
TANGANYIKA FARMERS' ASSOCIATION PLC

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER 2021

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TANGANYIKA FARMERS' ASSOCIATION PLC

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Shareholders of the Company will be held at **TFA Arusha Shopping Centre premises situated along Sokoine Road, Ngarenaro, Arusha on Saturday the 5th day of November 2022 at 10:00 am** to conduct the following businesses:

1. Opening of the Annual General Meeting.
2. To read the notice calling the meeting.
3. Adoption of the Agenda.
4. To approve minutes of the previous Annual General Meeting held at Mbeya on 06/11/2021.
5. To consider matters arising from the minutes of the Annual General Meeting held at Mbeya on 06/11/2021.
6. To receive The Chairman's Statement.
7. To receive, consider and adopt the Audited Financial Statements for the year ended 31st October 2021 and Repots of Board of Director's and External Auditors thereon.
8. To receive and if thought fit, approve the Board proposal that, no dividend shall be paid to the Shareholders in relation to the financial year ended 31st October 2021.
9. To consider and approve the Directors' remuneration for the ensuing year.
10. To consider proposals and recommendations to dispose the old assets/old motor vehicles belonging to the company.
11. To endorse the election of External Auditors and their remunerations thereon.
12. To elect Board of Directors of Tanganyika Farmers' Association PLC.
13. Any other business where appropriate notice thereof shall have been duly received.
14. Closing of the Meeting.

By Order of the Board of Directors



Pendo Jacob
Company Secretary
13/10/2022

NOTE:-

- The reports and documents for AGM are all available in www.tfa.co.tz prior to the meeting.
- Proxy form is available from all TFA Branches and TFA Website www.tfa.co.tz. A completed proxy form should be deposited at the company's registered office not less than 48 hours before the time for holding the meeting, failing which it shall be invalid.
- Shareholders should come with some form of identification i.e Membership ID, Share Certificate, Driving License, Voters ID, National ID, etc.

TANGANYIKA FARMERS' ASSOCIATION PLC

COMPANY INFORMATION FOR THE YEAR ENDED 31ST OCTOBER 2021

PRINCIPAL PLACE OF BUSINESS: United Republic of Tanzania.

REGISTERED OFFICE: Fire Road, Arusha
P O Box 3010, Arusha.
www.tfatz.com

BANKERS: NCBA (T) Limited
Arusha Branch
P. O. Box 2715
Arusha.

CRDB Bank PLC
Arusha Branch
P. O. Box 3150
Arusha.

COMPANY SOLICITORS M/s Royal Attorneys, Advocates & Legal
Consultants
P O Box 2753
Arusha - Tanzania

COMPANY SECRETARY: Pendo Jacob
P O Box 3010
Arusha.

COMPANY AUDITORS: Ndamallya & Company,
Certified Accountants, Authorised Auditors & Tax
Consultants,
P. O. Box 340,
Arusha.

CHAIRMAN'S STATEMENT

1. INTRODUCTION

It is with great pride and humility that I submit on behalf of the entire Board of Directors, the Director's Report for the financial year 2020/2021 together with the future plans for TFA PLC as outlined in our overall development strategic plan.

It is my strongly held belief that, all shareholders deserve and have every right to expect and to receive improved services for their investment in TFA PLC. Benefits of such investment will only be achieved when our company is operating at profit.

After these short introductory remarks, allow me to take this opportunity to present our operational report for the financial year 2020/2021.

2. BUSINESS DEVELOPMENT FROM 1/11/2020– 31/10/2021

The company continued with the key business undertaking of serving the Tanzania farming community as outlined in our major business strategy. This business performance report is divided into the main activities and Departments as follows:-

2.1 TRADING DIVISION – AGRICULTURAL INPUTS BUSINESS

We are proud to report a continuous growth trend of our agricultural input business for 7 years continuously.

This growth has been made possible by our team of Management under strategic policy directives of the Board.

