

**TATEPA PUBLIC LIMITED COMPANY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

TATEPA PUBLIC LIMITED COMPANY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

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**TATEPA PUBLIC LIMITED COMPANY
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CORPORATE INFORMATION

Board of Directors

<u>Name</u>	<u>Nationality</u>
Mr. G. C. Theobald (Chairman)	Tanzanian
Robin Hugh Latham Harrison	British
Edward Deverell Stephen Stiles	British
Alexander Charles Lavallin Puxley	British
Mr. Hendrick Andres De Klerk	South African
David Elikisa Bulengo	Tanzanian

Registered Office of the Company

C/o Wakulima Tea Company
Tukuyu Township, Katumba factory
P.O. Box 700
Tukuyu - Mbeya
Tanzania

Auditors

Baker Tilly DGP & Co.,
Certified Public Accountants
P.O. Box 1314,
Dar es Salaam
Tanzania

Company Secretary

Mr. Rozmin Alkarim Jafferli
P.O.Box 700,
Tukuyu-Mbeya
Tanzania

Bankers

CRDB Bank PLC
Pugu Road Branch
P.O. Box 268
Dar es salaam - Tanzania

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FOR THE YEAR ENDED 30TH SEPTEMBER 2023

REPORT OF THE DIRECTORS

The Directors submit their report and the audited company and consolidated financial statements for the year ended 30th September 2023, which disclose the state of affairs of Tatepa Public Limited Company ("the Company") and its subsidiary ("the Group").

1. INCORPORATION

The Company is incorporated in Tanzania under the companies Act, No. 12 of 2002 as a public limited liability company. It was incorporated as Tanzania Tea Packers Limited on 22nd March 1994 and changed its name from Tanzania Tea Packers Limited to TATEPA Limited on 24th October 2012 vide certificate no. 24970.

2. GROUP VISION

The Group's vision is to become Tanzania's premier "green" agricultural business, being both environmentally and commercially aware and giving fair returns to all stakeholders. The Group aims to deliver sustainable development, to develop businesses with smallholder partners and other stakeholders, and gradually to empower them to own these businesses.

3. COMPANY MISSION

The Company's mission is to invest, develop and manage businesses that will deliver broad participation and benefits for all stakeholders. All businesses in which the Company invests endeavor to be commercially, socially and environmentally sustainable and pursue best practices in the management and development of their activities. The Company is able to participate in new ideas and start-ups in all areas of the Tanzanian agricultural value chain and seeks to assist in the development of effective regulations and other governance matters where it can make a difference.

4. PRINCIPAL ACTIVITIES

The Company holds a majority equity stake of 70% in Wakulima Tea Company Limited (WTCL) (2022: 70%). TATEPA holds a direct interest in Rungwe Avocado Company limited of 33.62% and an indirect interest through Wakulima Tea Company Limited of 5.65%(2022: 6.65%) Total interest in Rungwe Avocado company Limited is 39.27%(2022: 39.27%)

The company also holds a direct interest in Suma Hydro Limited of 43.57%(2022: 43.57%)

Wakulima Tea Company Limited undertakes the growing, processing and sale of tea in both local and export markets. Exports are made through private contracts. Rungwe Avocado Company Limited undertakes the growing, packing and export of avocados. Exports are made through private contract. Suma Hydro Limited undertakes electric power generation, transmission and distribution into the local market.

During the year, the parent Company's principal activities continued to be the those of an investment company.

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5. COMPOSITION OF THE BOARD OF DIRECTORS

The Directors of the Company at the date of this report who served the company during the financial year ended 30th September 2023 are:

Name	Position	Age (years)	Qualifications	Nationality
George Carmichael Theobald	Chairman	64	BA - Economics	Tanzanian
Robin Hugh Latham Harrison	Member	65	Ma (History, Archaeology & Anthropology)	British
Edward Deverell Stephen Stiles	Member	42	MBA, Meng (Oxon)	British
Alexander Charles Lavallin Puxley	Member	37	BA (Oxon) History, & Chartered Accountant with ICAS	British
Hendrik Andries De Klerk	Member	59	Diploma in Agriculture	South African
David Elikisa Bulengo	Member	51	BA Economics & Public Administration	Tanzanian

The Company Secretary at the date of this report is Miss Rozmin Alkarim Jafferli who was appointed with effect from 1st June 2023.

In accordance with the Company's Articles of Association, the Directors are elected by the shareholders in an Annual General Meeting (AGM), to hold office for a period of two years, after which they retire but are eligible for re-election.

6. CORPORATE GOVERNANCE

During the year ended 30th September 2023, the Board of the Company consisted of six Directors. The Board takes overall responsibility for the Company, including identification of the key risk areas, considering and monitoring investment decisions, considering financially significant matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that the comprehensive systems of internal control policies and procedures are operating, and for compliance with sound governance principles.

Board meetings are held at regular intervals. There were four meetings during the year ended 30th September 2023 (In 2022: three meetings). The individual companies are responsible for their own management and corporate governance through their respective Board of Directors.

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

The Board of TATEPA has two sub committees to ensure high standard corporate governance throughout the company and its subsidiaries. The two sub committees are Audit Committee and Remuneration Committee who sit twice per financial year and whenever necessary as directed by the board respectively.

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7. CAPITAL STRUCTURE

The Group and Company debt and capital structure as at the reporting date were as shown below:

	Group		Company	
	2023	2022	2023	2022
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Ordinary share capital	2,376,431	466,431	2,376,431	466,431
Share premium	14,362,454	4,048,462	14,362,454	4,048,462
Retained earnings	(20,986,797)	(20,091,738)	(19,303,083)	(19,510,542)
Revaluation reserve	8,520,482	8,527,040	-	-
Total owners' equity	4,272,570	(7,049,805)	(2,564,198)	(14,995,649)
Non-controlling interest	3,659,539	4,134,858	-	-
Total equity	<u>7,932,109</u>	<u>(2,914,947)</u>	<u>(2,564,198)</u>	<u>(14,995,649)</u>
Borrowings	<u>9,920,449</u>	<u>14,458,915</u>	<u>4,049,831</u>	<u>11,007,260</u>

8. MANAGEMENT

The Management of the Company and that of the subsidiaries is done through the respective Boards of Directors.

9. SHAREHOLDER OF THE COMPANY

The total number of shareholders as at 30th September 2023 was 1617 shareholders (2022: 1617 shareholders). Two of the Directors had interests in the issued and fully paid-up shares of the Company as detailed below:

Name	Nationality	Number of ordinary shares
Mr George Carmichael Theobald	Tanzanian	10,313,111 shares
Mr. Hendrik Andries De Klerk	South African	25,000 shares

The shares of the Company are held as follows:

S/N	Name	Number of ordinary shares	
		2023	2022
1	Thompson Lloyd & Ewart Limited	4,810,065	4,442,565
2	Mr. G. C. Theobald	10,313,111	4,460,371
3	Maris Tatepa Holdings Limited	71,232,430	3,370,520
4	Mr. P. D. Rowland	2,253,453	2,253,453
5	Estate of the late Hon J. J. Mungai	4,658,061	2,340,281
6	Mr. Hendrik Andres De Klerk	25,000	25,000
7	Various other shareholders	1,765,064	1,765,064
		<u>95,057,184</u>	<u>18,657,254</u>

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10. STOCK EXCHANGE INFORMATION

The Company is listed on the Dar es Salaam Stock Exchange (DSE) since 1999. The share price as at 30th September 2023 was Tzs 120 (2022: 120). The market capitalization as at 30th September 2023 was Tshs 11.41 billion (2022: Tzs 2.24 billion).

11. RESULTS AND DIVIDEND

The results for the year are disclosed on page 7. The Board does not propose a dividend for the year 2022-2023 (Year 2021-2022: nil)

12. PERFORMANCE FOR THE YEAR

During the year Made tea production by Wakulima Tea Company Limited decreased by 14% as compared to 2022. The average sale price at USD 1.71 per Kg(2022: USD 1.63 per Kg. Wakulima Tea Company Ltd made an operating loss before tax of Tzs 2,703 million (2022: Operating profit before tax of Tzs 2,509 million).

Tatepa Public Limited Company (TATEPA) remained as the Holding Company and concentrated on the management of the Group Companies. During the year, it made a profit before tax of Tzs 207 million (2022: loss of Tzs 844 million).

The Group loss before tax during the year amounted to Tzs 2,495 million (2022: Tzs 3,353 million).

13. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by employees.

Whilst no system of internal control can provide absolute assurance against misstatement or losses, the systems of the Company and its subsidiary are 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 30th September 2023 and is of the opinion that they met acceptable criteria.

14. SOLVENCY

The Directors believe that the Company and the Group will remain a going concern for at least the next twelve months from the date of this report. The Board of Directors has reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The Board of Directors also confirms that applicable International Financial Reporting Standards ('IFRS') have been followed in the preparation of the financial statements.

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15. EMPLOYEES' WELFARE

Management and Employees' Relationship

There were continued good relationships between employees and management during the year ended 30th September 2023. A healthy relationship continues to exist between management and the trade union.

The Group remains an equal opportunity employer providing equal access to employment opportunities and ensuring 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 relevant duties.

Training Facilities

The Group allocates a sufficient budget for staff training in order to improve employees' technical skills and effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels.

Medical Assistance

All members of staff and a maximum number of four beneficiaries (dependents) per employee are availed medical assistance (payment of certain medical bills) at Government hospitals within their locations or through a medical insurance scheme.

Health and Safety

The Group has a strong health and safety committee 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.

Financial Assistance to Staff

Loans are available to all permanent employees on commercial terms depending on the assessment of and at the discretion of management as to the need and circumstances. However, the Group advises its employees to seek independent financial assistance from financial institutions whenever possible.

Persons with Disabilities

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

Employees Benefit Plans

The Group pays contributions to a mandatory publicly administered pension plan (NSSF) which qualifies to be a defined benefit plan.

The Group also maintains an unfunded non-contributory employee gratuity arrangement (the "Arrangement"), which provides for lump sum payments to eligible employees on their retirement at the age of 60 years, or those allowed to retire early at the age of 55 years, based on the length of service and salary at retirement. The payments for this are from the Group's internally generated funds.

The average number of employees in the Group during the year was 298 (2022: 317).

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16. GENDER PARITY

As at 30th September 2023, the Group had 286 employees (2022: 308 employees), out of whom 77 (2022: 83) were female and 209 (2022: 225) were male.

17. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in note 30 to these financial statements.

18. POLITICAL AND CHARITABLE DONATIONS

The Group did not make any political donations during the year. The Group did not make donations to public institutions nor to charitable organizations during the year (2022: nil).

19. ENVIRONMENTAL CONTROL PROGRAMME

Wakulima Tea Company Limited (WTCL) uses firewood as a source of heat in the process of tea manufacturing. As part of its environmental control programme, WTCL has adopted policies aimed at the protection of the environment by establishing forest nurseries and distribution of subsidized seedlings to the small holder tea growers. The Company discourages the harvesting of immature forests by not buying firewood harvested from immature forests. In addition, WTCL and RAC both follow international guidelines for environmental conservation, as stipulated by the Rainforest Alliance and Global Gap respectively.

The Group also has programmes, policies and independent standards that involve the training of farmers on good agricultural practice, the use of pesticides and fertilizer and the safe disposal of used containers. Additional steps are taken to enhance environmental management with control of waste and management of energy.

20. CORPORATE SOCIAL RESPONSIBILITY

The Group continues to ensure that its employees and other stakeholders have responsible environment management policies and follow international standards (Fairtrade, HACCP, ISO 22000 and Rain Forest Alliance), Innovative HIV/AIDS awareness and prevention schemes and continual dialogue.

21. AUDITOR

The Company's Auditor, M/s. Baker Tilly DGP & Co. has expressed willingness to continue in office and is eligible for re-appointment.

Approved by Board of Directors and signed on its behalf by;



George C. Theobald
Chairman

12.04.2024

Date

**TATEPA PUBLIC LIMITED COMPANY, P.O. BOX 700, MBEYA
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Tanzania Companies Act, No. 12 of 2002 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of its profit or loss for that year. It also requires the Directors to ensure that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company and Group; that disclose, with reasonable accuracy, the financial position of the Group and Company and that enable them to prepare financial statements of the Group and Company that comply with the International Financial Reporting Standards and the requirements of the Tanzania Companies Act, No.12 of 2002. The Directors are also responsible for safeguarding the assets of the Group and Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Tanzania Companies Act, No. 12 of 2002. They also accept responsibility for:

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

The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the Group and Company as at 30th September 2023 and of the group and company financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies Act, 2002.

The company meets its day-to-day cash operating requirements from operating cash flows and third-party financing and related parties financing. The shareholders have given an undertaking that they will continue to provide financial support to the Company for the foreseeable future and will not seek repayment of the amounts owed in a manner that will affect the operations of the Company. Based on the above, the Directors have considered it appropriate to prepare these financial statements on the going concern basis.

In preparing these financial statements the Directors have assessed the Group and Company's ability to continue as a going concern. The going concern preparation basis of these financial statements is disclosed in note 2a of these financial statements. Nothing has come to the attention of the Directors to indicate that the Company and its subsidiary will not remain a going concern for at least the next twelve months from the date of this statement.

