidity risk

Million Tanzania Shillings	Group		Company	
	Within 1 year	Between 2 and 5 years	Within 1 year	Between 2 and 5 years
At 31 December 2019				
<i>Non-derivative financial liabilities</i>				
Borrowings	1,214	-	1,146	-
Trade and other payable (excluding statutory and other non-financial liabilities)	217,154	-	265,135	-
	218,368	-	266,281	-
Financial guarantee	100	-	100	-

4.2 Capital management

The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

During the year ended 31 December 2020 the Group's and Company's strategy, which was unchanged from the prior year, was to maintain a gearing ratio of below 150%. The gearing ratios at 31 December 2020 and 2019 were as follows:

Million Tanzania Shillings	Note	Dec 2020	Dec 2019
GROUP			
Total borrowings	27	-	1,214
Less: cash at bank and in hand	22	(155,925)	(85,574)
Net debt		-	-
Total equity		607,635	565,721
Total capital		451,710	481,361
Gearing ratio		0%	0%
COMPANY			
Total borrowings	27	-	1,146
Less: cash at bank and in hand	22	(122,876)	(72,012)
Net debt		-	-
Total equity		509,272	494,323
Total capital		386,396	423,457
Gearing ratio		0%	0%

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period.
- Level 2 - The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The Group and Company had no financial assets and liabilities that are measured at fair value at 31 December 2020.

Million Tanzania Shillings	Level 1	Level 2	Level 3	Total balance
GROUP				
Year ended 31 December 2019				
<i>Assets</i>				
Embedded derivatives	-	-	32	32

The carrying value of trade receivables less impairment provision, borrowings and payables are assumed to approximate their fair values.

Million Tanzania Shillings	Level 1	Level 2	Level 3	Total balance
COMPANY				
Year ended 31 December 2019				
<i>Assets</i>				
Embedded derivatives	-	-	32	32

4.3 Fair value estimation (continued)

The carrying value of trade receivables less impairment provision, borrowings and payables are assumed to approximate their fair value as the impact is not significant as this are short-term.

GROUP	2020		2019	
	Total fair values	Total carrying value	Total fair values	Total carrying value
31 December				
Million Tanzania Shillings				
Trade and other receivables	85,196	85,196	92,135	92,135
Bank balances (restricted and unrestricted)	194,225	194,225	123,874	123,874
Total assets	279,421	279,421	216,009	216,009
Trade and other payables	232,053	232,053	217,154	217,154
Lease liabilities	14,578	14,578	10,711	10,711
Borrowing	-	-	1,214	1,214
	246,631	246,631	229,079	229,079
COMPANY	2020		2019	
31 December	Total fair values	Total carrying value	Total fair values	Total carrying value
Million Tanzania Shillings				
Trade and other receivables	71,563	71,563	85,414	85,414
Bank balances (restricted and unrestricted)	161,176	161,176	110,312	110,312
Total assets	232,739	232,739	195,726	195,726
Trade and other payables	240,624	240,624	265,135	265,135
Lease liabilities	10,690	10,690	7,813	7,813
Borrowing	-	-	1,146	1,146
	251,314	251,314	274,094	274,094

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The valuation technique maximises the use of observable market data where it is available and rely as little as possible on the Group and Company's specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of forward foreign exchange contracts is determined using forward exchange rates (unobservable inputs) at the statement of financial position date, with the resulting value discounted back to present value.

There were no transfers between levels during the year.

5 Business segments information

The operating board have determined the operating segments based on reports reviewed by the board of directors that are used to make strategic decisions.

The operating board of directors considers the business from market and product perspectives. Market wise, management considers the main lines through which the Group derives its revenue. Costs relating to the general group management are shared between the Company and its subsidiaries based on agreed management fees. The Group is currently organised into two main operating divisions; – Beer and Wines and Spirits. The beer operating segment comprises clear beer and opaque beer. The results of the asset management entity are immaterial hence have also been aggregated as part of the beer segment. The segment information provided by management for the reportable segments for the year ended 31 December 2020 and 31 December 2019 is as follows:

Segmental statement of profit or loss

Million Tanzania Shillings	Beer	Wines & Spirits	(Eliminations)/ Consolidation	Total Group
December 2020				
Revenue				
Local	798,949	141,192	-	940,141
Exports	257	21,488	-	21,745
Total revenue from external customers	799,206	162,680	-	961,886
Operating profit	125,163	38,228	-	163,391
Finance income/(cost) (net)	2,470	599	(1,635)	1,434
Profit before tax	127,633	38,827	(1,635)	164,825
Income tax expense	(64,675)	(11,064)	-	(75,739)
Profit for the year	62,958	27,763	(1,635)	89,086
Depreciation, amortisation and breakages	91,581	4,835	-	96,416
Employee benefit	59,208	3,513	-	62,721
Excise duty	211,904	43,737	-	255,641
Raw material used	178,935	66,377	-	245,313

Segment assets, liabilities and capital expenditure

Million Tanzania Shillings	Beer	Wines & Spirits	Eliminations/ consolidation	Total Group
December 2020				
Assets				
Investments	45,108	-	(45,020)	88
Other non-current assets	474,783	37,224	39,630	551,637
Current assets	332,924	101,638	(39,446)	395,116
	852,815	138,862	(44,836)	946,841
Liabilities and equity				
Current liabilities	290,829	40,361	(39,446)	291,744
Non-current liabilities	44,539	2,923	-	47,462
Owner's equity	522,221	95,578	(33,314)	584,486
Non-controlling interest	(10,165)	-	33,314	23,149
	847,425	138,862	(39,446)	946,841

Capital expenditure

December 2020				
Property, plant and equipment	38,456	1,261	-	39,717

Statement of cash flows

December 2020				
Operating activities	132,881	31,700	1,635	166,216
Investing activities	(32,470)	374	(1,635)	(33,731)
Financing activities	(59,791)	(558)	-	(60,349)
Net decrease in cash and cash equivalents	40,620	31,509	-	72,136
Cash and cash equivalents at the beginning of the period	83,136	1,224	-	84,360
Exchange loss on cash and cash equivalent	(783)	212	-	(571)
Cash and cash equivalents at the end of the period	122,981	32,944	-	155,925

Segmental statement of profit or loss

Million Tanzania Shillings	Beer	Wines & Spirits	(Eliminations)/ consolidation	Total Group
December 2019				
Revenue				
Local	869,869	137,895	-	1,007,764
Exports	357	17,839	-	18,196
Total revenue from external customers	870,226	155,734	-	1,025,960
Operating profit	189,494	30,576	-	220,070
Finance income/(cost) (net)	1,096	1,206	(874)	1,428
Profit before tax	190,590	31,782	(874)	221,498
Income tax expense	(60,256)	(11,030)	-	(71,286)
Profit for the period	130,334	20,752	(874)	150,212
Depreciation, amortisation and breakages	96,117	4,097	-	100,214
Employee benefit	60,399	4,776	-	65,175
Exercise duty	228,139	45,127	-	211,904
Raw material used	184,387	55,432	-	239,819