- A. We are proud to report that, our gross sales in agriculture inputs have grown up from 6.9 billion to 12.9 billion. This growth is the highest ever recorded in a short period for very long time.
- B. The 87% growth in sales of agriculture inputs has been achieved through a dedicated team of directors, management and strong suppliers partnership. This was possible through leadership of your Board.
- C. The Company has managed to forge strong partnership with major suppliers in China, India, Kenya, Malaysia and France.
- D. The partnership with Fertilux has managed to grow our importation from \$ 500,000 to \$ 2 million. We also have managed to introduce new products for fertilization "TFA FAHARI" and we are finalizing registration of two other products with Fertilux.
- E. Plans and strategies to start buying cereals and other products for direct export has started and discussions are at early stages. We believe we will manage to finalize the discussion and lounge this overdue project.

2.2 PROPERTY DIVISION

The Property Division continued to be one of the major sources of other income for the TFA Plc. In the past five years, property has remained stable business despite the deteriorating trend in the sub sector of property leasing countrywide.

Our TFA Arusha Shopping Centre has managed to bring in new big tenants at the Centre which have sharpened our business trend and remain stable.

The introduction of automated parking system has help TFA to easy shopping and create more convenience parking for our customers and ultimately business growth.

The parking at the mall remains the most secured parking in town.

Our occupancy rate has grown back to 93.2% after two years of covid-19 which had earlier dropped to 89.0%.

2.3 FEED AND VETERINARY BUSINESS

We have managed to grow our veterinary and feed business by opening an additional outlet in Kateshi. The potential in feed and veterinary business is big and we feel that, we should not be left out of this business.

We have started registering and distributing first class nutritional products for poultry, goat, sheep, pigs and plans are underway to start selling small animal products.

We have received our first stock from Malaysia in partnership with Agrikima, which is selling well in the market.

This line of business has grown up to a billion business and we are projecting a growth of 2 billion business in the next two years from now.

3. STRATEGIC PLANS AND OUTLOOK OF TFA PLC 2021/2022

3.1 INTRODUCTION

Our business trend for the past seven years in record and in particular after this Board of Directors has assumed the mandate to oversee on your behalf the operations of TFA Plc, we are proud to share with you our future insights of TFA Plc which we believe we will manage to achieve without fail with your support.

The future plan will include both short terms and long terms. I am well aware that, all these plans shall be very largely dependent on the developmental direction that TFA Plc shall adopt. Let me sincerely request and plead with all our Shareholders (Members) to continue supporting these very earnest and dedicated endeavors on our journey towards the proverbial "*the land of milk and honey*".

The following are the major plans and strategies for TFA Plc in the coming future:

- i. We have started and initiated discussion with local and international partners to strategically finance the projects in Property development. We understand that, the model of financing our business has been expensive and efforts to get affordable finance remains a critical role.

TANGANYIKA FARMERS' ASSOCIATION PLC

- ii. We have decided to look critically at our business model and we are convinced that, we should do more lines of business to support agriculture and property for us to remain profitable. It is due to this fact that, we consider insurance and technology being the possible future. We commit to invest in developing business plan for these areas.
- iii. We are looking at growing our business outside Tanzania and we believe in the next one year we will be able to close discussion with partners in Zambia and Malawi. As you may all be aware we have registered "TFA FAHARI" and we believe this flag ship product will move TFA outside our borders.
- iv. Efforts to build capacity to our technical team to be able to sell products and provide solution to farmers have started. We have sent out our employees to Nairobi Kenya for training and next year we will send more for training. This move will help us remain competitive in the market.
- v. we have signed an agreement with CARMATEC for the purpose of promoting agricultural technology and we believe that, next year we will be able to promote rural technology for the development of agriculture sector in Tanzania.
- vi. Plans are still underway to start farmers' free magazine to extend our agricultural extension services role to our Shareholders and Farming Community in Tanzania.