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

Approved by Board of Directors and signed on its behalf by;



George C. Theobald
Chairman

12.04.2024

Date

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DECLARATION OF THE HEAD OF ACCOUNTING AND FINANCE

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

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing a true and fair view of the company's and Group's financial position and performance in accordance with the International Financial Reporting Standards (IFRS) and Statutory financial reporting requirements.

Full legal responsibility for the preparation of the financial statement's rests with the Board of Directors as indicated under the Directors Responsibility statement on previous page.

In regard thereof, I **Peter Placid Mdendemi**, being the Head of Finance/Accounting of Tatepa Public Limited Company hereby acknowledge my responsibility of ensuring that the Company and Group financial statements for the year ended 30th September 2023 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of the Company and Group as on that date and that they have been prepared from properly maintained financial records.

Signed by: 

Position: **Finance Manager**

NBAA Membership No.: **CPA 4332**

Date: 12.04.2024

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF
TATEPA PUBLIC LIMITED COMPANY****Opinion**

We have audited the accompanying consolidated financial statements of TATEPA Public Limited Company (the Company) and its subsidiary, Wakulima Tea Company Limited (together, the Group) set out on pages 14 to 77 which comprise the consolidated and company statement of financial position as at 30th September 2023, and consolidated and company statement of profit or loss and other comprehensive income, consolidated and company statement of changes in equity and consolidated and company statement of cash flows for the year ended 30th September 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the Group's and Company's financial position as at 30th September 2023, and the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Tanzania Companies Act, No. 12 of 2002.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' report, the schedule of expenditure and the declaration of the head of finance but does not include the consolidated financial statements and our auditor's report thereon.

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

Emphasis of matter

During the year under review, the Management made a rights issue to further capitalize the Company by allowing all the shareholders to purchase additional shares in the Company. The balance sheet was restructured by way of the rights issue such that the liability amounting to USD 5,268,962 (Tsh.12,340,743,602) was converted into the equivalent Ordinary Equity shares at the Rights Issue at a Conversion price of Tsh160 per share. The necessary statutory filing of documents with Business Registration and Licensing Agency (BRELA) is under progress. Our report is not qualified in respect of the above matter.

Responsibilities of the directors for the financial statements

The Directors are responsible for the preparation of the consolidated and Company financial statements that give a true and fair view in accordance with the IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Partners:

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by the directors.

Conclude on the appropriateness of director's use of the going concern basis of accounting and based on the audit evidence obtained, assess whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern; and

Evaluate the overall presentation, structure and content of the consolidated and company financial statements, including the disclosures, and whether the consolidated and company financial statements present the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Group and the Company, so far as appears from our examination of those books;
- iii) the director's report is consistent with the financial statements;
- iv) information specified by the law regarding director's remuneration and transactions with the Company is disclosed; and
- v) the Group's and Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.

For Baker Tilly DGP & Co.

Certified Public Accountants,

.....
Vishwanshu H. Trivedi
Partner
Place : Dar es Salaam

TATEPA PUBLIC LIMITED COMPANY
P.O. Box 700 Tukuyu - Mbeya

CONSOLIDATED AND COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH SEPTEMBER 2023

PARTICULARS	NOTE	Group		Company	
		2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
Revenue	3	18,780,122	22,477,510	-	-
Cost of sales	5	16,283,977	18,339,060	-	-
Gross profit		2,496,145	4,138,450	-	-
Other income	4	46,178	-	-	-
Selling and marketing cost	7	(1,805,137)	(2,399,166)	-	-
Administrative expenses	6	(2,977,570)	(3,088,431)	(505,481)	263,697
Finance cost	9	(1,169,845)	(1,037,167)	(666,225)	(542,324)
Finance Income	9	142,896	338,098	607,123	702,279
Loss recognised on impairment of associate		-	(36,782)	-	-
Fair value loss on embedded derivatives		772,042	(1,267,884)	772,042	(1,267,884)
		<u>(5,037,614)</u>	<u>(7,491,332)</u>	<u>207,459</u>	<u>(844,232)</u>
Profit / (loss) before tax		(2,495,291)	(3,352,882)	207,459	(844,232)
(Tax expense) / credit	10	1,115,320	111,684	(3,036)	(117,961)
Profit / (loss) for the year		<u>(1,379,972)</u>	<u>(3,241,198)</u>	<u>204,423</u>	<u>(962,193)</u>
Attributable to:					
- Owners of the parent company		(904,653)	(2,557,496)	204,423	(962,193)
- Non controlling interest		(475,319)	(683,702)	-	-
		<u>(1,379,972)</u>	<u>(3,241,198)</u>	<u>204,423</u>	<u>(962,193)</u>
Other comprehensive income:					
Profit/ (Loss) on Investment in Associate		(58,923)	(9,096)	(58,923)	(9,096)
		<u>(58,923)</u>	<u>(9,096)</u>	<u>(58,923)</u>	<u>(9,096)</u>
Total comprehensive income / (loss) for the year, net of tax		<u>(1,438,895)</u>	<u>(3,250,294)</u>	<u>145,500</u>	<u>(971,289)</u>
Total comprehensive income / (loss) for the year, attributable to:					
- Owners of the parent company		(963,576)	(2,566,592)	145,500	(971,289)
- Non controlling interest		(475,319)	(683,702)	-	-
		<u>(1,438,895)</u>	<u>(3,250,294)</u>	<u>145,500</u>	<u>(971,289)</u>
Earning per share attributable to equity shareholders of the company during the year (expressed in Tzs per share)					
- Basic		<u>(10.14)</u>	<u>(137.57)</u>		
- Diluted		<u>(10.14)</u>	<u>(19.26)</u>		

The significant accounting policies on pages 18 to 42 and the notes on pages 43 to 70 form an integral part of these financial statements.

Report of the Independent Auditor's on page 11 & 12.

The financial statements on Pages 13 to 70 were approved by the Board of Directors and signed on behalf by:


George C. Theobald
Chairman

12.04.2024

Dated:

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF
TATEPA PUBLIC LIMITED COMPANY****Opinion**

We have audited the accompanying consolidated financial statements of TATEPA Public Limited Company (the Company) and its subsidiary, Wakulima Tea Company Limited (together, the Group) set out on pages 14 to 77 which comprise the consolidated and company statement of financial position as at 30th September 2023, and consolidated and company statement of profit or loss and other comprehensive income, consolidated and company statement of changes in equity and consolidated and company statement of cash flows for the year ended 30th September 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the Group's and Company's financial position as at 30th September 2023, and the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Tanzania Companies Act, No. 12 of 2002.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' report, the schedule of expenditure and the declaration of the head of finance but does not include the consolidated financial statements and our auditor's report thereon.

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

Emphasis of matter

During the year under review, the Management made a rights issue to further capitalize the Company by allowing all the shareholders to purchase additional shares in the Company. The balance sheet was restructured by way of the rights issue such that the liability amounting to USD 5,268,962 (Tsh.12,340,743,602) was converted into the equivalent Ordinary Equity shares at the Rights Issue at a Conversion price of Tsh160 per share. The necessary statutory filing of documents with Business Registration and Licensing Agency (BRELA) is under progress. Our report is not qualified in respect of the above matter.

Responsibilities of the directors for the financial statements

The Directors are responsible for the preparation of the consolidated and Company financial statements that give a true and fair view in accordance with the IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Partners:

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by the directors.

Conclude on the appropriateness of director's use of the going concern basis of accounting and based on the audit evidence obtained, assess whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern; and

Evaluate the overall presentation, structure and content of the consolidated and company financial statements, including the disclosures, and whether the consolidated and company financial statements present the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Group and the Company, so far as appears from our examination of those books;
- iii) the director's report is consistent with the financial statements;
- iv) information specified by the law regarding director's remuneration and transactions with the Company is disclosed; and
- v) the Group's and Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of accounts.

For Baker Tilly DGP & Co.

Certified Public Accountants,

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Vishwanshu H. Trivedi
Partner
Place : Dar es Salaam

TATEPA PUBLIC LIMITED COMPANY
P.O. Box 700 Tukuyu - Mbeya

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS ON 30TH SEPTEMBER 202

PARTICULARS	NOTE	Group		Company	
		2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
Non current assets					
Property, plant and equipment	27	22,397,130	22,786,841	-	-
Intangible assets	28	4,069	7,825	-	-
Right use-of-asset	24	-	15,876	-	-
Investments in subsidiary	12	-	-	1,704,274	1,704,274
Investment in associate	13	837,926	896,849	837,926	896,849
		<u>23,239,125</u>	<u>23,707,391</u>	<u>2,542,200</u>	<u>2,601,123</u>
Current assets					
Inventories	14	4,477,773	4,202,825	-	-
Trade and other receivables	15	2,866,348	2,498,048	879,694	1,108,620
Cash and cash equivalents	16	17,206	15,074	8,688	6,887
Tax recoverable	26	554,431	494,284	402,281	368,731
		<u>7,915,758</u>	<u>7,210,231</u>	<u>1,290,663</u>	<u>1,484,238</u>
Total assets		<u>31,154,883</u>	<u>30,917,622</u>	<u>3,832,863</u>	<u>4,085,361</u>
Equity					
Share capital	18	2,376,429	466,431	2,376,429	466,431
Share premium	18	14,362,453	4,048,462	14,362,453	4,048,462
Properties revaluation reserve		8,520,482	8,527,040	-	-
Retained earnings		(21,048,756)	(20,091,738)	(19,365,042)	(19,510,542)
Equity attributable to owners of the Company		4,210,608	(7,049,805)	(2,626,160)	(14,995,649)
Non controlling interest		3,659,539	4,134,858	-	-
Total equity		<u>7,870,147</u>	<u>(2,914,947)</u>	<u>(2,626,160)</u>	<u>(14,995,649)</u>
Non current liabilities					
Retirement benefit obligation	19	854,416	751,675	-	7,960
Borrowings	20	1,447,468	1,700,947	-	-
Deferred tax liabilities	10	3,206,623	4,418,879	-	-
		<u>5,508,507</u>	<u>6,871,501</u>	<u>-</u>	<u>7,960</u>
Current liabilities					
Trade and other payables	21	7,855,780	6,506,909	2,409,192	2,091,701
Embedded derivatives	22	-	5,974,089	-	5,974,089
Borrowings	20	9,920,449	14,458,915	4,049,831	11,007,260
Lease liabilities	25	-	21,155	-	-
		<u>17,776,229</u>	<u>26,961,068</u>	<u>6,459,023</u>	<u>19,073,050</u>
Total equity and liabilities		<u>31,154,883</u>	<u>30,917,622</u>	<u>3,832,863</u>	<u>4,085,361</u>

The significant accounting policies on pages 18 to 42 and the notes on pages 43 to 70 form an integral part of these financial statements.

Report of the Independent Auditor's on page 11 & 12.


George C. Theobald
Chairman

12.04.2024
Date

TATEPA PUBLIC LIMITED COMPANY
P.O. Box 700 Tukuyu - Mbeya

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 30TH SEPTEMBER 2023

Particulars	Share capital	Share premium	Retained earnings	Property Revaluat Reserve	Total	Non controlling interest	Total
	Tzs '000'	Tzs '000'	Tzs '000'	TZS	TZS	TZS	Tzs '000'
<u>Year ended 30th September 2022</u>							
As at start of the year	466,431	4,048,462	(17,531,704)	8,533,598	(4,483,213)	4,818,560	335,347
	466,431	4,048,462	(17,531,704)	8,533,598	(4,483,213)	4,818,560	335,347
Total comprehensive income for the year:							
Loss for the year	-	-	(2,557,496)	-	(2,557,496)	(683,702)	(3,241,198)
Loss on Investment in Associate	-	-	(9,096)	-	(9,096)	-	(9,096)
Amortization of excess depreciation revaluation	-	-	9,369	(9,369)	-	-	-
Deferred tax charge on depreciation transfer	-	-	(2,811)	2,811	-	-	-
At the end of the year	466,431	4,048,462	(20,091,738)	8,527,040	(7,049,805)	4,134,858	(2,914,947)
<u>Year ended 30th September 2023</u>							
As at start of the	466,431	4,048,462	(20,091,738)	8,527,040	(7,049,805)	4,134,858	(2,914,947)
Issue during the year	1,909,998	10,313,991	-	-	12,223,989	-	12,223,989
	2,376,429	14,362,453	(20,091,738)	8,527,040	5,174,184	4,134,858	9,309,042
Total comprehensive income for the year:							
Loss for the year	-	-	(904,653)	-	(904,653)	(475,319)	(1,379,972)
Loss on Investment in Associate	-	-	(58,923)	-	(58,923)	-	(58,923)
	2,376,429	14,362,453	(21,055,314)	8,527,040	4,210,608	3,659,539	7,870,147
Amortization of excess depreciation revaluation	-	-	9,369	(9,369)	-	-	-
Deferred tax charge on depreciation transfer	-	-	(2,811)	2,811	-	-	-
At the end of the year	2,376,429	14,362,453	(21,048,756)	8,520,482	4,210,608	3,659,539	7,870,147

The significant accounting policies on pages 18 to 42 and the notes on pages 43 to 70 form an integral part of these financial statements.

Report of the Independent Auditor's on page 11 & 12.