Segment assets, liabilities and capital expenditure

Million Tanzania Shillings	Beer	Wines & Spirits	Eliminations/ consolidation	Total Group
December 2019				
Assets				
Investments	45,108	-	(45,020)	88
Other non-current assets	522,327	40,212	39,630	602,169
Current assets	290,078	76,040	(29,047)	337,071
	857,513	116,252	(34,437)	939,428
Liabilities and equity				
Current liabilities	276,886	44,196	10,087	331,169
Non-current liabilities	39,189	3,349	-	42,538
Owner's equity	506,741	68,707	(23,594)	551,854
Non-controlling interest	(9,727)	-	23,594	13,867
	813,089	116,252	10,087	939,428

Capital expenditure

Million Tanzania Shillings	Beer	Wines & Spirits	Eliminations/ consolidation	Total Group
December 2019				
Property, plant and equipment	80,540	8,390	-	88,930

Statement of cash flows

Million Tanzania Shillings	Beer	Wines & Spirits	Eliminations/ consolidation	Total Group
December 2019				
Operating activities	208,886	20,117	874	229,877
Investing activities	(52,658)	(7,815)	(874)	(61,347)
Financing activities	(144,612)	-	-	(144,612)
Net increase in cash and cash equivalents	11,617	12,302	-	23,919
Cash and cash equivalents at the beginning of the period	59,478	1,224	-	60,702
Exchange gain/loss on cash and cash equivalent	(332)	-	-	(261)
Cash and cash equivalents at the end of the period	70,834	13,526	-	84,360

The elimination relates to management fees from its subsidiary, Tanzania Distilleries Limited.

There were no revenues deriving from transactions with a single external customer that amounted to 10% or more of the Group's and Company's revenues.

6 Revenue

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Sale of goods – Local	940,141	1,007,764	798,949	869,869
Sale of goods – Export	21,745	18,196	257	357
	961,886	1,025,960	799,206	870,226

- Segment revenue is disclosed to Note 5.
- Trade receivables from contract with customers are disclosed to Note 21.
- All revenue is recognised at a point in time

7 Expenses by nature

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Excise duty	255,641	273,266	211,904	228,139
Raw materials used	245,313	239,819	178,936	184,387
Transport and vehicle running costs	37,149	42,982	33,925	36,893
Depreciation, amortisation and breakages of container	96,416	100,214	92,441	94,387
Royalties	11,214	12,154	11,214	12,154
Impairment loss – receivables	562	63	509	6,866
Employee benefits expense (Note 8)	62,721	65,175	59,208	60,399
Advertising and promotion costs	23,027	14,178	21,881	13,629
Operating lease rentals	2,108	2,185	2,144	1,638
other operating costs	14,928	16,240	13,048	13,774
Maintenance	11,785	12,616	10,886	11,999
Managerial, technical and administrative fees	28,097	17,406	28,097	16,835
Auditors' remuneration - audit services	461	938	350	752
	789,422	797,236	664,543	681,852

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Classified as follows:				
Cost of sales	597,121	628,290	480,909	528,854
Selling and distribution costs	131,231	118,688	125,801	106,573
Administrative expenses	61,070	50,258	57,833	46,425
	789,422	797,236	664,543	681,852

8 Employee benefits expense

Wages, salaries and other benefits	60,066	61,673	56,931	57,216
Retirement benefit costs (defined contribution plans)	3,039	3,194	2,689	2,885
Defined pension benefit (Note 28)	(384)	308	(412)	298
	62,721	65,175	59,208	60,399

9 Other expenses

Million Tanzania Shilling	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Gain/(loss) on disposal of property, plant and equipment	189	(342)	189	(352)
Foreign exchange (loss)/gain	(5,654)	(354)	(4,921)	(196)
Sundry income/ (expenses)	(1,243)	2,585	(1,678)	3,422
Impairment provision – non-financial assets	(2,365)	(9,512)	(2,340)	(6,854)
Impairment on investment in subsidiary	-	-	-	(3,579)
Dividend income	-	-	-	2,750
	(9,073)	(7,623)	(8,750)	(4,809)

10 Derivative income

Fair value (loss) /gain on derivatives	-	(1,031)	-	(1,031)
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11 Finance income and costs

Finance income				
Interest income on bank balances and fixed deposit	5,797	2,712	5,493	2,648
Interest income on current account with a subsidiary	-	65	-	-
	5,797	2,777	5,493	2,648
Finance costs				
Interest expense on borrowings	(957)	(308)	(490)	(297)
Interest expense on lease liability	(3,406)	(1,181)	(2,478)	(725)
Interest expenses on current account with subsidiaries	-	(457)	(1,635)	(1,086)
Foreign exchange loss	-	597	-	575
	(4,363)	(1,349)	(4,603)	(1,533)

12 Income tax expenses

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Current income tax (Note 32)				
- Current tax on profit for the year	58,802	73,946	47,153	62,857
- Adjustments in respect of prior years	16,702	(501)	16,649	(833)
Deferred income tax (Note 28)				
- Current year charge on profit for the year	(2,648)	(12,046)	(2,656)	(9,092)
- Adjustments in respect of prior years	2,883	9,887	3,529	8,819
Income tax expense	75,739	71,286	64,675	61,751

The tax on the profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Profit before income tax	164,825	221,498	126,803	183,649
Tax calculated at a rate of 30%	49,448	66,449	38,041	55,095
Income not subject to tax	-	61	-	-
Expenses not allowable for tax purposes	6,360	305	6,456	209
Adjustment to tax in respect of prior periods	19,585	9,386	20,178	7,985
Profit on sales of non-qualifying assets	-	(1,429)	-	(1,538)
Other temporary differences (Impairment of receivables from DarBrew) not recognised	-	(4,045)	-	-
Deferred tax asset not recognised (Darbrew)	346	559	-	-
Income tax expense	75,739	71,286	64,675	61,751

13 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

Million Tanzania Shillings	Dec 2020	Dec 2019
Group		
Net profit attributable to ordinary shareholders (TZS'000)	79,806,000	143,660,000
Outstanding shares in issue (000's) [Note 23]	295,056	295,056
Basic earnings per share (TZS per share)	270	487

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Net profit attributable to shareholders (TZS'000)	79,806,000	143,660,000
Weighted average number of shares for diluted earnings per share (000's)	295,056	295,056
Diluted earnings per share (TZS per share)	270	487

14 Dividends

Million Tanzania Shillings	Company	Non-controlling interest	Group	Dividend per share TZS/SHARE
December 2020				
Total dividend expense	(47,209)	-	(47,209)	160

Dividend of TZS 160 per share amounting to TZS 47,209 million was approved by the board of directors of the Company for the year ended 31 December 2020 and TZS 52,966 million paid during the year. Unpaid dividend as at 31 December 2020 amounted to TZS 7,406 million.

Million Tanzania Shillings	Company	Non-controlling interest	Group	Dividend per share
December 2019				
First interim dividend	103,270	-	103,270	350
Second and final dividend	44,258	-	44,258	150
Total dividend expense	147,528	-	147,528	500

Dividend of TZS 500 per share amounting to TZS 147,528 million was approved by the board of directors of the Company and TZS 137,753 million paid during the year. Unpaid dividend as at 31 December 2019 amounted to TZS 13,163 million.