4. A WORD OF THANKS

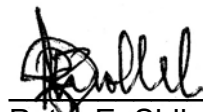
On my own behalf and on behalf of the entire Board of Directors and of the Management of TFA PLC, I am pleased to take this opportunity to extend my sincere thanks and appreciation to all the Members for the continued cooperation which you have extended to us.

I also thank all Shareholders (Members) for being patient for an extended period of time during which our company was operating at a loss, up till now when we are back into profit making. It has not been easy but we are glad that we have achieved this major goal.

Secondly, I wish to thank all our Clients and Customers who have continued to procure their requirements from us.

Lastly but in no way the least, I wish to thank all Stake Holders with whom we have done business during the period under review including the Banks, Manufacturers and Distributors of agricultural inputs, the Government of the United Republic of Tanzania and all its Ministries and Departments and all Others who have in one way or another enabled us to achieve these very impressive, satisfying and encouraging results.

Thank you very much.



Peter E. Sirikwa
CHAIRMAN

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED
31ST OCTOBER 2021**

The directors present this report and the audited Financial Statements for the year ended 31st October, 2021

INCORPORATION

The company is incorporated in Tanzania under the companies Act as Public limited company by share and issued with a Certificate of Incorporation Number 1826.

STRATEGIC'S VISION

To provide quality products and excellent service to customers, a fair return to shareholders be the employer of choice and endeavour to bring prosperity to our suppliers, associates and the community.

CORE VALUE

In the pursuit of its vision, the board and management will Endeavour to lead the organization:

- With honesty
- Transparency
- Be accountable for our behaviour and results
- Conscious of our social responsibility and
- Caring for others who are affected in our day-to-day business

PRINCIPAL ACTIVITY

The principal activities of the company are retail trading of agricultural input and related products and property development and renting.

FUTURE DEVELOPMENT PLANS

The company will continue to improve its profitability through the introduction of quality products, services, focusing on value-added customer products and selective expansion of its product lines while carefully managing both costs and risks.

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED
31ST OCTOBER 2021**

CORPORATE GOVERNANCE

The Board of Directors consists of 6 directors, of which one director hold executive position in the company. The Board takes overall responsibility for the company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board delegates the day to day management of the business to Managing Director assisted by senior management. Senior Management facilitates the effective control of all the company's operational activities, acting as a medium of communication and coordination between all the various business units. The company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability.

COMPANY'S CAPITAL STRUCTURE

The capital structure consists of share capital of TZS 2.5 billion and retained earnings.

RESULTS AND DIVIDEND

The results of the company are set out on page 16. The directors do not recommend the payment of dividends this year.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

TANGANYIKA FARMERS' ASSOCIATION PLC

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

DELEGATION

Overall objectives of the company are agreed by the Board of directors, which delegates the day-to-day operations to Management for execution. There is a clear organization structure, detailing lines of authority.

BUDGETS

Detailed annual budgets are prepared by the Management and approved by the Board of directors. The annual budgets are derived from the Company's Corporate Plan. Competence Staff skills are maintained both by a formal recruitment process and a performance appraisal system, which identifies training needs. Also, necessary training both in house and externally, helps to consolidate existing staff skills and competences.

INTERNAL AUDIT

An internal audit unit has been established due to the growth of the company's activities. The Unit assesses risk and reviews controls. The unit ensures that recommendations to improve controls are followed up by the Management. The Internal Audit Manager reports functionally to the Board of Directors and administratively to the Managing Director.

SOLVENCY

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

EMPLOYEES WELFARE

Management and Employees' Relationship

There were continued good relation between employees and management for the year 2021. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and employees.

THE COMPANY IS EQUAL OPPORTUNITY EMPLOYER

The company gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

FINANCIAL HELP

Financial help is available to all employees depending on the assessment by management as to the need and ability of the company to help.

TANGANYIKA FARMERS' ASSOCIATION PLC

EMPLOYEES BENEFIT PLAN

The company pays contributions to a publicly administered pension plans on mandatory basis which qualifies to be a defined contribution plan. The average number of employees during the year was 63

RELATED PARTY TRANSACTIONS

All related party transactions and balances, including directors' emoluments are disclosed in the financial statements.