The financial statements on Pages 13 to 70 were approved by the Board of Directors and signed on behalf by:



George C. Theobald
Chairman

12.04.2024

Dated:

TATEPA PUBLIC LIMITED COMPANY
P.O. Box 700 Tukuyu - Mbeya

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 30TH SEPTEMBER 2023

Particulars	Share capital	Share premium	Retained earnings	Total
	Tzs '000'	Tzs '000'	Tzs '000'	TZS
<u>Year ended 30th September 2022</u>				
As at start of the year	466,431	4,048,462	(18,539,253)	(14,024,360)
	466,431	4,048,462	(18,539,253)	(14,024,360)
Total comprehensive income for the year:				
Loss for the year	-	-	(962,193)	(962,193)
Loss on Investment in Associate	-	-	(9,096)	(9,096)
	466,431	4,048,462	(19,510,542)	(14,995,649)
At the end of the year	466,431	4,048,462	(19,510,542)	(14,995,649)
<u>Year ended 30th September 2023</u>				
As at start of the	466,431	4,048,462	(19,510,542)	(14,995,649)
Movement in retained earnings	-	-	-	-
Issue during the year	1,909,998	10,313,991	-	12,223,989
	2,376,429	14,362,453	(19,510,542)	(2,771,660)
Total comprehensive income for the year:				
Loss for the year	-	-	204,423	204,423
Loss on Investment in Associate	-	-	(58,923)	(58,923)
	2,376,429	14,362,453	(19,365,042)	(2,626,160)
At the end of the year	2,376,429	14,362,453	(19,365,042)	(2,626,160)

The significant accounting policies on pages 18 to 42 and the notes on pages 43 to 70 form an integral part of these financial statements.

Report of the Independent Auditor's on page 11 & 12.

The financial statements on Pages 13 to 70 were approved by the Board of Directors and signed on behalf



George C. Theobald
Chairman

12.04.2024

Dated:

TATEPA PUBLIC LIMITED COMPANY
P.O. Box 700 Tukuyu - Mbeya

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

PARTICULARS	NOTE	Group		Company	
		2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
<u>Cash flows from operating activities</u>					
Cash (used in) / from operation	17	(339,138)	2,115,720	1,121,030	1,042,905
Tax paid	26	(157,084)	(428,524)	(36,586)	(111,036)
Net cash (used in) / from operation		(496,222)	1,687,196	1,084,444	931,869
<u>Investing activities</u>					
Purchase of property, plant and equipment	27	(28,471)	(116,018)	-	-
Purchase shares in associate		-	(905,945)	58,923	(905,945)
Net cash (used in) / from investing activities		(28,471)	(1,021,963)	58,923	(905,945)
<u>Financing activities</u>					
Repayment of borrowings		(6,901,639)	-	-	-
Proceeds from borrowings	20	(228,940)	2,205,839	-	-
Increase / (decrease) in embedded derivatives		(5,974,089)	-	(5,974,089)	-
Proceeds from issue of shares		1,909,998	-	1,909,998	-
Proceeds from issue of share premium		10,313,991	-	10,313,991	-
Interest income	4	14,831	116,817	124,677	112,828
Interest paid	9	(886,475)	(973,151)	(7,457,220)	(134,822)
Interest paid on lease liability	9	(38,331)	(10,344)	-	-
Effects of exchange rates on loans		-	35,949	-	-
Payment of principle portion of lease liability	25	(21,155)	(53,926)	-	-
Net cash (used in) / from financing activities		(1,811,809)	1,321,184	(1,082,643)	(21,994)
Increase / (decrease) in cash and cash equivalent		(2,336,502)	1,986,417	60,724	3,930
<u>Movement in cash and cash equivalents</u>					
At the start of the year		(5,929,302)	(7,915,719)	6,887	2,957
Increase / (decrease) in cash and cash equivalent		(2,336,502)	1,986,417	60,724	3,930
At end of the year		(8,265,804)	(5,929,302)	67,611	6,887

The significant accounting policies on pages 18 to 42 and the notes on pages 43 to 70 form an integral part of these financial statements.

Report of the Independant Auditor's on page 11 & 12.

The financial statements on Pages 13 to 70 were approved by the Board of Directors and signed on behalf by:


George C. Theobald
Dated:

12.04.2024
Dated:

**TATEPA PUBLIC LIMITED COMPANY, P.O. BOX 700, MBEYA
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

1. GENERAL INFORMATION

Tatepa Public Limited Company (the "Company") is incorporated in Tanzania under the Companies Act, No. 12 of 2002 as a limited liability Company and listed on the Dar es Salaam Stock Exchange. It is domiciled in the United Republic of Tanzania. The Company and its subsidiary (the Group) are involved in growing, processing, packing and sale of tea in local as well as the export markets.

The address of its registered office is:

C/O Wakulima Tea Company Limited
Tukuyu Township, Katumba Factory
P. O. Box 700, Tukuyu
Mbeya, Tanzania

2. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION

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

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

The consolidated financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with the International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

TATEPA PUBLIC LIMITED COMPANY, P.O. BOX 700, MBEYA ANNUAL REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Transfer between levels of the fair value hierarchy is recognized by the directors at the end of the reporting period during which the change occurred.

Going concern

The financial statements have been prepared on the assumption that the Company and the Group would continue as a going concern. The Directors assessment of the appropriateness of the going concern assumption has taken account of the following:

1. The Group:

- a) incurred a net loss of Tzs 1,379 million for the year ended 30th September 2023 (2022: Tzs 3,241 million);
- b) had current liabilities in excess of its current assets at 30th September 2023 of Tzs 9.86 billion (2022: Tzs 19.750 billion); and that
- c) had a shareholders' surplus of Tzs 7.87 billion as at 30th September 2023 (2022: shareholders' deficit Tzs 2.91 billion).

2. The Company:

- a) incurred a net Profit of Tzs 204.42 million for the year ended 30th September 2023 (2022: net Loss of Tzs 962.19 million)
- b) had net current liabilities as at 30th September 2023 of Tzs 5.17 billion (2022: Tzs 17.59 billion)

The Directors remain confident that the Group and Company will remain a going concern over the next 12 months. In making this assessment the Directors have considered a number of actions taken by the Company and Subsidiary company as outlined below:

Wakulima Tea Company Limited

- i. During the year the Company realized a net loss of Tzs 1.541 billion and as of year-end, it had net current liabilities of Tzs 4.598 billion (2022: Tzs 2.162 billion). The Company meets its day-to-day cash operating requirements from operating cash flows and bank overdraft. The shareholders have given an undertaking that they will continue to provide financial support to

TATEPA PUBLIC LIMITED COMPANY, P.O. BOX 700, MBEYA ANNUAL REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

the company for the foreseeable future and will not seek repayment of the amounts owed in a manner that will affect the operations of the company. Further, the lenders have rescheduled the loans and management are in discussion with the lenders for the capitalization of debts to support the company.

- ii. The CRDB Bank Plc. overdraft facility has been renewed for a period of one year.

Based on the above measures, the Directors believe that the Group and Company will continue to operate as a going concern for the foreseeable future.

New standards, amendments and interpretations adopted by the Group

Standards, Amendments to the standards and Interpretations effective in the year 2022. The following standards, amendments and new interpretations issued by the IFRIC and are mandatory for the accounting periods beginning on or after 1st January 2022:

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Conceptual Framework for Financial Reporting (Amendments to IFRS 3)

The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Company.

Amendments to IAS 1 and IAS 8 Definition of Material (issued in October 2018)

The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.

Proceeds before Intended Use (Amendment to IAS16)

In May 2020, the IASB issued amendments to IAS 16, which prohibit a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of property, plant and equipment. Instead, a company will recognise such sales proceeds and any related costs in profit or loss rather than offset against the cost of the property.

Onerous Contracts-Cost of Fulfilling a Contract — (Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts)).

In May 2020, the IASB issued amendments to IAS 37, added paragraph 68A to specify which costs an entity includes in determining the cost of fulfilling a contract for the purposes of assess whether the contract is onerous. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment.

TATEPA PUBLIC LIMITED COMPANY, P.O. BOX 700, MBEYA ANNUAL REPORT AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

New standards, amendments and interpretations issued but not effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current (issued in January 2020), effective for annual periods beginning on or after 1 January 2023, clarify a criterion for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. As IFRS Practice Statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2.
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards "Subsidiary as a first-time adopter" (issued in May 2020), effective for annual beginning on or after 1 January 2022 with earlier adoption permitted, permits a subsidiary reporting period that elects to apply paragraph D16 (a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of IFRS 1.
- Definition of Accounting Estimates (Amendment to IAS 8) In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g., a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.
- IFRS 17 'Insurance Contracts' (issued in May 2017) effective for annual periods beginning on or after 1 January 2023 establishes the principles for the recognition, measurement, presentation

**TATEPA PUBLIC LIMITED COMPANY, P.O. BOX 700, MBEYA
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The company does not issue insurance contracts.

The directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The company plans to apply the changes above from their effective dates.

B. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

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

i. Measurement of expected credit losses (ECL)

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behavior.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs is based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD).

The ECL model applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

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- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments that are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The group uses these guidelines in determining the staging of its financial assets unless there is persuasive evidence available to rebut these presumptions.

For trade receivables, the group has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognized on the basis of a provisioning matrix.

ii. Useful lives, depreciation methods and residual values of property, plant and equipment, intangible assets and right-of-use assets

Management reviews the useful lives, depreciation methods and residual values of the items of property, plant and equipment, intangible assets and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 28, 25 and 29, respectively.

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iii. Accounting for leases under IFRS 16

Management has made various judgements and estimates under IFRS 16 as detailed below:

Incremental borrowing rate: To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

Lease term/period: 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 leases of warehouses, retail stores and equipment, 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 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.

The carrying amounts of lease liabilities and right-of-use assets are disclosed in notes 26 and 25, respectively.

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

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iv. Retirement benefit obligation

The present value of the retirement obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, rate of salary escalation and retirement age. Any changes in this assumption will impact the carrying amount of benefit obligations.

The Group determines the appropriate discount rate regularly. This is an interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. The Group used Alexander Forbes Financial Services to carry out a full actuarial valuation. The key assumptions are set out in Note 19 to the financial statements.

v. Income Taxes

Significant judgement is required in determining the overall income tax provision. There are many transactions and calculations, for which the ultimate tax determination is uncertain. The Group's and the Company recognize 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 income tax and any deferred tax provisions in the period in which the determination is made.

The Directors have exercised significant judgment in concluding whether sufficient taxable profits will be available in the foreseeable future to utilize the net deferred income tax asset that has been recognized and in the financial statements and amount that has not been recognized as disclosed under Note 10.

vi. Valuation of embedded derivative

During the year 2016 the Company acquired a convertible facility from its shareholders. An initial conversion price as specified in the shareholder's facility agreement is \$ 0.0695 per share. The option derivative was fair valued and loss of Tzs 772,042 million (2022: Tzs 1,268 million) was recognized in the statement of profit or loss.

a) Spot price

The share price at Dar es Salaam stock exchange was Tzs 120 as at 30th September 2023.

b) Discount rate

A rate of 10% was used in the valuation.

c) Dividend

The embedded derivative valuation assumed a dividend yield assumption of 0.0% as the last dividend declared by Tatepa was a dividend of Tzs 100 per share in April 2007.

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d) Interest on facility

The facility represents a no-interest bearing instrument. Interest rate of 12% per annum is only applied on overdue payments. As a result, the valuation did not consider any interest calculations.

C. REVENUE RECOGNITION

The Group recognizes revenue from sells made tea, and avocados in both local and international markets. The Group recognizes revenue as and when it satisfies a performance obligation by transferring control of a product to a customer. The amount of revenue recognized is the amount the Company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

Sales of goods

The Group sells made tea, and avocados in both local and international markets. Sale of goods is recognized when the Group has transferred to the customer the significant risks and rewards of ownership of the goods, the amount of revenue can be measured reliably and the customer has accepted the products and collectability of the related receivable is reasonably assured. The risks and rewards of ownership for exports are passed when goods are loaded into the ship and Bill of lading issued (i.e., free on stage [FOB]) while for local sales are passed at ex-factory stage.

Other income

Interest income is recognized on a time proportion basis using the effective interest method. Once a financial asset is identified as credit-impaired, the effective interest rate is applied to the amortized cost (net of impairment losses) in subsequent reporting periods.

D. INVESTMENT IN SUBSIDIARIES / CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30th September 2023. Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies. Control is achieved when the company; has power over the investee; is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The Group also assesses the existence of control where it does not have a majority of the voting 'rights power but is able to govern the financial and operating policies of a subsidiary. Control may arise in certain circumstances where including the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, where potential voting rights are held by the Company and rights from other contractual arrangements etc.

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When the Company has assessed and has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Assets, liabilities, income and expenses liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

- **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.

- **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 recognized 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 recognized 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 recognized in other comprehensive income are reclassified to profit or loss.

- **Business combinations**

The group applies the acquisition method to account for business combinations. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to/by the group, liabilities incurred by the group to the former owners of the acquire and the equity

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interests issued by the group in exchange for control of the acquire. Acquisition related costs are generally recognized in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date through profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Any contingent consideration to be transferred by the group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments are recognized in profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

E. SEGMENT REPORTING

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

F. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Associates are all entities over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates or jointly controlled entities are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize changes in the investor's share of the

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net assets of the investee after the date of acquisition. The group's investment in associates and joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of post-acquisition profit or loss is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the company and its associates are eliminated to the extent of the company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising in investments in associates are recognized in profit or loss.