15 Property, plant and equipment

Million Tanzania Shillings	Land and buildings	Plant and machinery	Furniture and equipment	Vehicles	Containers	Capital work in progress	Total
GROUP							
Year ended 31 December 2020							
Opening net book value	60,985	364,105	26,552	9,140	53,698	27,734	542,214
Additions	-	-	-	-	-	38,782	38,782
Transfers	845	18,358	9,813	1,501	21,083	(51,600)	-
Disposal	-	-	-	-	(1,472)	-	(1,472)
Impairments	(333)	(1,778)	(253)	-	-	-	(2,364)
Container breakages and write-down	-	-	-	-	(6,474)	-	(6,474)
Depreciation charge	(4,743)	(42,160)	(6,889)	(2,462)	(26,082)	-	(82,336)
Closing net book value	56,754	338,525	29,222	8,179	40,753	14,916	488,349
At 31 December 2020							
Cost	111,073	713,801	107,608	40,274	155,477	14,916	1,143,149
Accumulated depreciation	(54,319)	(375,276)	(78,386)	(32,095)	(114,724)	-	(654,800)
Net book value	56,754	338,525	29,222	8,179	40,753	14,916	488,349

The Group's buildings, plant and machinery with net book value of TZS 131,375 million (Dec 2019: TZS 131,375 million) have been secured against borrowings/facilities as set out in Note 26 to the financial statements.

Container breakages and write-down

Container breakages and write down relates to actual value of containers that were damaged in use and an estimate of containers damaged while in customers' hands.

Million Tanzania Shillings	Land and buildings	Plant and machinery	Furniture and equipment	Vehicles	Containers	Capital work in progress	Total
GROUP							
Year ended 31 December 2019							
Opening net book value	65,166	399,240	33,200	11,339	67,215	3,742	579,902
Additions	-	-	-	-	-	62,899	62,899
Disposals	-	-	-	(50)	-	-	(50)
Transfers	1,198	15,310	1,786	242	20,371	(38,907)	-
Reallocations to intangibles and write-offs	(734)	(8,571)	(207)	-	-	-	(9,512)
Container Breakages and write-down	-	-	-	-	(15,509)	-	(15,509)
Depreciation charge	(4,645)	(41,874)	(8,227)	(2,391)	(18,379)	-	(75,516)
Closing net book value	60,985	364,105	26,552	9,140	53,698	27,734	542,214
At 31 December 2019							
Cost	110,561	697,220	98,049	38,773	142,340	27,734	1,114,677
Accumulated depreciation	(49,576)	(333,115)	(71,497)	(29,633)	(88,642)	-	(572,463)
Net book value	60,985	364,105	26,552	9,140	53,698	27,734	542,214

The capital work in progress amount mainly relates to the on-going capital projects for expansion of production facilities of the Company and its subsidiaries which are being undertaken in Dar es Salaam plants.

Container breakages and write-down

Container breakages and write down relates to actual value of containers that were damaged in use and an estimate of containers damaged while in customers' hands.

Million Tanzania Shillings	Land and buildings	Plant and machinery	Furniture, equipment	Vehicles	Containers	Capital work in progress	Total
COMPANY							
Year ended 31 December 2020							
Opening net book value	53,485	347,516	23,287	8,411	52,564	21,334	506,597
Additions	-	-	-	-	-	37,520	37,520
Transfers	846	18,358	9,813	1,501	21,083	(51,600)	-
Impairments	(334)	(1,753)	(253)	-	-	-	(2,340)
Disposal	-	-	-	-	(1,472)	-	(1,472)
Container breakages and write-down	-	-	-	-	(6,474)	-	(6,474)
Depreciation charge	(4,315)	(40,260)	(6,187)	(1,994)	(26,082)	-	(78,838)
Closing net book value	49,682	323,861	26,660	7,918	39,618	7,254	454,993
At 31 DECEMBER 2020							
Cost	100,215	687,601	99,389	29,877	152,669	7,254	1,077,005
Accumulated depreciation	(50,533)	(363,740)	(72,729)	(21,959)	(113,051)	-	(622,012)
Net book value	49,682	323,861	26,660	7,918	39,618	7,254	454,993

The Company's buildings, plant and machinery with a net book value of TZS 128,250 million (Dec 2019: TZS 128,250 million) have been secured against borrowings as set out in Note 27 to the financial statements.

Container breakages and write-down

Container breakages and write down relates to actual value of containers that were damaged in use and an estimate of containers damaged while in customers' hands.

Million Tanzania Shillings	Land and buildings	Plant and machinery	Furniture, equipment	Vehicles	Containers	Capital work in progress	Total
COMPANY							
Period ended 31 December 2019							
Opening net book value	56,576	377,686	29,607	10,028	65,464	172	539,534
Additions	-	-	-	-	-	60,669	60,669
Disposals	-	-	-	(32)	-	-	(32)
Transfers	1,156	16,059	1,681	242	20,371	(39,507)	-
Reallocations to intangibles and write-offs	-	(6,738)	(114)	-	-	-	(6,852)
Container breakages and write-down	-	-	-	-	(14,892)	-	(14,892)
Depreciation charge	(4,247)	(39,491)	(7,887)	(1,827)	(18,379)	-	(71,830)
Closing net book value	53,485	347,516	23,287	8,411	52,564	21,334	506,597
At 31 December 2019							
Cost	99,703	670,995	89,829	28,376	139,533	21,334	1,049,770
Accumulated depreciation	(46,218)	(323,479)	(66,542)	(19,965)	(86,969)	-	(543,173)
Net book value	53,485	347,516	23,287	8,411	52,564	21,334	506,597

Container breakages and write-down

Container breakages and write down relates to actual value of containers that were damaged in use and an estimate of containers damaged while in customers' hands.

16 Right of use of assets

a) Amount recognized in the balance sheet

RIGHT-OF-USE ASSET

Million Tanzania Shilling	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Motor vehicles	6,558	5,438	6,042	3,998
Buildings	4,715	4,864	2,448	1,870
Other equipment	1,267	-	1,267	-
	12,540	10,302	9,757	5,868
LEASE LIABILITY				
Current	5,201	5,811	4,236	2,518
Non-current	9,377	4,900	6,454	3,577
	14,578	10,711	10,690	6,095

b) Amount recognized in the statement of profit or loss

Depreciation charge on Right-out-use asset

Million Tanzania Shilling	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Motor vehicles	3,750	4,388	3,345	3,871
Buildings	1,767	2,880	1,306	1,908
Other equipment	43	-	433	-
	5,560	7,268	5,084	5,779
Interest expense on lease liability				
Interest expense	3,406	1,181	2,478	725

17 Intangible assets

Million Tanzania Shillings	Group			Company	
	Goodwill	Software	Brand	Total	Software
Year ended 31 December 2020					
Opening net book value	39,630	3,704	-	43,334	3,595
Additions	-	2,407	-	2,407	2,407
Amortisation charge	-	(2,045)	-	(2,045)	(2,045)
Closing net book value	39,630	4,066	-	43,696	3,957
At 31 December 2020					
Cost	39,630	16,781	-	56,411	16,050
Accumulated amortisation	-	(12,715)	-	(12,715)	(12,093)
Net book value	39,630	4,066	-	43,696	3,957
Year ended 31 December 2019					
Opening net book value	39,630	4,348	-	43,978	4,310
Impairment	-	1,278	-	1,278	1,172
Reallocations from PPE	-	(1,922)	-	(1,922)	(1,887)
Amortisation charge	-	-	-	-	-
Closing net book value	39,630	3,704	-	43,334	3,595
At 31 December 2019					
Cost	39,630	14,374	3,276	57,280	13,643
Accumulated amortisation	-	(10,670)	(3,276)	(10,670)	(10,048)
Net book value	39,630	3,704	-	43,334	3,595

Goodwill represents expected synergies from different beverage categories. The carrying amounts of the intangible assets approximate their recoverable amounts. The goodwill arose from acquisition of Kibo Breweries Limited. The carrying amount of goodwill is TZS 39,630 million (Dec 2019: TZS 39,630 million).