GENDER PARITY

The Company is equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

ENVIRONMENTAL CONTROL PROGRAM

The Company monitors the impact of its operations on the environment, which is mainly through the use of power, water and the generation of waste. The company minimizes its impact through the better use of its premises and inbuilt facilities to ensure that there is proper waste management.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities. The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

MANAGEMENT

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

- Internal Audit department;
- Finance and administration department;
- Sales and marketing department;
- Property department.
- Corporate department.

TANGANYIKA FARMERS' ASSOCIATION PLC

DIRECTORS AND INTEREST

Directors

Directors who served the company from 1 November 2016 and to the date of this report were:

S/N	Name	Designation	Date of appointment	Nationality
1.	Mr. Peter E. Sirikwa	Chairman	30/4/2016	Tanzanian
2.	Mrs. Cathy-Elizabeth S. Long'lway	Deputy Chairman	30/4/2016	Tanzanian
3.	Mr. George B. Lupembe	Member	30/4/2016	Tanzanian
4.	Mr. Walter S. Maeda	Member	30/4/2016	Tanzanian
5.	Mr. Stanley J. I. Mwanri	Member	30/4/2016	Tanzanian
6.	Mr. Justin M. Shirima	Managing Director	03/1/2017	Tanzanian

Board of directors met 5 times during the year under review.

DIRECTOR'S INTEREST

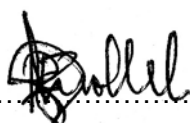
The directors' interest in the shares of the company is as follows

S/N	Name	Number of shares
1.	Mr. Peter E. Sirikwa	970
2.	Mrs. Cathy-Elizabeth S. Long'lway	15
3.	Mr. George B. Lupembe	50
4.	Mr. Walter S. Maeda	5,270
5.	Mr. Stanley J. I. Mwanri	965

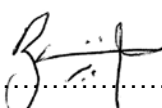
AUDITORS

M/s Ndamallya & Company auditors were appointed in accordance with Section 170(1) of the Companies Act 2002, and have expressed their willingness to continue in office in accordance with section 170(2) of the Companies Act 2002.

By Order of the Board



Peter E. Sirikwa
Chairman
28/04/2022



Rogasian D. Kimaryo
Finance Manager
28/04/2022



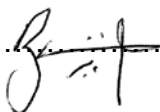
Justin M. Shirima
Managing Director
28/04/2022

TANGANYIKA FARMERS' ASSOCIATION PLC

**DECLARATION OF THE HEAD OF FINANCE / ACCOUNTING OF
TANGANYIKA FARMERS' ASSOCIATION PLC**

I, **Rogasian Donasian Kimaryo FCPA 273** being Head of Finance /Accounting of Tanganyika Farmers Association PLC, here by acknowledge my responsibility of ensuring that financial statements for the year ended 31st October 2021 have been prepared in compliance with the applicable accounting standards and statutory requirements

I thus confirm that the Financial Statements give a true and fair view position of Tanganyika Farmers Association PLC as on that date and they have been prepared based on properly maintained financial records

Signed By..........

Position: Finance Manager

NBAA Membership No. FCPA 273

Date 28/04/2022

REPORT OF THE INDEPENDENT AUDITORS

**To the members of
TANGANYIKA FARMERS' ASSOCIATION PLC**

We have audited the accompanying Financial Statements of **TANGANYIKA FARMERS' ASSOCIATION PLC** which comprise the Statement of Financial Position as at 31st October, 2021 Statement Financial Performance, Statement of Cash Flows, and Statement of Changes in Equity for the year then ended, and the summary of significant accounting policies and other explanatory notes as set out from page 10 to 24.

DIRECTORS'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS.