The financial statements of the associate and joint ventures are prepared for the same reporting period as the group. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in an associate or joint venture. At each reporting date the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying amount, and then recognizes the loss within 'Share of profit of associate / joint venture' in the statement of profit or loss and other comprehensive income. If the ownership interest in an associate or a joint venture is reduced but the investment continues to be classified as an associate or a joint venture, respectively, only a proportionate share of the of the amounts previously recognized in other comprehensive income is reclassified to profit or loss, where appropriate.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

When a group entity undertakes its activities under joint arrangements directly rather than in a separate entity (a joint operation), the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognized in the financial statements of the

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relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis.

Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

G. TRANSLATION OF FOREIGN CURRENCIES

i. Transactions and balances

Transactions in foreign currencies during the year are converted into Tanzania Shillings (the functional currency), at the rates ruling at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The resulting differences from settlement and translation of monetary items are dealt with in profit or loss in the year in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain future foreign currency risks which meet the criteria for hedge accounting which are recognized in the other comprehensive income; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as FVOCI, are included in other comprehensive income.

ii. Group companies

The results and financial position of the subsidiary companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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- assets and liabilities for each statement of financial position (i.e., including comparatives) presented are translated at the closing rate at the date of that statement of financial position.
- income and expenses for each statement of profit or loss and other comprehensive income (i.e., including comparatives) are translated at average exchange rates for the period.
- all resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of equity.

On disposal of a foreign operation resulting in loss of control of subsidiary, loss of joint control over a jointly controlled entity or loss of significant influence of an associate, all of the accumulated exchange differences in respect of the foreign operation are reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognized in equity.

H. PROPERTY, PLANT AND EQUIPMENT

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

Freehold and leasehold land, buildings and plant and machinery are subsequently measured at fair value, based on periodic valuations, less subsequent depreciation.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

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

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and credited to revaluation reserve in equity except to the extent that the increase reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. Decreases that offset previous increases of the same asset are charged to other comprehensive income.

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All other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and credited to revaluation reserve in equity except to the extent that the increase reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. Decreases that offset previous increases of the same asset are charged to other comprehensive income. All other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

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 company and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Freehold land is not depreciated.

Leasehold land is depreciated over the remaining period of the lease.

Depreciation on all other assets is calculated on the reducing balance basis [or straight line if that applies] method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	Rate (%)
Leasehold improvements	Tenure of lease
Buildings	2.0 - 5.0
Motor vehicles	25.0
Machinery, equipment, furniture and fittings	12.5
Computers	33.3

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

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.

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An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued amounts in the revaluation reserve relating to the particular assets being disposed of are transferred to retained earnings in the statement of changes in equity.

I. BIOLOGICAL ASSETS

The biological assets other than bearer plants have been stated at their fair values less estimated point-of-sale costs. The cost incurred on bearer plants up to the time they come to production are recognized as property, plant and equipment.

The fair value of biological assets is determined based on the present value of expected net cash flows from the biological assets discounted at a market-determined pre-tax rate. The fair value of harvested tea/avocados is determined based on the prices existing in the market less point of sale costs. to sell at the time of harvest. The fair value is determined based on market prices.

The cost of replanting, infilling and upkeep are recognized as an expense in profit or loss in the year in which they are incurred.

Harvested assets are measured at their fair value (at the point of harvest) less costs to sell. The fair value of harvested assets is determined based on the prices existing in the market less costs to sell. Any changes to that fair value are recognized in the profit or loss in the year in which they arise. All costs of replanting, infilling, upkeep and maintenance are recognized in the profit or loss under production costs in the period in which they are incurred.

J. IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually.

An impairment loss is recognized for the amount by which the carrying amount of an asset or a cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, management determines the recoverable amount of the CGU to which the asset belongs.

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A CGU is the smallest identifiable group of assets that generates cash flows that are largely independent of cash inflows from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognized in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

K. FINANCIAL INSTRUMENTS

Financial instruments are recognized when, and only when, the group becomes party to the contractual provisions of the instrument.

▪ **Financial assets**

All financial assets are recognized initially using the trade date accounting which is the date the group commits itself to the purchase or sale.

The group classifies its financial assets into the following categories:

i. Amortized cost:

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and

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Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortized cost; The carrying amount of these assets is adjusted by any expected credit loss allowance measured and recognized.

ii. **Fair Value Through Other Comprehensive Income (FVTOCI):**

Financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are classified and measured at value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gain or losses, interest revenue and foreign exchange gains and losses. Gains and losses previously recognized in OCI are reclassified from equity to profit or loss on disposal of such instruments. Gains and losses related to equity instruments are not reclassified.

iii. **Fair Value Through Profit or Loss (FVTPL):**

Financial assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit or loss and other comprehensive income.

Notwithstanding the above, the group may:

- on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it **at fair value through other comprehensive income**.
- on initial recognition of a debt instrument, irrevocably designate it as classified and measured **at fair value through profit or loss** if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

At initial recognition of a financial asset, the group determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period, the group has not identified a change in its business models.

Derecognition / write off

Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired, when the group has transferred substantially all risks and rewards of ownership, or when the group has no reasonable expectations of recovering the asset.

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain/loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity

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investment designated as measured at FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Impairment

Debt instruments that are subsequently measured at amortized cost or at impairment assessment. No impairment loss is recognized on investments measured at FVTPL.

The group recognizes loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortized cost or at fair value through other comprehensive income (FVTOCI):

- Cash and cash equivalents
- Trade and other receivables
- Other financial assets

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognized in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

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▪ **Financial liabilities**

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The group may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

All other financial liabilities are classified and measured at amortized cost.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the group's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the group does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

• **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

• **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a currently enforceable legal right to offset the amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

L. TAXATION

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

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

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Deferred tax

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

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using fair value model, the carrying amounts of such properties are presumed to be recoverable entirely through sale unless presumption is rebutted. The presumption is rebutted when the investment property is depreciable and held within a business model whose objective is to consume substantially all its economic benefits embodied in it over time rather than through sale.

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

The Group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

M. ACCOUNTING FOR LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in

The group as lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the group recognizes a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the group is reasonably certain to exercise that option.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the group's incremental borrowing rate is used.

For leases that contain non-lease components, the group allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortized cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Leasehold land and buildings are subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the group at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognized in other comprehensive income. All other decreases are recognized in profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset recognized in profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation reserve to the retained earnings.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognized in profit or loss on a straight-line basis over the lease period.

The group as lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognized as income in the profit or loss on a straight-line basis over the lease term.

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Amounts due from lessees under finance leases are recognized as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position.

N. INVENTORIES

Biological assets produce is measured at fair value less costs to sell at the point of harvest. Inventories are carried at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of made a tea comprises the fair value of tea harvested from the Group's plantations less costs to sell at the point of harvest or cost of purchasing leaf from out growers, direct labour, other direct costs and related production overheads. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses. Stores and consumables are stated at cost less any provision for obsolesce.

O. CASH AND CASH EQUIVALENTS

In the statement of cash flows, cash and cash equivalent includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

P. DIVIDEND INCOME

Dividend income is recognized when the right to receive payment is establishment.

Q. EMPLOYEES BENEFITS

Retirement benefit obligations

The Group has defined benefit and defined contributions plans. The Group has an unfunded non-contributory employee gratuity arrangement (the "Arrangements"), which provides for lump sum payments to its employees on their retirement at the age of 60, or those allowed to retire early, based on length of service and salary at retirement and qualifies as a defined benefits plan. The payments of the retired employees are made from Group's internally generated funds. The liability recognized in the financial statements of financial position in respect of the defined benefits plan is the present value of the defined benefit obligation at the reporting date, together with adjustments for actuarial gains or losses and past service costs. A full actuarial valuation of the retirement benefits obligations is performed regularly by independent actuaries using the projected unit credit method. An update valuation is performed by the Directors at the end of each year in the intervening period.

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Actuarial gains and losses arising from change in experience adjustments and actuarial assumptions are charged or credited to the equity in other comprehensive income in the period in which they arise.

For defined contribution plan, all companies in the Group pay contributions to publicly administered pension plans (NSSF) on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefits expense when they are due.

R. DIVIDEND DISTRIBUTION

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

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment.

S. LOANS RECEIVABLE

Loans receivable are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the year end date. These are classified as non-current assets. Loans receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment. A provision for impairment is established when there is objective evidence that an impairment loss is likely to be incurred on the receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the provision and any subsequent reversal of an impairment loss are recognized in profit or loss.

T. PROVISIONS

Provisions for environmental restoration, restructuring costs and legal claims are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions for future operating losses are not recognized.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

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A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

The amount recognized as a provision is the best estimate of the present value of expenditures expected to be incurred to settle the obligation using a pre-tax rate that reflects the current market assessments of time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense in profit or loss under finance costs.

U. CAPITAL GRANTS

Grants are recognized at the fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with costs that they are intended to compensate. Grants relating to property, plant and equipment are included in non-current liabilities as deferred capital grants and credited to profit or loss on straight line basis over expected useful lives of the related assets.

V. SHARE CAPITAL

Ordinary shares are classified as equity.

W. SHARE PREMIUM

Share premium is classified as equity. The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) and the difference is credited to share premium.

X. 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 weighted average number of ordinary shares outstanding during the year, excluding the weighted average number of ordinary shares held in the Group's.

Diluted earnings per share represent the profit on ordinary activities after taxation attributable to the equity of shareholders, 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 plus the weighted average number of dilutive shares resulting from share option and other potential ordinary shares outstanding during the year.

Y. COMPARATIVES

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

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SEPTEMBER 2023

	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
3 Revenue from contracts with customers				
a) Revenue from sale of tea	18,780,122	22,477,510	-	-
Total	18,780,122	22,477,510	-	-
4 Other income				
Other income	46,178	-	-	-
Total	46,178	-	-	-
5 Cost of sales				
Purchases from out growers	7,213,984	7,561,076	-	-
Staff related costs	2,195,608	2,024,189	-	-
Processing costs	3,465,872	3,158,414	-	-
Production overheads	353,669	341,224	-	-
Field costs	2,800,247	2,842,083	-	-
Depreciation on property, plant and equipment	421,938	434,520	-	-
Depreciation on right of use asset	15,876	46,284	-	-
Stock written-off	404,489	183,894	-	-
Changes in inventory of finished goods and work in progress (*)	(587,706)	1,747,376	-	-
Total cost of sales	16,283,977	18,339,060	-	-
6 Administrative expenses				
Audit fees	16,482	58,678	4,743	10,767
Staff related costs	1,349,615	1,301,676	319,375	336,550
Management fees to RUBUTCOJE	78,594	121,100	-	-
Director Expenses	92,066	113,855	-	-
Other administration costs	538,963	657,742	55,653	180,071
Loss on sale of fixed assets	3,482	-	-	-
Consultancy and professional fees	373,305	312,587	78,489	47,095
Bad debts written off	2,516	-	-	-
Expected credit loss	-	(905,945)	-	(905,945)
VAT receivable impairment	-	279,096	-	-
2017)	-	411,063	-	-
Security and residential maintenance	295,933	410,690	-	-
Office expenses	133,425	185,554	-	-
Travelling costs	93,189	142,335	47,221	67,765
Total	2,977,570	3,088,431	505,481	(263,697)
7 Selling and marketing cost				
Cess and other government levies	139,122	161,657	-	-
Staff related costs	94,272	85,933	-	-
Other selling costs	46,331	116,249	-	-
Transport, distribution and handling charges	1,525,412	2,035,327	-	-
Total	1,805,137	2,399,166	-	-

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8 Staff related costs - Breakdown

Salaries, wages and bonuses	1,082,271	936,660	286,198	294,908
Medical expenses	24,089	9,603	-	-
Canteen costs, uniforms and amenities	1,394	63,193	-	-
Statutory Social Security (NSSF)	106,514	89,531	26,907	29,445
Workers compensation fund and skills & development levy	51,428	57,789	1,372	5,032
Other staff costs	65,351	93,337	4,898	7,165
Staff training	18,568	51,563	-	-
Total	1,349,615	1,301,676	319,375	336,550

The above staff related costs are included in the statements of profit or loss as follows:

Cost of sales	2,195,608	2,024,189	-	-
Administrative expenses	1,349,615	1,301,676	319,375	336,550
Selling and marketing expenses	94,272	85,933	-	-
Total	3,639,495	3,411,798	319,375	336,550

9 (a) Finance costs

Interest expense	886,475	991,696	120,995	169,226
Overdraft facilities fees	78,605	-	-	-
Interest on lease liability	38,331	10,344	-	-
Interest expense to WTC	-	-	378,796	337,971
Net foreign exchange (gain) /loss	166,434	35,127	166,434	35,127
Total	1,169,845	1,037,167	666,225	542,324

(b) Finance income

Interest income on loan	14,831	116,817	124,677	112,828
Management income	-	16,988	280,750	389,835
Guarantee income	69,879	68,956	201,696	199,616
Net foreign exchange (gain) /loss	58,186	135,337	-	-
Total	142,896	338,098	607,123	702,279

10 Tax expenses	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
Current tax	96,936	-	3,036	-
Deferred tax	(1,212,256)	(520,133)	-	-
Prior year adjustments	-	408,449	-	117,961
Total	(1,115,320)	(111,684)	3,036	117,961