Notes (continued)

17 Intangible assets (continued)

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on prior year growth rates approved by management covering a five-year period. Cash flows beyond the third-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the clear beer business in which the CGU operates.

Key assumptions used for value in use calculations are as follows;

	Rate (% per annum)	
	Dec 2020	Dec 2019
Compound annual growth rate (CAGR)	6.0%	6.0%
Earnings before Interest and tax (EBITDA)	6.0%	6.0%
Long-term growth rate	6.0%	6.0%
Discount rate (WACC)	20.1%	21.0%

Key

Compound annual growth rate (CAGR)	Rate growth of revenue in the initial five years
Long-term growth Rate	Weighted average growth rate used to estimate cash flows beyond the five years.
Discount rate (WACC)	Pre-tax working cost of capital rate (WACC rate) applied to cash flow projections.

The recoverable amount calculated based on value in use exceeded carrying value by TZS 449,696 million (Dec 2019: TZS 1,105,540 million). A rise in discount rate to 38.3% (Dec 2019: 62.97%), all changes taken in isolation would, result in the recoverable amount being equal to the carrying amount. If the long term growth rate were to change by +/-10% it would not have a material impact on the recoverable amount as shown in sensitivity analysis below.

Sensitivity analysis:

Below is the impact of changes in key assumptions used in determining value in use of the goodwill for the clear beer segment.

Factors applied	% change (-/+)	Impact to value in use 31 Dec 2020 TZS 'Millions	Impact to value in use 31 Dec 2019 TZS 'Millions
Earnings before Interest and tax (EBITDA)	10%	68,513	29,136
Estimated long-term growth rate	10%	29,637	36,994
WACC used in determining the pre-tax discount rate	10%	109,976	183,249
Compound annual growth rate (CAGR)	10%	128,378	20,302

18 Investments

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
(a) Investment in subsidiaries				
Kibo Breweries Ltd	-	-	42,414	42,414
Darbrew Limited	-	-	-	-
Tanzania Distilleries Ltd	-	-	2,606	2,606
			45,020	45,020
(b) Other equity investments				
Mountainside Farms Limited	88	88	88	88
	88	88	45,108	45,108

Other equity investments relate to a 4% shareholding in Mountainside Farms Limited.

Set out below are the Company's principal subsidiaries at 31 December 2020. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Company and the proportion of ownership interests held equals to the voting rights held by Company. The country of incorporation is also their principal place of business.

Name of undertaking	Nature of business	Country of incorporation	% of ownership held by NCI		% of ownership held by Company	
			Dec 2020	Dec 2019	Dec 2020	Dec 2019
Tanzania Distilleries Limited	Manufacturer of spirituous liquor	Tanzania	35%	35%	65%	65%

Name of undertaking	Nature of business	Country of incorporation	% of ownership held by NCI		% of ownership held by Company	
Darbrew Limited	Manufacturer of Opaque beer	Tanzania	40%	40%	60%	60%
Kibo Breweries Limited	Rental of assets to related parties	Tanzania	-	-	100%	100%

Set out below is the summarised financial information for each of the two subsidiaries, Tanzania Distilleries Limited and DarBrew Limited.

Summarised statement of financial position

Million Tanzania Shillings	Tanzania Distilleries Limited		Darbrew Limited	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Current				
Assets	101,638	76,040	929	2,741
Liabilities	(40,361)	(44,196)	(33,976)	(36,526)
Total net current assets/(liabilities)	61,277	31,844	(33,047)	(33,785)
Non-Current				
Assets	37,224	40,212	4,434	6,305
Liabilities	(2,923)	(3,348)	-	-
Total non - current net assets	34,301	36,864	4,434	6,305
Net assets/(liabilities)	95,578	68,708	(28,613)	(27,480)

Summarised statements of profit or loss and other comprehensive income:

Million Tanzania Shillings	Tanzania Distilleries Limited		Darbrew Limited	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	Dec 2019
Revenue	162,680	155,734	-	110
Profit/(loss) before income tax	38,827	31,782	(1,094)	(1,778)
Income tax (expense)/income	(11,064)	(11,030)	-	-
(Loss)/ profit after tax	27,763	20,752	(1,094)	(1,778)
Other comprehensive income				
Re-measurement loss on defined benefit	7	(6)	-	-
Total comprehensive income for the year	27,770	20,746	(1,094)	(1,778)
Allocated to Non- Controlling interest	9,720	7,263	(438)	(711)

Summarised statement of cash flows

Million Tanzania Shillings	Tanzania Distilleries Limited		Darbrew Limited	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Net cash generated from/(used in) operations	31,143	20,117	138	1,969
Net cash generated from/(used in) investing activities	366	(7,815)	-	-
Net increase/(decrease) in cash and cash equivalents	31,509	12,302	138	1,969
Cash and cash equivalents at start of the year	1,224	1,224	(32)	(2,001)
Exchange loss on cash and cash equivalents	211	-	-	-
Cash and cash equivalents at end of the year	32,944	13,526	(106)	(32)

19 Derivative financial instruments

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Assets				
Forward foreign exchange contracts – cash flow hedges	-	-	-	-
Embedded derivatives	-	32	-	32
Total	-	32	-	32

Embedded derivatives

The embedded derivatives arise from the future contracts for supply of raw materials. These are forward foreign exchange that are embedded in the suppliers' contracts. The fair value of embedded derivatives represents the present value of the cash flows which would have occurred if the rights and obligations arising from those derivatives were closed out in an orderly market place transaction at year end. The notional principal amounts of the outstanding forward contracts for supply of raw materials at 31 December 2020 amounted to TZS NIL (Dec 2019: TZS 2,796 million).

20 Inventories

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Raw materials	60,574	73,242	52,069	63,802
Consumable stores and spares	23,975	36,385	22,673	34,808
Work in progress	9,535	8,304	9,807	7,614
Finished goods	19,503	20,357	14,043	12,831
	113,587	138,288	98,592	119,055
Less: Provision for impairment losses	(5,288)	(25,562)	(5,911)	(25,005)
	108,299	112,726	92,681	94,050

The cost of inventories recognised as an expense and included in 'cost of sales' in the Group's profit or loss amounted to TZS 245,313 million (Dec 2019: TZS 239,819 million). Similarly, this amounts to TZS 176,008 million (Dec 2019: TZS 184,387 million) in the Company's statement of profit or loss and other comprehensive income.

During the year, TZS 20,274 million (Dec 2019: TZS 6,827 million) was written-off out of the Group's Inventories for damaged, obsolete and lost inventories. Similarly, TZS 19,094 million (charged Dec 2019: TZS 6,251 million) was written-off out of the Company's inventories and other comprehensive income for damages, obsolete and lost inventories.