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

AUDITORS' RESPONSIBILITY.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making the risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

UNQUALIFIED OPINION

In our opinion, the financial statements give a true and fair view of the financial position of TANGANYIKA FARMERS' ASSOCIATION PLC and the results of its operations for the year then ended in accordance with International Financial Reporting Standards and comply with the establishing Act.

TANGANYIKA FARMERS' ASSOCIATION PLC

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Compliance with the Public Procurement Act, 2011.

In view of our responsibility on the procurement legislation and taking into consideration the Procurement transactions and processes, we have reviewed as part of this Audit, we state that, TANGANYIKA FARMERS' ASSOCIATION PLC procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No. 7 of 2011 and its underlying Regulations of 2013. (Amended in 2016)

NDAMALLYA & COMPANY

Certified Accountants & Authorised Auditors



ELIA MAKATA, ACP 2492

MANAGING PARTNER

ARUSHA

DATE: 28/04/2022



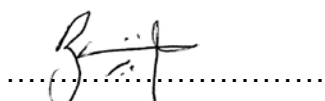
TANGANYIKA FARMERS' ASSOCIATION PLC

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
31ST OCTOBER 2021**

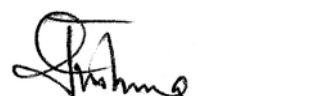
Continuing operations	NOTE	2020/2021 TZS'000	2019/2020 TZS'000
Income from exchange transactions	3.0	12,968,214	11,602,832
Cost of Sales	4.0	<u>(11,889,379)</u>	<u>(10,099,289)</u>
Gross operating income surplus		1,078,835	1,503,543
Income from non-exchange transactions	5.0	<u>2,322,777</u>	<u>2,069,599</u>
Gross operating surplus for the year		<u>3,401,612</u>	<u>3,573,142</u>
Operating expenses			
Administrative expenses	6.0	(1,606,230)	(1,634,577)
Selling and distribution expenses	7.0	<u>(529,307)</u>	<u>(517,401)</u>
Total operating expenses		<u>(2,135,537)</u>	<u>(2,151,978)</u>
Surplus / (deficit) for the year		1,266,075	1,421,164
Finance costs	8.0	<u>(753,868)</u>	<u>(1,050,454)</u>
Depreciation		<u>(238,712)</u>	<u>(250,255)</u>
Surplus for the period attributed to owners of the parent company		273,495	120,455
Other financial performance items that may be reclassified to the surplus or deficit			
Exceptional items		-	-
Net surplus or loss for the period attributed to the owners of the parent Company		<u>273,495</u>	<u>120,455</u>



Peter E. Sirikwa
Chairman
28/04/2022



Rogasian D. Kimaryo
Finance Manager
28/04/2022

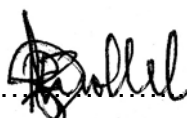


Justin M. Shirima
Managing Director
28/04/2022

TANGANYIKA FARMERS' ASSOCIATION PLC

STATEMENT OF FINANCIAL POSITION AS AT 31ST OCTOBER, 2021

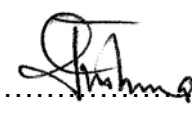
	<u>NOTES</u>	<u>31.10.2021</u> <u>TZS'000</u>	<u>31.10.2020</u> <u>TZS'000</u>
ASSETS			
Non-current assets			
Property, plant and equipment	9.0	39,537,597	37,364,327
Prepaid Lease	12.0	10,940	5,593
Investment in financial assets	11.0	5,000	5,000
Total non - current assets		<u>39,553,537</u>	<u>37,374,920</u>
Current assets			
Inventories	13.0	2,972,298	3,547,518
Receivables	14.0	1,606,689	1,443,045
Current tax assets	10.0	2,719,224	2,672,718
Cash and cash equivalents	15.0	671,830	729,013
Total current assets		<u>7,970,041</u>	<u>8,392,292</u>
Total assets		<u>47,523,578</u>	<u>45,767,214</u>
EQUITY AND LIABILITIES			
Equity:			
Share capital	20.0	2,513,694	2,513,694
Revaluation reserves	28.0	14,050,556	11,787,556
Retained earnings	21.0	20,876,647	21,779,107
Total equity		<u>37,440,897</u>	<u>36,080,357</u>
Liabilities:			
Non-current liabilities			
Borrowings	19.0	7,167,619	5,372,188
Current liabilities			
Trade and other payables	18.0	1,737,696	1,758,176
Bank overdraft	16.0	1,177,289	2,556,493
Total current liabilities		<u>2,914,985</u>	<u>4,314,669</u>
Total liabilities		<u>10,082,681</u>	<u>9,686,857</u>
Total equity and liabilities		<u>47,523,578</u>	<u>45,767,214</u>