<u>Reconciliation of tax expenses:</u>	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
Net profit as per statement of profit or loss	(2,495,291)	(3,352,882)	207,459	(844,232)
Tax @ 30 % (2022: 30%)	(748,587)	(1,005,865)	62,238	(253,270)
Adjustment for:				
Expenses not deductible for tax	(231,613)	189,522	-	-
Depreciation of bearer plants - WTC	28,021	28,022	-	-
Depreciation on right of use assets -	4,763	13,885	-	-
Amortization of intangible - WTC	1,127	1,033	-	-
Under provision of prior year deferred tax - WTC	(435,342)	-	-	117,961
TRA Corporate tax assessment	93,901	408,449	-	-
Deferred tax asset / (liability) not recognised	(1,622,852)	253,270	(1,622,852)	253,270
Effect of income that is exempt from tax	-	-	1,560,614	-
Alternate minimum tax	-	-	3,036	-
Tax expenses as per books	(2,910,582)	(111,684)	3,036	117,961

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

10 Tax expenses (Continued)

Break-up of deferred tax: Wakulima Tea Company Limited

Particulars	At start of the year	Charge to statement of profit or loss	Charged to equity	At end of the year
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Deferred tax liabilities				
Property, plant and equipment				
- accelerated capital allowance	531,018	(384,959)	-	146,059
- revaluation	5,087,327	-	-	5,087,327
Unrealised foreign exchange gain	-	-	-	-
	<u>5,618,345</u>	<u>(384,959)</u>	<u>-</u>	<u>5,233,386</u>
Deferred tax asset				
- Tax losses carried forward	(766,436)	(766,263)	-	(1,532,699)
- Unrealised foreign exchange loss	-	-	-	-
- Provisions c/fwd	(433,030)	(61,034)	-	(494,064)
	<u>(1,199,466)</u>	<u>(827,297)</u>	<u>-</u>	<u>(2,026,763)</u>
Net deferred tax liability / (asset)	<u>4,418,879</u>	<u>(1,212,256)</u>	<u>-</u>	<u>3,206,623</u>

Break-up of deferred tax: Tatepa Public Limited Company (For disclosure only)

Particulars	At start of the year	Charge to statement of profit or loss	Charged to equity	At end of the year
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Deferred tax asset				
- Tax losses carried forward	(3,059,135)	(171,763)	-	(3,230,898)
- Provisions	(2,764,401)	1,794,615	-	(969,786)
Net deferred tax liability / (asset)	<u>(5,823,536)</u>	<u>1,622,852</u>	<u>-</u>	<u>(4,200,684)</u>

The Company's deferred tax asset has been derecognised in these financial statements due to uncertainties as to whether sufficient taxable profits will be available in the future against which the temporary differences giving rise to the deferred tax asset can be utilised.

11 Earning / (loss) per share

a) Basic

Basic earnings / (loss) per share is calculated by dividing the profit / (loss) attributable to equity holders of the parent company by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
Profit / (loss) attributable to Group shareholders	(963,576)	(2,566,592)	-	-
Weighted average number of shares in issue (Note 18)	95,057,184	18,657,254	-	-
Basic earnings per share (Tzs)	<u>(10.14)</u>	<u>(137.57)</u>	<u>-</u>	<u>-</u>
b) Diluted				
Weighted average number of share	95,057,184	133,240,359		
Diluted earnings per share (Tzs)	<u>(10.14)</u>	<u>(19.26)</u>	<u>-</u>	<u>-</u>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding and assumed conversion of all dilutive potential shares arising from convertible debt. The convertible debt is assumed to have been converted into ordinary shares.

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11 Earning / (loss) per share (Continued)

b) Diluted (Continued)

Diluted earnings / (loss) per share is calculated by dividing the profit / (loss) attributable to equity holders of the company by the adjusted weighted average number of ordinary shares in issue during the year.

Reconciliation of earnings used in calculating diluted earnings per share	Group	
	2023 Tzs '000'	2022 Tzs '000'
Loss attributable to Group shareholders	<u>(963,576)</u>	<u>(2,566,592)</u>

Reconciliation of weighted average number of shares used as the denomination in calculating diluted earnings per share

	Group	
	2023 Tzs '000'	2022 Tzs '000'
Weighted average number of shares in issue (Note 18)	95,057,184	18,657,254
Additional shares on convertible instruments	-	114,583,105
Weighted average number of shares	<u>95,057,184</u>	<u>133,240,359</u>

There are potential ordinary shares on conversions

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12 Investments in subsidiaries - at cost	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
Wakulima Tea Company Limited	-	-	1,704,274	1,704,274
Total	-	-	1,704,274	1,704,274

The Company has a direct interest of 70% in Wakulima Tea Company Limited (WTCL).

Nature of business	Number and description of share held		% of issued shares held	
	2023	2022	2023	2022
	Ordinary shares			
Growing, processing and sale of made tea	1,537,693	1,537,693	70%	70%
Company			% of issued shares held	
Wakulima Tea Company Limited			70%	70%

Summaries financial information on subsidiaries with material non controlling interests

Set out are the summarised financial information for each subsidiary that are material on the Group.

Summarised statement of financial position

	WTCL	
	2023 Tzs '000'	2022 Tzs '000'
Current		
Assets	9,531,141	9,748,848
Liabilities	(14,223,254)	(11,910,875)
Total current net liabilities	(4,692,113)	(2,162,027)
Non-current		
Assets	22,401,199	22,810,542
Liabilities	(5,508,508)	(6,863,542)
Total non-current net assets / (liabilities)	16,892,691	15,947,000
Net assets / (liabilities)	12,200,578	13,784,973

**Summarised statement of profit or loss
and other comprehensive income**

	WTCL	
	2023 Tzs '000'	2022 Tzs '000'
Revenue	18,780,122	22,477,510
(Loss) / profit before tax	(2,702,750)	(2,508,650)
Income tax expense	1,118,355	229,645
Loss on disposal of subsidiary	-	-
(Loss) / profit after tax	(1,584,395)	(2,279,005)
Other comprehensive income	-	-
Total comprehensive income / (loss)	(1,584,395)	(2,279,005)
Total comprehensive income / (loss) allocated to non-controlling interests	(475,319)	(683,702)
Dividends paid to non-controlling interests	-	-

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	WTCL	
	2023	2022
Cash flows from operating activities	Tzs '000'	Tzs '000'
Cash generated from / (utilised in) operations	(1,368,601)	680,516
Interest paid	(803,811)	(758,394)
Interest received	268,950	341,960
Income tax paid	(120,498)	(317,488)
Net cash used in operating activities	<u>(2,023,960)</u>	<u>(53,406)</u>
Net cash used in investing activities	(28,471)	(116,018)
Net cash (used in) / from financing activities	(285,872)	2,151,913
Net decrease in cash and cash equivalents	<u>(2,338,303)</u>	<u>1,982,489</u>
Cash and cash equivalents at beginning of the year	<u>(5,936,189)</u>	<u>(7,918,678)</u>
Cash and cash equivalents at end of the year	<u>(8,274,492)</u>	<u>(5,936,189)</u>

13 Investment in associates	Group		Company	
	2023	2022	2023	2022
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Rungwe Avocado Company Limited	4,114,265	4,114,265	4,078,997	4,078,997
Impairment of investment in associates	(4,114,265)	(4,114,265)	(4,078,997)	(4,078,997)
Suma Hydro Limited	905,945	905,945	905,945	905,945
Profit/ (Loss) on Investment in Associate	(68,019)	(9,096)	(68,019)	(9,096)
Total	<u>837,926</u>	<u>896,849</u>	<u>837,926</u>	<u>896,849</u>

Nature of business	Number and description		% of issued shares held	
	2023	2022	2023	2022
	Ordinary shares			
Electric power generation, transmission and distribution	6,274	6,274	43.57%	43.57%
Growing, processing and sale of avocado and other fruits.	268,976	268,976	33.62%	36.01%

Following the change in shareholding as of 1st October 2020, TATEPA direct interest of 33.62% in Rungwe Avocado Company Limited (RACL) and indirect interest of 2.39% through its 70% subsidiary (WTCL) which owned 3.42% of RACL. However due to the continued loss making of RACL, the investment has been fully impaired. As 30th September 2020, TATEPA held 59.51% direct interest in RACL and 4.242% indirect interest through WTCL which held 6.06% of the equity of RACL. Following the dilution of TATEPA's interest in RACL, RACL is effective from 1st October 2020 an associates company accounted for under the equity method.

TATEPA acquired 43.57% direct interest in Suma Hydro Limited. Hence the acquisition will be regarded as an associate company and accounted for under the equity method.

Company	% of issued shares held	
	2023	2022
Suma Hydro Limited	<u>43.57%</u>	<u>43.57%</u>
Rungwe Avocado Company Limited	<u>36.01%</u>	<u>36.01%</u>

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

The following table illustrates the summarised financial information of Rungwe Avocado Company

	Company	
	2023	2022
Balance sheet		
Current assets	1,079,171	481,462
Non-current assets	2,925,106	2,925,106
Current liabilities	(15,618,510)	(12,896,721)
Non-current liabilities	-	(2,150,856)
Net current liabilities	(14,539,339)	(12,415,259)
Group's interest in net liabilities of associate was (36.01%) representing	(5,235,616)	(4,470,735)
Profit or loss		
Revenue	-	-
Loss from continuing operations	2,197,165	1,267,710
RACL Loss in Investment not part of Group Consolidation due to RACL Investment Impairment		
Opening balance	1,085,884	629,382
Current year losses attributed to TATEPA	791,199	456,502
Closing balance	1,877,083	1,085,884

14 Inventories	Group		Company	
	2023	2022	2023	2022
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Finished products - Made tea	2,930,789	2,729,077	-	-
Consumables stores	1,546,984	1,473,748	-	-
Total	4,477,773	4,202,825	-	-
Movement in inventories provision is as follows:				
As start of year	-	-	-	-
(Decrease) / increase during the year	-	-	-	-
Closing balance	-	-	-	-

Inventories amounting to TZS 4,477,773,000 (2022: Tzs 4,202,825,000) are carried at fair value less costs to sell whose cost amounted to TZS 4,477,773,000(2022: Tzs 4,202,825,000)

15 Trade and other receivables	Group		Company	
	2023	2022	2023	2022
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Advance to suppliers	236,420	258,493	-	-
Other receivables	1,813,891	1,649,586	1,454,876	1,204,692
Trade receivables	394,988	394,975	-	-
VAT receivable	1,531,119	1,695,678	-	-
Due from associate companies and related parties	2,835,886	2,446,247	2,655,244	3,129,456
Tax Recoverable	2,194	2,194	2,194	2,194
Less: expected credit losses	(4,025,084)	(4,025,084)	(3,232,620)	(3,232,620)
	2,789,414	2,422,089	879,694	1,103,722
Deposits and prepayments	76,934	75,959	-	4,898
Total	2,866,348	2,498,048	879,694	1,108,620

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

Group

For the year ended 30th September 2023

	Gross amount Tzs '000'	ECL allowance Tzs '000'	Carrying amount Tzs '000'
Trade receivables	394,988	(392,171)	2,817
VAT recoverable	1,531,119	-	1,531,119
Other receivables	1,813,891	(1,292,718)	521,173
Advance to suppliers	236,420	(89,140)	147,280
Due from related parties (Note 30(iii))	2,835,886	(2,251,055)	584,831
Tax Recoverable	2,194	-	2,194
	<u>6,814,498</u>	<u>(4,025,084)</u>	<u>2,789,414</u>

For the year ended 30th September 2022

	Gross amount Tzs '000'	ECL allowance Tzs '000'	Carrying amount Tzs '000'
Trade receivables	394,975	(392,171)	2,804
VAT recoverable	1,695,678	-	1,695,678
Other receivables	1,649,586	(1,292,718)	356,868
Advance to suppliers	258,493	(89,140)	169,353
Due from related parties (Note 30(iii))	2,446,247	(2,251,055)	195,192
Tax Recoverable	2,194	-	2,194
	<u>6,447,173</u>	<u>(4,025,084)</u>	<u>2,422,089</u>

Company

For the year ended 30th September 2023

	Gross amount Tzs '000'	ECL allowance Tzs '000'	Carrying amount Tzs '000'
Other receivables	1,457,070	(981,565)	475,505
Due from related parties (Note 30(iii))	2,655,244	(2,251,055)	404,189
	<u>4,112,314</u>	<u>(3,232,620)</u>	<u>879,694</u>

Company

For the year ended 30th September 2022

	Gross amount Tzs '000'	ECL allowance Tzs '000'	Carrying amount Tzs '000'
Other receivables	1,206,886	(981,565)	225,321
Due from related parties (Note 30(iii))	3,129,456	(2,251,055)	878,401
	<u>4,336,342</u>	<u>(3,232,620)</u>	<u>1,103,722</u>

In the opinion of the directors, the carrying amounts of trade and other receivables approximate to their fair values.