21 Trade and other receivables

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Trade receivables	113,652	120,726	73,251	77,894
Less: Losses allowance	(40,494)	(42,978)	(7,910)	(9,072)
Trade receivables-net	73,158	77,748	65,341	68,822
Advances to suppliers	-	2,024	-	594
Staff advances and loans	1,394	1,321	1,359	1,331
Due from related parties (Note 37 (iv))	2,377	2,653	42,663	46,065
Less: Losses allowance **	-	-	(39,991)	(35,005)
Due from related parties - Net	2,377	2,653	2,672	11,060
Other receivables	6,869	10,413	4,735	4,201
Prepayments	8,794	6,280	8,495	5,438
	92,592	100,439	82,602	91,446

Movements on the provision for impairment of trade and other receivables are as follows:

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
At start of the year – trade receivables	(42,978)	(42,914)	(44,077)	(37,211)
Loss allowance during the year – Trade receivables	2,484	(64)	(3,824)	220
– Other receivables**	-	-	-	(7,086)
At end of the year	(40,494)	(42,978)	(47,901)	(44,077)

** Impairment provision related to balance due from a subsidiary, Darbrew Limited.

22 Bank and cash balances

Cash in hand	8	8	-	-
Cash at bank	155,917	85,566	122,876	72,012
Total cash and bank balances	155,925	85,574	122,876	72,012

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Cash and bank balances	155,925	85,574	122,876	72,012
Bank overdrafts (Note 27)	-	(1,214)	-	(1,146)
Net cash and cash equivalents	155,925	84,360	122,876	70,866

23 Restricted bank balance

Balance at bank	38,300	38,300	38,300	38,300
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Relate to bank balances with restriction imposed by Registration, Insolvency and Trusteeship Agency (RITA). Therefore, the monies are not available for general and immediate use within the Group and Company.

24 Share capital

24.1 Ordinary share capital

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Authorised, issued and fully paid:				
295,056,063 ordinary shares of TZS 100 each	29,506	29,506	29,506	29,506
Share premium				
Share premium at the start and end of year	45,346	45,346	45,346	45,346

The Company has only one class of ordinary shares which carries no right to fixed income. There was no movement in the share premium of the Company during the period. The ownership structure is as set out in Note 24.2 below.

24.2 Ownership structure

Million Tanzania Shillings	Ordinary Shares Dec 2020	Ordinary Shares Dec 2019	% holding Dec 2020	% holding Dec 2019
Resident shareholders:				
Parastatal Pension Fund	16,081,710	12,402,720	5.45	4.20
National Health Insurance Fund	4,854,370	4,854,370	1.65	1.65
Unit Trust of Tanzania (all schemes)	5,696,052	4,235,750	1.93	1.44
Local Authorities Provident Fund	-	2,796,671	0.00	0.95
National Social Security Fund	1,000,624	700,624	0.34	0.24
General Public	20,756,618	19,826,476	7.03	6.72
Total resident	48,389,374	44,816,611	16.40	15.19
Non-resident shareholders				
AB-InBev Africa BV	188,693,282	188,693,282	63.95	63.95
Others – non-resident foreigners	57,973,407	61,546,170	19.65	20.86
Total non-resident	246,666,689	250,239,452	83.60	84.81
Total ordinary shares in issue	295,056,063	295,056,063	100.00	100.00

25 Other reserves

Million Tanzania Shillings	Hedging reserve	Treasury shares	Total
GROUP			
Year ended 31 December 2020			
At start and end of the year	3	66,640	66,643
Year ended 31 December 2019	-	-	-
At end of the period	3	66,640	66,643
COMPANY			
Year ended 31 December 2020			
At end of the period	43	66,640	66,683
Year ended 31 December 2019	-	-	-
At end of the period	43	66,640	66,683

Hedging reserve

Refer to the details on the hedge instruments under note 19.

Treasury shares

Treasury shares represent the cost of 5,898,596 shares (2% of the company's paid up share capital) that were held in a Trust that is controlled by the Group. The Trust has been consolidated in the financial statements on the basis of significant control and shares acquired were accounted for as treasury shares. In December 2017, the Board of Trustees resolved to sell the Treasury shares and distributed the net proceeds to permanent employees of TBL Group.

26 Non-controlling interests

Million Tanzania Shillings	Dec 2020	Dec 2019
35% of equity of Tanzania Distilleries Limited	33,314	23,594
40% of equity of Darbrew Limited	(10,165)	(9,727)
	23,149	13,867
35% interest in the profit/(loss) for the year of Tanzania Distilleries Limited	9,717	7,263
40% interest in the loss for the year of Dar Brew Limited	(438)	(711)
Re-measurement gain on defined benefit	3	(2)
	9,282	6,550

27 Borrowings

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Current				
Bank overdraft	-	1,214	-	1,146
Short-term bank loans	-	-	-	-
Total borrowings	-	1,214	-	1,146

NET DEBT RECONCILIATION

Cash and cash equivalents (excluding restricted cash)	155,925	85,574	122,876	72,012
Borrowings repayable within one year	-	(1,214)	-	(1,146)
Net cash	155,925	84,360	122,876	70,866
Cash and cash equivalents (excluding restricted cash)	155,925	85,574	122,876	72,012
Gross debt – variable interest rate	-	(1,214)	-	(1,146)
Net cash	155,925	84,360	122,876	70,866

Bank overdrafts

Overdrafts are made up as follows:

National Bank of Commerce Limited	-	68	-	-
Standard Chartered Bank Tanzania Limited	-	1,146	-	1,146
	-	1,214	-	1,146

The Group and Company have overdraft facilities of TZS 102,600 million and TZS 102,600 respectively with Stanbic Bank Tanzania Limited, National Bank of Commerce Limited and Standard Chartered Bank Tanzania Limited. The facilities are secured by the part of the Group's and Company's property, plant and equipment.

28 Deferred income tax

(i) Deferred tax liabilities

Deferred income taxes are calculated on temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

Deferred tax liabilities/(assets) Million Tanzania Shillings	Property, plant and equipment (PPE)	Other temporary differences	Hedge reserve and others	Total
GROUP				
At 1 January 2020	59,881	(24,180)	4	35,705
Charged to profit or loss	649	223	-	872
Charged to OCI	-	12	-	12
At 31 December 2020	60,530	(23,945)	4	36,589
At 1 January 2019	56,530	(18,565)	4	37,969
Charged to profit or loss	3,351	(5,615)	-	(2,264)
At 31 December 2019	59,881	(24,180)	4	35,705

(ii) Deferred income tax asset

Deferred tax liabilities/(assets) Million Tanzania Shillings	Property, plant and equipment (PPE)	Other temporary differences	Hedge reserve and others	Total
GROUP				
At 1 January 2020	4,508	(10,927)	-	(6,419)
Charged to profit or loss	(884)	247	-	(637)
	-	4	-	4
At 31 December 2020	3,624	(10,676)	-	(7,052)
At 1 January 2019	3,412	(9,946)	-	(6,534)
Charged to profit or loss	1,096	(991)	-	105
At 31 December 2019	4,508	(10,927)	-	(6,419)

The directors have assessed the appropriateness of the recognition of a deferred tax asset, taking account of current business plan and have concluded that it is appropriate to recognise a deferred tax asset in the current year because they are certain that the subsidiary will make sufficient taxable profits to utilise the tax losses in the foreseeable future.