Peter E. Sirikwa
Chairman
28/04/2022



Rogasjan D. Kimaryo
Finance Manager
28/04/2022



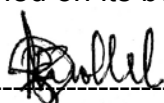
Justin M. Shirima
Managing Director
28/04/2022

TANGANYIKA FARMERS' ASSOCIATION PLC

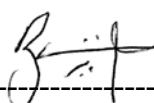
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31ST OCTOBER 2021**

	NOTE	2020/2021 TZS'000'	2019/2020 TZS'000'
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before tax		273,495	120,455
Non cash adjustments to reconcile surplus before tax to net cash flows			
- Impairment of assets		238,712	250,255
- Prior year adjustment		(1,175,955)	1,581,107
- Depreciation adjustment		-	-
Total cash flows from operating activities		<u>(663,748)</u>	<u>1,951,817</u>
Working capital adjustments			
(Increase)/ decrease in inventories		575,220	(1,492,784)
(Increase)/ decrease in receivables		(163,644)	(126,246)
(Increase)/ decrease in prepaid tax		(46,506)	(129,665)
Increase/ (decrease) in payables		<u>(20,480)</u>	<u>(238,431)</u>
Net changes in level of working capital items		344,590	(1,987,126)
Other adjustments Sub Total		-	-
Net cash flows used in operating activities (A)		<u>(319,158)</u>	<u>(35,309)</u>
Investing activities			
Acquisition of non-current assets		(149,501)	(344,436)
Non-current asset adjustments	9.0	(2,262,404)	1,905,098
Revaluation reserves		2,263,000	(1,910,000)
Prepaid lease		<u>(5,347)</u>	<u>(12,353)</u>
Net cash flows from investing activities (B)		<u>(154,252)</u>	<u>(361,691)</u>
Financing activities			
NCBA term loan		1,795,431	(558,142)
Letter of Credit		-	-
NCBA bank overdraft		<u>(1,379,204)</u>	<u>1,338,889</u>
Net cash flows from financing activities (C)		<u>416,227</u>	<u>780,747</u>
TOTAL CASH FLOWS FOR THE YEAR (A+B+C)		<u>(57,183)</u>	<u>383,637</u>
Cash and cash equivalents at the beginning of the year		<u>729,013</u>	<u>345,376</u>
Cash and cash equivalents at the end of the year		<u>671,830</u>	<u>729,013</u>

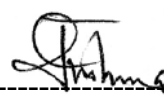
These financial statements were approved by the Board of Directors on 28/04/2022 and signed on its behalf by:



Peter E. Sirikwa
Chairman
28/04/2022



Rogasian D. Kimaryo
Finance Manager
28/04/2022



Justin M. Shirima
Managing Director
28/04/2022

The accompanying notes are an integral part of the financial statements

TANGANYIKA FARMERS' ASSOCIATION PLC

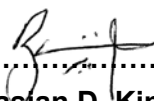
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31ST OCTOBER 2021**

Particulars	Share capital TZS	Revaluation reserves TZS	Retained earnings TZS	Total as at 31.10.2021 TZS	Total as at 31.10.2020 TZS
Balance as at 01.11.2020 b/f	2,513,694	11,787,556	21,779,107	36,080,357	32,468,800
Revaluation adjustments	-	2,263,000	-	2,263,000	1,910,000
Surplus/(deficit) for the year	-	-	273,495	273,495	120,455
Prior years adjustment	-	-	(1,175,955)	(1,175,955)	1,581,107
Balance as at 31.10.2021 c/f	2,513,694	14,050,556	20,876,647	37,440,897	36,080,357