The carrying amounts of trade receivable are denominated in the following currencies:

	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
US Dollars	2,300,252	312,729	313,598	998,275
Tanzania Shillings	566,096	2,185,319	566,096	110,345
Total	<u>2,866,348</u>	<u>2,498,048</u>	<u>879,694</u>	<u>1,108,620</u>

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
SEPTEMBER 2023

16 Cash and cash equivalents	Group		Company	
	2023	2022	2023	2022
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Cash in hand	4,359	2,412	-	-
Cash at banks	12,847	12,662	8,688	6,887
Total	17,206	15,074	8,688	6,887

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

Cash at bank and in hand	17,206	15,074	8,688	6,887
Bank overdraft (Note 20)	(8,283,010)	(5,944,376)	-	-
	<u>(8,265,804)</u>	<u>(5,929,302)</u>	<u>8,688</u>	<u>6,887</u>

The Company's bank balances are held with major Tanzanian financial institutions.

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

	Group		Company	
	2023	2022	2023	2022
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Tanzania Shilling (Tshs)	8,909	12,886	391	5,131
US Dollar (\$)	8,729	2,188	8,297	1,756
Total	17,206	15,074	8,688	6,887

17 Cash used in operations	Group		Company	
	2023	2022	2023	2022
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Loss before income tax	(2,495,291)	(3,352,882)	207,459	(844,232)
Adjustments for:				
Fair value gain/(loss) on embedded derivatives	-	1,267,884	-	1,267,884
Depreciation on plant and equipment (Note 5)	421,938	434,520	-	-
Depreciation on right so use assets (Note 5)	15,876	46,284	-	-
Impairment of investment in associates (Note 13)	-	-	-	-
Interest expense (Note 9)	886,475	991,696	499,791	507,197
Interest on lease liabilities (Note 9)	38,331	10,344	-	-
Interest income (Note 9)	(14,831)	(116,817)	(124,677)	(112,828)
Retirement benefit obligations (Note 19)	102,741	125,410	(7,960)	-
Changes in working capital:				
- inventories	(274,948)	2,234,251	-	-
- trade and other receivables	(368,300)	645,634	228,926	(644,755)
- trade and other payables	1,348,871	(170,604)	317,491	869,639
Total	(339,138)	2,115,720	1,121,030	1,042,905

18 Share capital	Group		Company	
	2023	2022	2023	2022
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
<u>Authorised capital</u>				
120,000,000 shares of Tzs 25/- each	3,000,000	3,000,000	3,000,000	3,000,000
Issued and paid up share capital				
95,057,184 shares of Tzs 25/- each	2,376,429	466,431	2,376,429	466,431
Share premium	14,362,453	4,048,462	14,362,453	4,048,462

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
SEPTEMBER 2023

19 Retirement benefit obligations	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
As at 1 October	751,675	626,265	7,960	7,960
Current service cost	67,303	86,716	-	-
Interest cost	128,163	92,746	-	-
Released provision	(7,960)	-	(7,960)	-
Benefit paid	(84,765)	(54,052)	-	-
Closing balance	854,416	751,675	-	7,960

The Group, as part of its policy, operates an unfunded non-contributory employee gratuity arrangement (the "Arrangement"), which provides for lump sum payments to its employees on their retirement at the age of 60 years, or those allowed to retire early at the age of 55 years, based on period of service and salary at retirement and qualifies as a defined benefit plan.

Actuarial valuation of the Arrangement is based on using the Projected Unit Method. The principal assumptions used in the actuarial valuation are:

- i) Actuarial method - Projected Unit Method;
- ii) Discount rate of 15%;
- iii) Rate of salary escalation of 10% per annum;
- iv) Retirement age - 25% at age 55 and the balance at age 60; and
- v) Pre-retirement mortality - A1949/52 Ultimate.

The "notional" Company contribution rate to meet the cost of future accrual of the gratuity benefit is estimated at 4.7% of basic salaries per annum for management and 3.3% of basic salaries per annum for non-management.

20 Borrowings	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
Non current				
Long term loan - CRDB Bank Plc. (i)	1,447,468	1,700,947	-	-
	1,447,468	1,700,947	-	-
Current				
Term loan - TLE (iv)	269,540	233,763	269,540	233,763
Bank overdrafts: CRDB Bank Plc. (i)	8,283,010	5,944,376	-	-
Shareholders facility (ii)	874,245	7,775,884	874,245	7,775,884
WTC Special loan - USD (iii)	-	-	2,906,046	2,997,613
Short term loan-CRDB Bank PLC	493,654	504,892	-	-
	9,920,449	14,458,915	4,049,831	11,007,260
Total	11,367,917	16,159,862	4,049,831	11,007,260

Reconciliation of liabilities arising from financing activities (excluding bank overdraft):

At start of year	16,159,862	7,955,152	11,007,260	10,634,884
Interest charged to profit or loss	924,806	17,473	499,791	321,647
Foreign exchange (gain)/loss	-	37,022	-	50,729
Cash flows:				
- Operating activities (interest paid)	-	-	-	-
- Proceed from long-term borrowings	-	2,205,839	-	-
- Repayments of long-term borrowings	(5,716,751)	5,944,376	(7,457,220)	-
At end of year	11,367,917	16,159,862	4,049,831	11,007,260

**NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
SEPTEMBER 2023**

Security details:

(i) CRDB Bank Plc. - Overdraft and Term Loan

The Group has CRDB Bank Plc Overdraft facilities of USD 2 million and Tshs 3.35 billion, and Term loan facility of USD 835,000 as at 30th September 2023. The facilities attract an interest rate of 7.5% for the USD term loan facility, 14% for the TZS overdraft facility and 10% for the USD overdraft facility. The facility is secured by the following:

a) Legal mortgage over landed properties CT No. 2757 MBYLR L.O NO. 58375 Farm No. 391 located at Rungwe District, Mbeya region in name of Wakulima Tea Company Limited.

b) Legal mortgage over landed properties CT No. 4140 MBYLR L.O No. 86501 Farm No. 1 Block A located in Mwakaleli Area, Rungwe District, Mbeya region in the name of Wakulima Tea Company Limited.

c) Legal mortgage over landed properties CT No. 13686 MBYLR, located in Rungwe District, Mbeya region in the name of Wakulima Tea Company Limited.

d) Legal mortgage over landed properties CT No. 10275 MBYLR, located in Rungwe district, Mbeya region in the name of Wakulima Tea Company Limited.

e) First charge legal mortgage over farm, CT No. 9087 MBYLR, L.O. No. 174749, located in Bujingijila village, Rungwe District, Mbeya region in the name of Wakulima Tea Company Limited.

f) A first ranking debenture over all assets of Borrower registered to secure TZS 10,068,000,000 (Say Tanzanian Shillings Ten Billion Sixt-Eight Million Only) and TZS 1,350,000/- (Say Tanzanian Shillings One Billion Three Hundred Fifty Million Only) plus interest, costs and other charges thereon.

g) Across Company guarantee executed by TATEPA Public Limited Company to secure USD 3,000,000/- (Say United States Dollars Three Million Only) and TZS 1,350,000,000/- (Say Tanzanian Shillings One Billion Three Hundred Fifty Million Only) plus interest, costs and other charges thereon.

(ii) Shareholder's facility

The shareholder's facility comprises only of loan from Maris Tatepa Holdings amounting to USD 352,267.98

(iii) WTC Special loan - USD

The Company had an unsecured loan facility from Wakulima Tea Company Limited denominated in US dollars, with a carrying value of Tshs 2,906,045,609.63 and an interest of 12% per annum. The loan was requested for the purpose of supporting its business.

(iv) TLE loan

As per the loan agreement dated 25 July 2018, the Company has an unsecured loan facility from Thompson Lloyd & Ewart of UK denominated in US dollars, with a carrying value of USD 108,608.6 and an interest of 8% per annum. The loan was requested for the purpose of supporting its company

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

The weighted average effective interest rate at the reporting date were:

	Group		Company	
	%	%	%	%
AECF loan	Nil	Nil	Nil	Nil
Maris Tatepa Holdings Limited term loan one	-	-	Nil	Nil
Long term loan - TLE	8%	8%	8%	8%
WTC Special loan - USD	Nil	Nil	12%	12%
Bank overdrafts: CRDB Bank Plc:				
Tanzania shilling	15%	15%	-	-
US Dollar	7.5%	7.5%	-	-
Term Loan: CRDB Bank Plc:				
US Dollar	7.5%	7.5%	-	-
RAC Holdings BVI - AWC	8%	8%	-	-
RAC Holdings BVI - AgDevCo	8%	8%	-	-
Shareholders facility	Nil	Nil	Nil	Nil

In the opinion of the directors, the carrying amount of short-term borrowings approximates to their fair value.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	Group		Company	
	2023	2022	2023	2022
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Tanzania shilling	-	1,279,806	-	-
US Dollar	11,367,917	14,880,056	4,049,831	11,007,260
Total	11,367,917	16,159,862	4,049,831	11,007,260

Undrawn facilities as at the reporting date were as follows:

	2022	2021	2022	2021
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Bank overdraft				
Tanzania shilling	1,628	293,167	-	-
US Dollar	28,882	9,381	-	-
Total	30,510	302,548	-	-

21 Trade and other payables	Group		Company	
	2023	2022	2023	2022
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Trade payables	3,142,645	2,798,842	-	-
Other payables and accrued expenses	1,068,245	756,614	542,612	320,177
Due to associate companies and related	3,509,743	2,816,306	1,731,433	1,636,377
Unclaimed dividends	135,147	135,147	135,147	135,147
	7,855,780	6,506,909	2,409,192	2,091,701

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

The carrying amounts of trade payables are denominated in the following currencies:

	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
US Dollar	3,448,551	3,066,056	1,723,974	1,341,479
Tanzania shillings	4,407,229	3,440,853	685,218	750,222
	<u>7,855,780</u>	<u>6,506,909</u>	<u>2,409,192</u>	<u>2,091,701</u>

Group:

The maturity analysis of the group's trade and other payables is as follows:

Year ended 30th September 2023	1 to 3 months Tzs '000'	4 to 12 months Tzs '000'	Total Tzs '000'
	Trade payables	3,142,645	-
Other payables and accrued expenses	1,068,245	-	1,068,245
Due to related parties (Note 30 (iii))	-	3,509,743	3,509,743
Unclaimed dividends	-	135,147	135,147
	<u>4,210,890</u>	<u>3,644,890</u>	<u>7,855,780</u>

Year ended 30th September 2022	1 to 3 months Tzs '000'	4 to 12 months Tzs '000'	Total Tzs '000'
	Trade payables	2,798,842	-
Other payables and accrued expenses	756,614	-	756,614
Due to related parties (Note 30 (iii))	-	2,816,306	2,816,306
Unclaimed dividends	135,147	-	135,147
	<u>3,690,603</u>	<u>2,816,306</u>	<u>6,506,909</u>

Company:

The maturity analysis of the company's trade and other payables is as follows:

Year ended 30th September 2023	1 to 3 months Tzs '000'	4 to 12 months Tzs '000'	Total Tzs '000'
	Other payables and accrued expenses	542,612	-
Due to related parties (Note 30 (iii))	-	1,731,433	1,731,433
Unclaimed dividends	-	135,147	135,147
	<u>542,612</u>	<u>1,866,580</u>	<u>2,409,192</u>

Year ended 30th September 2022	1 to 3 months Tzs '000'	4 to 12 months Tzs '000'	Total Tzs '000'
	Other payables and accrued expenses	320,177	-
Due to related parties (Note 30 (iii))	-	1,636,377	1,636,377
Unclaimed dividends	135,147	-	135,147
	<u>455,324</u>	<u>1,636,377</u>	<u>2,091,701</u>

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
SEPTEMBER 2023

22 Embedded derivatives

The existence of a convertible option in the shareholders' facility implies an embedded derivative which is not closely related to the shareholder facility. As required by IFRS 9, the option derivative was fair valued and a (loss)/gain of Tzs 772,042,000 (2022: Tzs 1,267,884,050) was recognised in the statement of profit or loss.

The embedded derivative was fair valued at a current market spot price of Tzs 120 per share. On conversion to shares, the amount will be equivalent to 114,583,105 shares at a DSE share price of Tzs 120 giving capitalisation of Tzs 13.7 billion.

Embedded derivatives	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
	-	5,974,089	-	5,974,089
	<u>-</u>	<u>5,974,089</u>	<u>-</u>	<u>5,974,089</u>

As at 30 September 2023 the shareholders conversion was completed where a loss on embedded derivative was recognised.

23 Forest Plantations

Wakulima Tea Company Limited- Tea

The Company has 316 hectares (2022: 316 hectares) and 198.2 hectares (2022: 198.2 hectares) of mature tea bushes and forestry, respectively, located in Tukuyu district in Tanzania.

The forest plantations are maintained to provide wood fuel which is required in withering of tea green leaf and drying of made tea. The fair value of forestry plantations is zero, as has been the case for a number of years in the past. Forestry maintenance costs are recognised in profit or loss account.

24 Right to Use Asset

At the start of the year	154,728	154,728	-	-
Eliminated on deconsolidation of RACL	-	-	-	-
	<u>154,728</u>	<u>154,728</u>	<u>-</u>	<u>-</u>
Less: Accumulated depreciation				
At the start of the year	(138,852)	(92,568)	-	-
Depreciation for the year	(15,876)	(46,284)	-	-
Eliminated on deconsolidation of RACL	-	-	-	-
	<u>(154,728)</u>	<u>(138,852)</u>	<u>-</u>	<u>-</u>
Net book value at the end of the year	<u>-</u>	<u>15,876</u>	<u>-</u>	<u>-</u>

25 Lease liabilities	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
At the start of the year	21,155	75,081	-	-
Deconsolidation-RAC	-	-	-	-
Repayment of leases	(21,155)	(53,926)	-	-
At the end of the year	<u>-</u>	<u>21,155</u>	<u>-</u>	<u>-</u>

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

Break-up of lease liabilities

Non Current Liabilities	-	-	-	-
Current Liabilities	-	21,155	-	-
	-	21,155	-	-

The lease liabilities are unsecured

In the opinion of the directors, the carrying amounts of lease liabilities approximate to their fair value.