Deferred tax asset of TZS. 346 million (Dec 2019: TZS. 551 million) has not been recognised for DarBrew due to uncertainty on when the company will have sufficient taxable profits to utilise the asset.

Deferred income tax liabilities/(assets) Million Tanzania Shillings	Property, plant and equipment (PPE)	Other temporary differences	Hedge reserve and others	Total
COMPANY				
At 1 January 2020	62,928	(25,468)	-	37,460
Charged to profit or loss	649	223	-	872
Charges to OCI	-	8	-	8
At 31 December 2020	63,577	(25,237)	-	38,340
At 1 January 2019	59,325	(21,591)	-	37,733
Charged to profit or loss	3,603	(3,876)	-	(273)
At 31 December 2019	62,928	(25,468)	-	37,460

29 Defined pension benefits

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
At start of year	1,933	1,933	1,875	1,893
- current service cost	116	112	93	109
- Interest cost	313	301	251	294
- Past service cost-Curtailment	(813)	(105)	(756)	(105)
Amount recognised to profit or loss	(384)	308	(412)	298
- Loss from change on assumptions	(64)	(100)	(51)	(95)
- Gain from changes of experience	11	(208)	9	(221)
Amount recognised in other comprehensive income	(53)	(308)	(42)	(316)
At end of year	1,496	1,933	1,439	1,875

In addition to the statutory National Social Security Contribution, the Company has an unfunded non-contributory employee defined pension plan. The defined benefit plan was introduced as a result of negotiations between management and Tanzania Union of Industrial and Commercial Workers (TUICO) which is an association of the employees.

A summary of the provisions of this agreement for TBL employees are provided below:

- Benefit only accrues if the member has completed three years (or more) of service.
- Benefit is calculated as: Basic monthly salary x 0.5 x number of complete and continuous years worked.
- Benefit is payable upon: Normal retirement age of 60 years; Involuntary early retirement; Ill-health early retirement (with a minimum benefit of 12 month's basic wage); and Early retirement or resignation aged 55 or over.

Actuarial assumptions:

The significant actuarial assumptions were as follows:

	Dec 2020	Dec 2019
Discount rate	15.6% p.a	15.7% p.a
Salary escalation rate	6.5% p.a	6.5% p.a
Retirement age	60 year	60 years

Assumptions regarding future mortality are set based on actuarial advice in accordance with A1949/52 mortality table published by the Institute of Actuaries. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60. See the table below;

Mortality rates per million

Age	20	25	30	35	40	45	50	55	60
Male	1.11	1.12	1.16	1.32	1.88	3.30	5.99	10.35	0.00
Female	1.11	1.12	1.16	1.32	1.88	3.30	5.99	10.35	0.00

Risk exposure and sensitivity

Through its defined benefit pension plan the company is exposed to a number of risks. The most significant being changes in discount rates (which are set with reference to the Government of Tanzania bonds) and salary inflation.

Further, the actuarial valuation results are sensitive to the assumptions made with results being more sensitive to financial assumptions than the demographic assumptions. Particularly, the narrower the gap between the discount rate and the rate of salary escalation, the higher the value of the actuarial liabilities disclosed in the valuation.

Sensitivity analysis

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Increase in defined pension benefit due to 1% decrease in discount rate	113	128	91	128
Increase in defined pension benefit due to 0.5% increase in future long-term salary assumption	63	76	50	76

The sensitivity analysis above has been determined based on reasonable possible changes and assumptions remaining unchanged. The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The valuation was done by Willis Towers Watson, South Africa, the next valuation will be done for the year ending 31 December 2021.

30 Provisions for the other liabilities and charges

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
At start of the year	12,862	12,704	7,348	7,190
Provision increased during the year	(393)	158	(235)	158
At end of the year	12,469	12,862	7,113	7,348

As at 31 December 2020, the Group had a number of pending legal cases whereby the Company or its subsidiaries were defendants and other outstanding disputes for which the directors have considered it probable that the outcome will be unfavourable to the Group and could result into an estimated loss of TZS 12,469 million (Dec 2019: TZS 12,862 million).

According to the nature of such disputes the timing of settlement is uncertain. Contingent liabilities relating to litigations and other claims have been disclosed in Note 35.

31 Trade and other payables

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Trade payables	87,146	94,450	69,594	72,528
Deposits from customers	36,877	40,934	29,542	34,058
Dividends payable	7,406	13,163	7,406	13,163
VAT payable	10,960	9,690	10,409	9,372
Exercise duty payable	22,658	28,363	19,205	19,076
Payable to related parties (Note 37 (iv))	41,085	41,407	84,096	77,136
Container liability	9,705	11,209	9,705	10,657
Other payables and accrued expenses	52,690	59,151	45,617	59,131
	268,527	298,367	275,574	295,121

Dividend payable represents unclaimed dividends.

32 Current income tax liabilities

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
At start of the year	12,915	5,294	13,640	6,870
Current income tax charge for the year (Note12)	75,504	73,445	63,802	62,024
Reallocations from other payable	-	(540)		
Tax paid during the year:				
Current income tax	(82,803)	(65,150)	(69,596)	(55,189)
Withholding tax	(69)	(134)	-	(65)
At end of the year	5,547	12,915	7,846	13,640

The opening balance includes TZS 5,361 million of tax provision related to capital deduction (TZS 5,361 million Dec 2019) as noted in note 35 (i).

33 Financial instruments by category

Million Tanzania Shillings	Dec 2020	Dec 2019
a) Group		
Financial assets - At amortised cost		
Trade and other receivables (excluding VAT receivable, advances to suppliers and prepayments)	85,196	92,135
Cash at hand and bank deposits	155,925	85,574
Fair value through profit or loss (FVTPL)		
Derivative financial instrument	-	32
	241,121	177,741

Million Tanzania Shillings	Dec 2020	Dec 2019
Other financial liabilities at amortised costs		
Borrowings -	-	1,214
Trade and other payable (excluding statutory liabilities)	192,663	217,154
	192,663	218,368

b) Company

Financial assets - At amortised cost		
Trade and other receivables (excluding advances to suppliers and prepayments)	71,563	85,414
Cash at hand and bank deposits excl Restricted cash	122,876	72,012
Fair value through profit or loss (FVTPL)		
Derivative financial instrument	-	32
	194,439	157,458
Other financial liabilities at amortised costs		
Borrowings -		1,146
Trade and other payable (excluding statutory liabilities)	211,081	230,596
	211,081	231,742

34 Leases and capital commitments

Capital commitments

The Group and Company had capital expenditure commitments as follows;

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Approved but not contracted for but not recorded	4,111	7,100	4,111	7,071
Approved but not contracted for	758	9,080	758	7,881
	4,869	16,180	4,869	14,952

b) Guarantees

As at 31 December 2020, the Company had provided guarantees totalling TZS 100 million (Dec 2019: TZS 100 million).