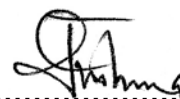
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28/04/2022



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Managing Director
28/04/2022

The accompany notes are an integral part of the financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2021

NOTES

1. GENERAL INFORMATION

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA) was established with the principal activities of the company are retail trading of agricultural input and related products and property development and renting. The address of its registered office is:

Fire Road, Arusha P. O. Box 3010, Arusha
www.tfatz.com

2. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of assets. The principal accounting policies are set out below:

2.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue Recognition

Revenue comprises the fair value of the consideration received and receivable for services rendered in the ordinary course of the company's activities. Revenue is shown net of value-added tax (VAT), rebates and discounts.

Sales of services are recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(b) Foreign currency translations

i) Functional and presentation currency

Items included in these financial statements are measured using the currency of economic environment in which the company operates ('the functional currency')

The financial statements are presented in Tanzania shillings (TZs'000), which is the company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into Tanzania shillings using the exchange rates prevailing at the dates of the transactions.

TANGANYIKA FARMERS' ASSOCIATION PLC

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Tanzania Shillings at rates prevailing at that date. The resultant exchange gains and losses are recognized in the income statement.

The exchange rates used as at 31st October, 2021 was: -

1USD =TZS 2,296 for rental tenants receivables and USD bank balances

(c) Retirement Benefit Costs

Payments to National Social Security Fund (NSSF), a state-managed retirement benefit scheme are dealt with as payment to defined contribution schemes. Payments to defined contribution schemes are charged as an expense as they fall due.

(d) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid to Tanzania Revenue Authority. The tax rates used to compute the amount are those prescribed by legislation from time to time. The current rate of taxation is 30%.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences (unless the liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and at that time affects neither accounting profits nor taxable profits).

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

(e) Property, Plant and Equipment

Property, Plant and Equipment is stated at cost less accumulated depreciation and accumulated impairment in value. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An item of property, plant and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal.

Any gain or loss arising on derecognizing of the asset is included in the income statement in the year the asset is derecognized. The asset's residue values, useful lives and methods are reviewed, and adjusted if appropriate at each financial year.

TANGANYIKA FARMERS' ASSOCIATION PLC

Depreciation on Property, Plant and Equipment is calculated on straight line balance at the following annual rates: -

Asset category	%
Land and Buildings	1.25
Heavy Motor vehicles	37.50
Motor vehicles – light	25.00
Plant and machinery	12.50
Furniture, fittings other equipment	12.50
ICT and computers	37.50

- (f) **Impairment of Assets**
The carrying amount of assets other than inventories and deferred loss are reviewed at each balance sheet date whether there is any indication of impairment.
- (g) **Inventory**
Inventories are valued at lower of cost and net realizable value, less a provision for any obsolete or unusable inventory on hand. Net realizable value is the price at which the inventory can be realized in the normal course of business after allowing for the costs of realization and, where appropriate, the cost of the conversion from its existing state to a realizable condition.
- (h) **Receivables from the exchange Transactions and Non - Transactions**
Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for the estimated irrecoverable amounts.
- (i) **Cash and cash equivalents**
For the purpose of the cash flow statement, cash and cash equivalent comprise cash on hand and at bank.
- (j) **Provisions**
Provisions are made when the Company has a present obligation, as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.
- (k) **Trade and other payables**
Trade payables do not carry any interest and are stated at their nominal value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.
- (l) **Accounting for leases**
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