Maturity based on the repayment structure of lease liabilities is as follows:	Group	
	2023 Tzs '000'	2022 Tzs '000'
Gross lease liabilities - minimum lease payments		
Not later than 1 year	-	21,155
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
Total gross lease	-	21,155
Future interest expense on leases liabilities	-	-
Present value of lease liabilities	-	21,155

Wakulima Tea Company Limited: The company leases plucking machine under non-cancellable lease agreements. The lease term is between 1 and 3 years.

26 Tax recoverable	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
Balance b/f	494,284	474,209	368,731	375,656
Provision for tax current year tax	(96,937)	-	(3,036)	-
Assessment tax payable	-	(117,961)	-	(117,961)
Advance tax paid	-	27,000	-	-
Withholding tax receivable	157,084	111,036	36,586	111,036
Closing balance	554,431	494,284	402,281	368,731

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

27 Property, plant & equipment - Group

Particulars	Leasehold Land	Leasehold improvements & buildings	Bearer Plants	Machinery, equipment, furniture & fittings	Capital work in progress	Motor vehicles	Total
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Cost							
Balances at 1st October 2021	16,957,756	3,203,083	3,489,418	6,524,785	143,569	1,680,499	31,999,110
Additions	-	3,152	-	111,463	-	133,704	248,319
Disposals / transfer	-	-	-	-	(143,569)	-	(143,569)
Balances at 30th September 2022	<u>16,957,756</u>	<u>3,206,235</u>	<u>3,489,418</u>	<u>6,636,248</u>	<u>-</u>	<u>1,814,203</u>	<u>32,103,860</u>
Comprising:							
Cost	-	3,203,083	2,994,211	6,524,785	-	1,680,499	14,402,578
Revaluation	16,957,756	3,152	495,207	111,463	-	133,704	17,701,282
Accumulated depreciation							
Balances at 1st October 2021	-	1,204,843	525,460	5,488,640	-	1,666,999	8,885,942
Depreciation for the year	-	64,582	93,406	228,057	-	45,032	431,077
Balances at 30th September 2022	<u>-</u>	<u>1,269,425</u>	<u>618,866</u>	<u>5,716,697</u>	<u>-</u>	<u>1,712,031</u>	<u>9,317,019</u>
Carrying value							
Balances at 30th September 2022	16,957,756	1,936,810	2,870,552	919,551	-	102,172	22,786,841

If the Tea bushes bearer plants were stated on the historical cost basis, their carrying amounts would be as follows:

	Tea bushes bearer plants Tzs '000'
Year ended 30th September 2021	
Cost	2,994,211
Accumulated depreciation	565,330
Balances at 30th September 2022	<u>2,428,881</u>

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

27 Property, plant & equipment - Group (continued)

Particulars	Leasehold Land	Leasehold improvements & buildings	Bearer Plants	Machinery, equipment, furniture & fittings	Capital work in progress	Motor vehicles	Total
	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
<u>Cost</u>							
Balances at 1st October 2022	16,957,756	3,206,235	3,489,418	6,636,248	-	1,814,203	32,103,860
Additions	-	588	-	26,919	964	-	28,471
Balances at 30th September 2023	<u>16,957,756</u>	<u>3,206,823</u>	<u>3,489,418</u>	<u>6,663,167</u>	<u>964</u>	<u>1,814,203</u>	<u>32,132,331</u>
<u>Accumulated depreciation</u>							
Balances at 1st October 2022	-	1,269,425	618,866	5,716,697	-	1,712,031	9,317,019
Depreciation for the year	-	64,474	93,406	222,376	-	37,926	418,182
Balances at 30th September 2023	<u>-</u>	<u>1,333,899</u>	<u>712,272</u>	<u>5,939,073</u>	<u>-</u>	<u>1,749,957</u>	<u>9,735,201</u>
<u>Carrying value</u>							
Balances at 30th September 2023	16,957,756	1,872,924	2,777,146	724,094	964	64,246	22,397,130

If the Tea bushes bearer plants were stated on the historical cost basis, their carrying amounts would be as follows:

	Tea bushes bearer plants Tzs '000'
Year ended 30th September 2022	
Cost	2,994,211
Accumulated depreciation	658,736
<u>Balances at 30th September 2023</u>	<u>2,335,475</u>

During the year 2017, the Company's bearer plants were revalued by the Directors. The increase in revaluation and the related deferred tax were accounted for in the revaluation reserve.

The Group's property, plant and equipment have been charged to secure loans as set out in Note 20 to the financial statements.

Leasehold land were professionally valued on September 2021 by Niche Consult on the basis of open market value for leasehold land . The carrying amounts of the leasehold land were adjusted to the revalued amounts and the resultant surplus net of deferred tax was credited to other comprehensive income.

TATEPA PUBLIC LIMITED COMPANY
P.O. Box 700 Tukuyu - Mbeya

28 Intangible Assets

Particulars	Software Tzs '000'	Total Tzs '000'
<u>Cost</u>		
Balances at 1st October 2021	-	-
Additions	11,268	11,268
Disposal	-	-
Balances at 30th September 2022	<u>11,268</u>	<u>11,268</u>
<u>Accumulated depreciation</u>		
Balances at 1st October 2021	-	-
Amortisation for the year	3,443	3,443
Balances at 30th September 2022	<u>3,443</u>	<u>3,443</u>
<u>Carrying value</u>		
Balances at 30th September 2022	<u>7,825</u>	<u>7,825</u>
Particulars	Software Tzs '000'	Total Tzs '000'
<u>Cost</u>		
Balances at 1st October 2022	11,268	11,268
Additions	-	-
Disposal	-	-
Balances at 30th September 2023	<u>11,268</u>	<u>11,268</u>
<u>Accumulated depreciation</u>		
Balances at 1st October 2022	3,443	3,443
Amortisation for the year	3,756	3,756
Balances at 30th September 2023	<u>7,199</u>	<u>7,199</u>
<u>Carrying value</u>		
Balances at 30th September 2023	<u>4,069</u>	<u>4,069</u>

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
SEPTEMBER 2023

29 Related party transactions and balances

TATEPA is a public quoted Company on the Dar es Salaam Stock exchange. The company is related to other entities through common shareholding / directorships.

Subsidiary company: Wakulima Tea Company Limited (WTCL) - TATEPA owns 70% of the WTC's shares, the remaining 30% is owned by Rungwe Smallholders Tea Development Trust Fund.

Associates company: Rungwe Avocado Company (RAC) - TATEPA lost its controlling interest and has a direct ownership of 33.62% of the company shares and an indirect ownership of 2.39% through WTC.

The following transactions were carried out with entities related to the company through common directorship / shareholding.

	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
i) Sale of services				
Guarantee fees	69,879	68,956	201,696	199,616
Interest income	14,831	116,817	124,677	112,828
Management income	-	16,988	280,750	389,835
Embedded derivatives (Note 23)	772,042	(1,267,884)	772,042	(1,267,884)
ii) Purchases of services				
Wakulima Tea Company (Interest)	-	-	378,796	337,971
iii) Year-end balances				
Due from related parties (note 15)				
Rungwe Avocado Company Limited (RACL)	2,700,391	2,284,454	2,529,866	2,251,055
Suma Hydro	125,378	734,501	125,378	401,418
Maris Tatepa Holdings Limited	2,337	-	-	-
Thompson Lloyd and Ewarts	7,780	-	-	-
Less: Impairment provision- RACL	(2,251,055)	(2,284,454)	(2,251,055)	(2,251,055)
	584,831	734,501	404,189	401,418

There were no additional provisions for impairment held against amounts due from related parties at the end of the year (2022:Nil)

**Creditors amounts due to related parties
(note 22)**

	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
Rungwe Smallholders Tea Growers Association	53,735	50,239	-	-
Wakulima Tea Company Limited	-	-	-	145,981
Maris Tatepa Holdings Limited	2,051,566	592,696	1,724,235	592,696
Thompson Lloyd & Ewart Limited	1,397,244	2,654,147	-	-
P. D. Rowland- Tatepa director	7,198	7,198	7,198	7,198
	3,509,743	3,304,280	1,731,433	745,875

The above amount due from / (to) related parties are interest free, have no specific dates of repayment and are unsecured.

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
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iv) Loan and facility from related parties (Note 20)	Group		Company	
	2023 Tzs '000'	2022 Tzs '000'	2023 Tzs '000'	2022 Tzs '000'
Current:				
Shareholder facility:				
Maris Tatepa Holdings Limited	874,245	6,917,727	874,245	6,917,727
Thompson Lloyd & Ewart Limited (TLE)	-	36,878	-	36,878
Estate of the late Hon J. J. Mungai	-	232,964	-	232,964
George. C. Theobald	-	588,315	-	588,315
Term loan - TLE	-	215,218	-	215,218
	<u>874,245</u>	<u>7,991,102</u>	<u>874,245</u>	<u>7,991,102</u>

v) Commitment and contingencies

The company has guaranteed a bank overdraft given to Wakulima Tea Company Limited (WTC) and Rungwe Avocado Company (RACL). The balance of bank overdraft as at year end is Tshs 8,283,010,000 (2021: 5,944,376,000) for WTC.

vi) Directors remuneration

The Director's fees, Chairman's fees and sitting allowances for all Board and sub-committee meetings of the Group and Company are disclosed below.

	Group		Company	
	Fees 2023 Tzs '000'	Fees 2022 Tzs '000'	Fees 2023 Tzs '000'	Fees 2022 Tzs '000'
Johannes Gunnell	-	-	-	-
G. C. Theobald	-	-	-	-
Robin Harrison	-	-	-	-
Peter D. Rowland	-	-	-	-
V. K. Tewari	-	-	-	-
Andres de Klerk	-	-	-	-
Hon Dr Raphael Chegeni	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Apart from the salaries & Wages paid to the Operations Director, which is disclosed under Salaries and related Costs, none of the Directors received remuneration during the period under review. The Expenses booked under directors Costs relates to various reimbursements for the expenditures incurred by the Directors in performance of their duties for the company & Group.

(v) Directors fees, allowances and expenses

	<u>92,066</u>	<u>113,855</u>	<u>-</u>	<u>-</u>
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30 Financial instruments

a) By category

The accounting policies for financial instruments have been applied to the following line items:

Group	2023 Tzs '000'	2022 Tzs '000'
Financial assets as per statement of financial position		
<u>Loans and receivables</u>		
Trade and other receivables (excluding payments and suppliers advances)	2,629,928	2,239,555
Cash at bank and on hand	17,206	15,074
	<u>2,647,134</u>	<u>2,254,629</u>

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
SEPTEMBER 2023

30 Financial instruments (Continued)

a) By category (Continued)

Financial liabilities as per statement of financial position

<u>Other financial liabilities amortised at cost</u>		
Trade and other payables (excluding statutory obligations)	7,855,780	6,506,909
Borrowings	11,367,917	16,159,862
	<u>19,223,697</u>	<u>22,666,771</u>
<u>Other financial liabilities at fair value through profit or loss</u>		
Embedded derivative	-	5,974,089

Company

Financial assets as per statement of financial position

	2023 Tzs '000'	2022 Tzs '000'
<u>Loans and receivables</u>		
Trade and other receivables (excluding payments and suppliers advances)	879,694	1,108,620
Cash at bank and on hand	8,688	6,887
	<u>888,382</u>	<u>1,115,507</u>

Financial liabilities as per statement of financial position

<u>Other financial liabilities amortised at cost</u>		
Trade and other payables	2,409,192	2,091,701
Borrowings	4,049,831	11,007,260
	<u>6,459,023</u>	<u>13,098,961</u>
<u>Other financial liabilities at fair value through profit or loss</u>		
Embedded derivative	-	5,974,089

31 Revaluation reserve

The revaluation reserve arose on revaluation of bearer plants in 2017 and is stated net of deferred tax. The reserve is amortised over the biological assets useful life of 37 years. When the revalued properties is sold, the related valuation is transferred directly to retained earnings. Distributions from the properties revaluation reserve can be made where they are in accordance with the Companies Act. These restrictions do not apply to any amounts transferred to retained earnings. .

	Group	
	2023 Tzs '000'	2022 Tzs '000'
Bearer plants		
The movement in the revaluation of reserve is as follows:		
At start of year	8,527,040	8,533,598
Increase arising on revaluation	-	-
Deferred tax liability arising on revaluation	2,811	2,811
Amortization to retained earnings on deconsolidation of RACL revaluation reserve	-	-
Amortization to retained earnings	(9,369)	(9,369)
	<u>8,520,482</u>	<u>8,527,040</u>

32 Non controlling interest

	2023 Tzs '000'	2022 Tzs '000'
Non-controlling interest brought forward	4,134,858	4,818,560
Net (loss) / profit for the year for WTC	(475,319)	(683,702)
	<u>3,659,539</u>	<u>4,134,858</u>

**NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
SEPTEMBER 2023**

33 Financial risk management

33.1 Financial risk factors

The Group's and Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse affects on the Group's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors. The management of the risk exposures

a) Market risk

i) Foreign exchange risk

The Group frequently enters into transactions denominated in foreign currencies [primary United States Dollars ("US\$")]. In addition, the Group has assets and liabilities denominated in United States currency exchange rates at 99.6% (2022: 99.6%) of its earnings are in foreign currencies (mainly US dollars). The Group measures its exposures from fluctuations in foreign currencies by entering in short term contracts. As at 30th September 2023, if the Tanzanian shilling (Tzs) had strengthened / weakened by 10% against the US dollar with all other variables held constant, the Group's loss after tax for the year and equity would have been Tzs 1,251 million (2022: 1,190 million) lower / higher, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade receivables, trade payables, bank balances and borrowings.