35 Contingent liabilities

Legal cases

As at 31 December 2020, the Company was a defendant in several lawsuits, the amount claimed in such lawsuits could amount to TZS 11,910 million (Dec 2019: TZS 14,160 million). Based on advice from legal counsel, a provision is in place for these cases amounting to TZS 7,113 million (Dec 2019: TZS 7,348 million).

The Company's subsidiary, Tanzania Distilleries Limited (TDL), was a defendant in several lawsuits, the amount claimed in such lawsuits could amount to TZS 584 million (Dec 2019: TZS 2,300 million) and based on advice from legal counsel no amount has been provided for.

Based on the legal advice, the directors do not expect the outcome of the pending litigations to have a material effect on the Company and Group's financial performance.

Tax related contingent liabilities**(i) Capital deduction**

The Company has additional income tax assessments of TZS 5,361 million that relates to capital deductions disputes for years of income 2002 to 2005. Management filed an objection with TRA to dispute the assessed tax and the dispute is at Tax Revenue Appeals Tribunal. The full amount of TZS 5,361 million has been provided for in the financial statements.

(ii) Excise Duty

The Company's subsidiary Tanzania Distilleries Limited (TDL) received an excise duty assessment of TZS 97,409 million for years of income 2008 to 2018. This relates to excise duty on Valuer Brandy for which TDL had a Government Notice (GN) that provided remission of excise duty on Valuer brandy based on Memorandum of Understanding (MoU) signed with the Government in 2005. The GN expired on 30 June 2007 while the MOU expired in June 2011. Management applied for an extension of the MoU from the Ministry of Finance. In October 2011, the Ministry of Finance acknowledged receipt of TDL's request for an extension of the MOU, but no further response was obtained afterwards.

Based on the MoU, no excise duty was paid until July 2011 after which TDL started paying excise duty at the rate equivalent to that applicable to locally produced wine instead of the rate applicable to spirits. TDL objected to the assessments and requested for a waiver of the 1/3rd tax deposit which was granted by the TRA on 19 January 2019.

Based on the spirit of the MoU and the socio-economic contribution to local farmers, management of TDL engaged the Government and TRA and requested for a retrospective GN to be able to resolve the assessments. Further, in December 2018, the Company submitted a proposal of what is deemed a reasonable excise duty rate for Valuer brandy. The Group and Company is awaiting response from Government and the TRA.

On 13 February 2019 the Government of Tanzania reduced excise duty rate for spirits obtained by distilling grape wine or grape marc from locally produced grapes from TZS 3,315 per litre to TZS 450 per litre.

On 25 November 2019, TRA issued notices of determination of objections, maintaining the assessment position. The Company appealed against the TRA decision at the Tax Revenue Appeals Board on 15 January 2020. The Company is awaiting a hearing at the Tax Board. Having engaged tax experts in their opinion, the directors have considered that no material liabilities are expected to crystallise from the above tax matter.

(iii) Value Added Tax (VAT)

TDL received an additional assessment of TZS 17,722 million for principal and penalties which relates to VAT on Valuer brandy. This liability was based on the excise duty demand note on an assumption that if the excise duty was applied, the price of Valuer Brandy would increase. On the contrary, the Directors believe that the Company absorbs excise duty as part of its operational costs and in any case, the price would remain at its market level. According to the provisions of the VAT Act 1997 and VAT Act 2014 the amount charged to the customers constitutes consideration, which is defined to include both the value of the supply and VAT thereon. The Directors are of the view that the price charged by TDL to its customers was inclusive of VAT, therefore there should be no additional liability on VAT. The Company filed objections for assessment, hence, no provision has been made for the additional tax assessed on VAT.

On 25 November 2019, TRA issued notices of determination of objections, maintaining the assessment position. The Company appealed against the TRA decision at the Tax Revenue Appeals Board on 15 January 2020 and is awaiting a hearing at the Tax Board

(iv) Input Value Added Tax (VAT) assessment

The revenue authority conducted a VAT and payroll tax audit for TBL for the period from April 2016 to December 2018. On 28th June 2019, the TRA issued a VAT assessment of TZS 6,500 million (including interest of TZS 1,640 million) on what TRA considers as input VAT wrongly credited on incomplete EFD invoices. On 30th July 2019 the company objected to the assessment and paid TZS 1,200 Million as tax deposit.

TRA disputed the objection and on 30 March 2020, the TRA issued notice of determination of objection, maintaining the assessment position. The Company appealed against the TRA decision at the Tax Revenue Appeals Board on 5th May 2020 and is awaiting a determination by the Tax Board.

(v) Disputed capital gain tax

TBL has received an assessment from Tanzania Revenue Authority in relation to market capitalization for the underlying share transactions of TBL between years of income 2016 to 2019. The outcome of this cannot at present be foreseen and possible loss cannot be reliably measured. The Directors believe in their own judgement and based on professional advice received from legal and tax advisors the expected loss arising from this is remote.

The Directors continue to monitor the development of the above matters and to the extent those developments may have a major impact on its financial position or may significantly affect its ability to meet its commitments, the Company shall disclose those developments in line with its listing obligations as required by relevant regulations.

36 Cash flow information

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
(ii) Cash generated from operations				
Profit before income tax	164,825	221,498	126,803	183,649
<i>Adjusted for:</i>				
Interest expense (Note 11)	4,363	1,946	4,603	2,108
Interest income (Note 11)	(5,797)	(2,777)	(5,493)	(2,648)
Dividend received	-	-	-	(2,750)
Depreciation, container write-down/breakages and amortisation (Note 15, Note 16 and Note 17)	96,416	100,214	92,441	94,387
Impairment of PPE and intangible assets	2,365	9,512	2,340	6,687
Impairment of investments in subsidiary – Darbrew	-	-	-	3,579
Increase)/(decrease) on provision for liabilities (Note 30)	(393)	158	(235)	158
Increase)/(decrease) in provision for defined benefits obligation (Note 29)	(437)	-	(436)	(18)
Fair value movements on derivative (Note 10)	(32)	296	(32)	296
(Gain)/loss on disposal of property, plant and equipment (Note 9)	189	5	189	10
	261,499	330,852	220,180	285,458
<i>Changes in working capital</i>				
Inventories	4,427	(15,302)	1,369	(18,408)
Trade and other receivables	7,847	35,331	8,844	25,779
Trade and other payables	(20,322)	(53,774)	(10,836)	(26,049)
Cash generated from operations	253,451	297,107	219,557	266,780
(ii) Interest paid				
Interest expense (Note 11)	(4,363)	(1,946)	(4,603)	(2,108)
	(4,363)	(1,946)	(4,603)	(2,108)
(iii) Income tax paid				
Income tax recoverable/(payable) at 1 January	12,915	5,294	13,640	6,870
Current income tax expense (Note 12)	75,504	73,445	63,802	62,024
Reallocated tax payable from other payable	-	(540)	-	-
Income tax payable as at 31 December (Note 32): Corporate income tax	(5,547)	(12,915)	(7,846)	(13,640)
	-	-	-	-
	(82,872)	(65,284)	(69,596)	(55,254)
(iv) Interest received				
Interest income (Note 11)	5,797	2,777	5,493	2,648
	5,797	2,777	5,493	2,648
(v) Purchase of property, plant and equipment and intangible assets				
Additions of property, plant and equipment during the period/ year (Note 15)	(38,782)	(62,899)	(37,530)	(60,670)
Additions of intangible assets during the period/ year (Note 17)	(2,407)	(1,278)	(2,407)	(1,172)
Cash utilised in purchase of property, plant and equipment and intangible assets	(41,189)	(64,178)	(39,527)	(61,842)
(vi) Dividends paid				
<i>To owners of the parent</i>				
Dividends payable at beginning of the year	(13,163)	(3,388)	(13,163)	(3,388)
Dividend expense (Note 14)	(47,209)	(147,528)	(47,209)	(147,528)
Dividends payable at the end of the year (Note 31)	7,406	13,163	7,406	13,163
	(52,966)	(137,753)	(52,966)	(137,753)