At 30th September 2022, if the Tanzanian shillings (Tzs) had strengthened / weakened by 10% against the US dollar with all other variables held constant, the Company's profit after tax for the year and equity would have been Tzs 1,251 million lower / higher (2022: 1,190 million), mainly as a result of foreign exchange gains / losses on translation of US dollar-denominated trade receivables, trade payables, bank balances and borrowings.

The movement of the Tanzanian shilling against other currencies is insignificant because the number and value of transaction in other foreign currencies entered into by the Group and Company is

ii) Interest rate risk

The Group's interest rate risk arises from long and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Where necessary the Group refinances its borrowings in order to ensure its borrowings terms remain competitive. the Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. Based on the simulation performed at 30th September 2023, an increase/decrease of 200 basis points would have resulted in a decrease/increase in consolidated post tax loss of Tzs 114 million (2022: Tzs 226 million), mainly as a result of higher/lower interest charges on variable rate borrowings.

iii) Commodity price fluctuation risk

The Group does not anticipate the prices of tea to decline significantly in the foreseeable future. The Group reviews its outlook for world prices regularly in considering the need for active financial risk management. Therefore, the Group and Company does not use any derivative to hedge against commodity price fluctuation risk. Had the prices of tea changed by 5% during the year the loss after tax for the Group would have been higher/lower by Tshs 939 million (2021 Tzs 1.12 billion).

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

33 Financial risk management (Continued)
33.1 Financial risk factors (Continued)

b) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. For banks and financial institutions only reputable banks and financial institutions are used by the Group for banking services. Loans and receivables do not expose the Group and Company into a significant credit risk as these are mainly issued to out growers who are suppliers of raw material and related parties. Customers are assessed for credit quality by taking into account their financial position, past experience and other factors before approved to buy goods or services on credit. The account balances and length of time outstanding are regularly monitored. No collateral is held for cash and cash equivalents and trade and other receivables.

The credit quality of financial assets that are neither past due nor impaired can be addressed by reference to historical information about counterparty default rates.

The amount that best represents the Group's and Company's maximum exposure to credit risk at 30th September 2023 and 30th September 2022 is the carrying value of its financial assets in the statement of financial position.

Group	2023	2022
	Tzs '000'	Tzs '000'
Trade receivables (third parties)		
Group 1 - Balance from customers with no past history of default and no provision for impairment raised against their balances	1,533,313	1,697,872
Group 2 - Balance from customers with no past history of default but provision has been made against their balances	-	-
Group 3 - Balance from customers with past history of default and provision made against their balances	5,281,185	4,749,301
	<u>6,814,498</u>	<u>6,447,173</u>
Bank and cash balances		
Total cash and bank	<u>17,206</u>	<u>15,074</u>
Company		
Trade and other receivables (third parties)		
Group 3 - Balance from customers with past history of default and provision made against their balances	4,112,314	4,336,342
	<u>4,112,314</u>	<u>4,336,342</u>
Bank and cash balances		
Total cash and bank	<u>8,688</u>	<u>6,887</u>

There is no credit rating of banks and financial institutions in Tanzania. However, cash at bank is held with reputable banks which are regulated by the Bank of Tanzania.

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
SEPTEMBER 2023

33 Financial risk management (Continued)
33.1 Financial risk factors (Continued)

c) Liquidity risk

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 and the Company maintain flexibility in funding by maintaining availability under committed credit lines and through inter-company short-term advances. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. The table below analyses the Group's derivative and no-derivative financial liabilities into relevant maturity groupings based on the remaining period to the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Group	Within 1 year Tzs '000'	Between 1 and 2 years Tzs '000'
As at 30th September 2023		
Borrowings	9,920,449	14,458,915
Interest on borrowings (*)		
Embedded derivative	-	5,974,089
Trade and other payables (excluding statutory deductions)	7,855,780	6,506,909
Total financial liabilities	<u>17,776,229</u>	<u>26,939,913</u>
As at 30th September 2022		
Borrowings	14,458,915	1,700,947
Interest on borrowings (*)		
Embedded derivative	5,974,089	-
Trade and other payables (excluding statutory deductions)	6,506,909	-
Total financial liabilities	<u>26,939,913</u>	<u>1,700,947</u>

(*) Interest on bank overdraft facilities has been calculated using simple rate.

The parent Company (Tatepa Limited) has provided corporate guarantee to CRDB Bank Plc. in respect of overdraft facilities extended to its subsidiary Wakulima Tea Company Limited. The company wrote the letter for one year renewal of overdrafts facilities on 12th May 2023 for Wakulima Tea Company Limited.

Company	Within 1 year Tzs '000'	Between 1 and 2 years Tzs '000'
As at 30th September 2023		
Borrowings	4,049,831	-
Embedded derivative	-	-
Trade and other payables (excluding statutory deductions)	2,409,192	-
Total financial liabilities	<u>6,459,023</u>	<u>-</u>
As at 30th September 2022		
Borrowings	11,007,260	-
Embedded derivative	5,974,089	-
Trade and other payables (excluding statutory deductions)	2,091,701	-
Total financial liabilities	<u>19,073,050</u>	<u>-</u>

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

33 Financial risk management (Continued)

33.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce 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 shares or sell assets to reduce costs. This ratio is calculated as a net debt dividend by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial statement of financial position) less cash and bank balances. Total capital is calculated as total equity as shown in the consolidated statement of financial position plus net debt. During the year ended 30th September 2023, the Group's strategy, which was unchanged, was to maintain the gearing ratio within 25% to 50% on a long term basis. The gearing ratios were as follows:

Group	2023 Tzs '000'	2022 Tzs '000'
Total borrowings (Note 20)	11,367,917	16,159,862
Less: cash and bank balances (Note 16)	(17,206)	(15,074)
Net debt	11,350,711	16,144,788
Total equity	7,870,147	(2,914,947)
Total capital	19,220,858	13,229,841
Gearing ratio	59.05%	122.03%
Company	2023 Tzs '000'	2022 Tzs '000'
Total borrowings (Note 20)	4,049,831	11,007,260
Less: cash and bank balances (Note 16)	(8,688)	(6,887)
Net debt	4,041,143	11,000,373
Total equity	(2,626,160)	(14,995,649)
Total capital	1,414,983	(3,995,276)
Gearing ratio	285.60%	-275.33%

The increase in gearing during the financial year 2022 resulted from Group loss.

33.3 Fair value estimation

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

- i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- iii) Inputs for asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3). The following table presents the Group's and Company's financial assets and liabilities that are measured at fair value.

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
SEPTEMBER 2023

Group	Level 1	Level 2	Level 3
As at September 2023			
Liabilities			
Embedded derivative	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
As at September 2022			
Liabilities			
Embedded derivative	-	-	5,974,089
Total liabilities	<u>-</u>	<u>-</u>	<u>5,974,089</u>
Company			
As at September 2023			
Liabilities			
Embedded derivative	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
As at September 2022			
Liabilities			
Embedded derivative	-	-	5,974,089
Total liabilities	<u>-</u>	<u>-</u>	<u>5,974,089</u>

There were no transfers between any levels during the year.

The carrying value of trade and other receivables and trade and other payables are assumed to approximate their fair values due to the short-term nature of receivables and payables. The fair value of borrowings also approximate the carrying amount because the borrowings bears interest in line with the market.

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023

34 Business segment information

The Group determines its operating segments based on the review by management and in a manner consistent with internal reporting provided to the chief operating decision maker. The Group has one operating segments; growing and processing of tea. Management considers the business form both market and product perspectives. Market wise, management considers the revenue generated from sales of products in various markets. Product wise, management considers the main lines through which

Group

	Growing & processing tea	Other (*)	Eliminations	Consolidation
2023	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Revenue				
Export sales	18,713,349	-	-	18,713,349
Local sales	66,773	-	-	66,773
Total sales	18,780,122	-	-	18,780,122
Cost of sales	(16,283,977)	-	-	(16,283,977)
Gross profit	2,496,145	-	-	2,496,145
Other income	408,254	607,123	(826,303)	189,074
Operating expenses	(5,607,149)	(1,171,706)	826,303	(5,952,552)
Gain recognized on disposal of interest in former subsidiary (RACL)	-	-	-	-
Fair value loss on embedded derivative	-	772,042	-	772,042
Profit / (loss) before tax	(2,702,750)	207,459	-	(2,495,291)
(Tax expense) / credit	1,118,355	(3,036)	-	1,115,319
Profit / (loss) for the year	(1,584,395)	204,423	-	(1,379,972)

(*) Represents Tatepa Public Company Limited.

	Growing & processing tea	Other (*)	Eliminations	Consolidation
2022	Tzs '000'	Tzs '000'	Tzs '000'	Tzs '000'
Revenue				
Export sales	22,410,737	-	-	22,410,737
Local sales	66,773	-	-	66,773
Total sales	22,477,510	-	-	22,477,510
Cost of sales	(18,339,060)	-	-	(18,339,060)
Profit / (loss) before tax	4,138,450	-	-	4,138,450
Other income	511,786	702,279	(875,967)	338,098
Operating expenses	(7,122,104)	(278,627)	875,967	(6,524,764)
Gain recognized on disposal of interest in former subsidiary (RACL)	(36,782)	-	-	(36,782)
Loss recognised on impairment of associate (RACL)	-	-	-	-
Fair value loss on embedded derivative	-	(1,267,884)	-	(1,267,884)
Profit / (loss) before tax	(2,508,650)	(844,232)	-	(3,352,882)
(Tax expense) / credit	229,645	(117,961)	-	111,684
Profit / (loss) for the year	(2,279,005)	(962,193)	-	(3,241,198)

(*) Represents Tatepa Public Company Limited.

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
SEPTEMBER 2023

34 Business segment information (Continued)

Group				
2023	Growing & processing tea Tzs '000'	Other (*) Tzs '000'	Eliminations Tzs '000'	Consolidation Tzs '000'
Segment assets and liabilities and capital expenditure:				
Assets				
Non-current assets	22,401,199	2,542,200	(1,704,271)	23,239,128
Current assets	9,531,141	1,290,663	(2,906,046)	7,915,758
Total assets	31,932,340	3,832,863	(4,610,317)	31,154,886
Liabilities				
Non-current liabilities	5,508,508	-	-	5,508,508
Current liabilities	14,223,254	6,459,023	(2,906,046)	17,776,231
Total liabilities	19,731,762	6,459,023	(2,906,046)	23,284,739
Additions: Property, plant and equipment	248,319	-	-	248,319

(*) Represents Tatepa Public Company Limited.

Group				
2022	Growing & processing tea Tzs '000'	Other (*) Tzs '000'	Eliminations Tzs '000'	Consolidation Tzs '000'
Segment assets and liabilities and capital expenditure:				
Assets				
Non-current assets	22,810,542	2,601,123	(1,704,271)	23,707,394
Current assets	9,748,848	1,484,238	(4,022,855)	7,210,231
Total assets	32,559,390	4,085,361	(5,727,126)	30,917,625
Liabilities				
Non-current liabilities	6,863,542	7,960	-	6,871,502
Current liabilities	11,910,875	19,073,050	(4,022,855)	26,961,070
Total liabilities	18,774,417	19,081,010	(4,022,855)	33,832,572
Additions: Property, plant and equipment	248,319	-	-	248,319

(*) Represents Tatepa Public Company Limited.

35 Contingent liabilities

The company has no contingent liabilities

36 Incorporation

The Company was incorporated in Tanzania and registered under the Companies Act as a private limited liability Company.

37 Presentation currency

These financial statements are presented in Tanzanian Shillings rounded off to the nearest thousands (Tzs '000').

TATEPA PUBLIC LIMITED COMPANY
P.O. Box 700 Tukuyu - Mbeya

COMPUTATION OF TAXABLE INCOME

	2023	2022
	Tzs '000'	Tzs '000'
Profit / (loss) as per statement of profit or loss	207,459	(844,232)
Add:		
Bad debts written off	-	-
Increase in general provision	(772,042)	1,267,884
Increase in specific provision	(7,959)	-
	(572,542)	423,652
Less:		
Decrease in specific provision	-	905,945
Unrealised forex loss - previous year	-	-
Taxable income / (loss)	(572,542)	(482,293)
Less: Brought forward of loss	(10,197,116)	(9,714,823)
Taxable income for the year	(10,769,658)	(10,197,116)
Tax on income @30%	-	-
Alternative Minimum Tax (AMT)	3,036	-
Balance b/f	368,731	375,656
Tax adjustments	-	(117,961)
Advance tax paid	-	-
Withholding tax receivable	36,586	111,036
Net tax payable/(refundable)	408,353	368,731