37 Related party transactions and balances

i) Sale of goods and services

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Sale of goods				
Fellow subsidiaries	1,432	1,582	1,432	1,582

The Company exports finished goods and other goods to Nile Breweries Limited and Zambia Breweries Limited, all subsidiaries of AB InBev.

ii) Purchase of goods and service

Purchase of goods				
Fellow subsidiaries	78,582	159,012	71,136	152,812

The Company purchases goods from MUBEX, a subsidiary of AB InBev. Mubex buys and on-sells raw materials and finished goods to companies within the AB InBev Group's Africa region.

Purchase of services

Subsidiary	-	-	-	366
Fellow subsidiaries	39,312	29,560	39,312	29,560
	39,312	29,560	39,312	29,926

The Company leases buildings from its subsidiary, Kibo Breweries Limited.

Other related parties include AB-InBev Africa (Pty) Ltd, that provides managerial and technical services AB-InBev Group's Africa region and AB-InBev International Brand Limited, (formerly SABMiller International Brand Ltd). The Company produces and distributes AB-InBev International Brand Limited brands under license and pays royalty fees at a percentage of sales of the brands. Both companies are subsidiaries of AB InBev.

iii) Interest on intercompany accounts

Net Interest income on intercompany accounts

	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Subsidiary	-	2	1,635	694
Interest expense on intercompany accounts				
Fellow subsidiary	269	574	269	396

The Company is charged interest by its fellow subsidiary Mubex on overdue balances.

Also, the Company charges interest to its subsidiary Tanzania Distilleries Limited on current accounts balances held.

iv) Year-end balances arising from transactions with related parties:

Receivable from related parties (Note 21)				
Subsidiary (net of impairment provision)	-	-	294	8,407
Fellow subsidiaries	2,377	2,653	2,377	2,653
	2,377	2,653	2,672	11,060
Payable to related parties (Note 31)				
Subsidiary	-	-	43,573	35,729
Fellow subsidiaries	41,085	41,407	40,523	41,407
	41,085	41,407	84,096	77,136

The receivables from related parties arise mainly from sale transactions and are due three months after the date of sale. The receivables are unsecured. As at the year end impairment provision of TZS 35,005 million was made against receivable balance from Darbrew Limited (2019: TZS 35,005 million).

The payables to related parties arise mainly from purchase transactions and are due three months after date of purchase.

v) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the group.

a) Key management compensation

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Salaries	2,412	3,491	2,412	3,491
Defined contribution plan	192	326	192	326
	2,604	3,817	2,604	3,817

b) Transactions with key management personnel

There were no other transactions with key management personnel during the year

c) Balances with key management personnel

No loans were issued to or received from the key management personnel during the year (2019: Nil)

d) Directors' emoluments

Million Tanzania Shillings	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Non-executive Chairman	28	31	28	31
Non-executive Directors	91	86	75	70
	119	117	103	101

A schedule detailing remuneration of each director will be annexed to these financial statements for presentation to the annual general meeting.

The Directors of the Company own directly and indirectly 88,857 (2019: 88,857) ordinary shares of the Company as 31 December 2020.

During the year, there were no commitments, provision of guarantees and collateral with related parties. (Dec 2019: Nil).

Transactions with related parties were carried on an arm's-length basis.

38 Ultimate parent company

The ultimate parent Company is Anheuser-Busch InBev SA/NV ("AB InBev"), which is incorporated in Belgium and has its registered business address at Brouwerijplein 1, B-3000 Leuven.

39 Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on the date shown on page 29.

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Notice of the 48th Annual General Meeting

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 48th Annual General Meeting of the Shareholders of Tanzania Breweries Limited will be held virtually on 4th August 2021 at 10hrs00, for the following purposes:

- 1. Notice of Meeting**
Notice convening the meeting to be taken as read.
- 2. Approval of Minutes**
To approve and sign the minutes of the 47th Annual General Meeting.
- 3. Matters Arising from the minutes of the previous meeting**
- 4. Financial Statements and Directors' Report**
To receive, consider and adopt the Directors' Report, Auditors' Report and the audited financial statements for the year ended 31st December 2020.
- 5. To ratify dividend paid for the year ended 31st December 2020**
- 6. Appointment of Statutory Auditors**
To approve the appointment of PricewaterhouseCoopers as the external auditors for the next financial year ending 31st December 2021.
- 7. Election of the Minority Representatives**
Members to conduct election of two Board Members to represent minority shareholders in the Board.
- 8. Any other business**
Any other business needs to be brought to the attention of the Secretary at least seven clear days before the meeting.

BY THE ORDER OF THE BOARD

Note:

- i. Any member entitled to attend and vote, if unable to attend for any reason, is entitled to appoint a proxy or proxies to attend, speak, and, on a poll, vote in his/her stead and such a proxy need not also be a member of the Company.
- ii. Proxy forms should be forwarded to reach the registered office of the Company or the office of the Company Secretary at least 48 hours before the time fixed for the holding of the meeting or can be emailed to tblcorporate.communications@ab-inbev.com.
- iii. The AGM shall be hosted on the Mkutano eAGM platform virtually. Participants are expected to sign up well before time. The details of the platform are provided below. Kindly ensure that:
 1. You have downloaded Google Chrome <https://www.google.com/chrome/> or Microsoft edge <https://www.microsoft.com/en-us/edge>
 2. Sign up using the following link <https://escrowagm.com/csdr/Login.aspx>
 3. On the day of the meeting, kindly login at least 20 minutes before the meeting to ensure that you are settled ahead of the scheduled starting time using the link above to then,
 - Enter username
 - Enter Password
 - Click Login
 - Click Join on the blue button
 - Click Join audio by Computer to attend the live meeting
 4. If you are new to the platform, kindly click Sign-Up and capture the required details. If you have problems with the login, please call/WhatsApp the provided below helplines.
 5. For better experience, please use a windows device and Chrome browser. Use of Apple devices must be done in consultation with the system Administrator.

Documents;

The Annual Report, Proxy Form, Minutes and matters arising from the previous Annual General Meeting can be accessed on <https://tanzaniabreweries.co.tz/shareholders>

REGISTRY SERVICES AND SHARE RELATED INQUIRIES

We wish to inform the shareholders of Tanzania Breweries Public Limited Company who have share transmission issues or want to change their details or with dividend issues should contact CSD & Registry Company Limited (CSDR) through the following address:

Registrar

CSD & Registry Company Limited,
Kambarage House, 2nd Floor,
Ufukoni Street, P. O. Box 70081,
Dar es Salaam,
Hotline: +255746 160516 / +255 677 070414,
Email: registrar@csdr.co.tz



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