TANGANYIKA FARMERS' ASSOCIATION PLC

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST OCTOBER 2021**

	2020/2021	2019/2020
NOTE 3.0 REVENUE	TZS'000	TZS'000
Income from the exchange transactions	<u>12,968,214</u>	<u>11,602,832</u>
Sales are from agricultural inputs and other related products from various shops/branches across the country		
 NOTE 4.0 COST OF SALES		
Opening inventories	3,563,271	2,054,734
Purchases	<u>11,298,406</u>	<u>11,607,826</u>
	14,861,677	13,646,807
Closing inventories	<u>(2,972,298)</u>	<u>(3,563,271)</u>
Total	<u>11,889,379</u>	<u>10,099,289</u>
 NOTE 5.0 Income from Non exchange Transactions		
Rent income from properties	2,018,553	1,762,466
Service charges	191,241	225,704
Miscellaneous income	-	-
Commissions received	112,983	81,429
Gain on disposal of motor vehicle	-	-
Total	<u>2,322,777</u>	<u>2,069,599</u>
 NOTE 6.0 ADMINISTRATIVE EXPENSES		
Skills development levy (SDL)	33,332	38,311
Workers compensation fund	6,863	7,959
Staff training	13,201	6,127
Directors fees	20,419	19,056
Directors traveling expenses	55,989	81,432
Board meeting expenses	64,033	18,679
Subscriptions	15,270	3,041
Audit fees	15,000	17,100
Donations	2,236	1,059
Staff welfare and medical expenses	35,875	35,019

TANGANYIKA FARMERS' ASSOCIATION PLC

Stamp duty	40	-
Newspapers and periodicals	1,171	1,058
Cleaning and sanitation	69,129	92,590
Repair and maintenance	7,838	15,930
Insurance and licenses	53,872	156,993
Lighting and power	69,158	42,637
Legal fees and expenses	7,899	23,601
Professional fees	58,180	67,777
Telephone, postage and fax	27,871	34,335
Rent and rates	126,713	130,075
Staff salaries	452,606	394,647
NSSF	35,476	33,258
Printing and stationery	20,701	19,764
Transport and travelling	151,562	167,812
Entertainment	8,222	7,926
Water and conservancy	7,136	9,156
Security expenses	117,623	136,561
Terminal benefits	15,032	60,031
Annual general meeting expenses	77,244	12,630
Obsolete and expired inventories	36,539	-
Total	<u>1,606,230</u>	<u>1,634,577</u>

NOTE 7.0 SELLING AND DISTRIBUTION EXPENSES

Salaries and wages	400,084	343,305
NSSF employer's contribution	33,625	31,808
Advertisement and marketing	45,862	61,230
Vehicle running expenses	49,736	81,058
Total	<u>529,307</u>	<u>517,401</u>

NOTE 8.0 FINANCE COSTS

Bank charges and commissions	17,072	87,661
Bank interest	1,037,357	942,139
Foreign exchange gain / loss	<u>(300,561)</u>	<u>21,305</u>
Total	<u>753,868</u>	<u>1,050,454</u>

TANGANYIKA FARMERS' ASSOCIATION PLC

NOTE 9.0 PROPERTY, PLANT AND EQUIPMENTS

PROPERTY, PLANT AND EQUIPMENTS - 31ST OCTOBER, 2021

	LAND	BUILDINGS	PLANT MACHINERY & EQUIPMENT	FURNITURE & FITTINGS	MOTOR VEHICLES	ICT SYSTEMS & EQUIPMENT	TOTAL
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
COST OR VALUATION:							
As At 01.11.2020	23,122,000	15,478,544	139,201	161,905	323,622	239,245	39,464,517
Revaluation	3,308,000	(1,045,157)	-	-	-	-	-
Additions	-	102,714	6,544	1,004	10,801	28,438	149,501
Adjustments	-	-	-	-	-	-	-
As At 31.10.2021	26,430,000	14,536,098	145,746	162,909	334,423	267,683	41,876,859
DEPRECIATION:							
At 01.11.2020	-	1,422,890	95,368	129,111	259,841	192,981	2,100,190
For the year	-	181,561	6,297	4,195	18,646	28,013	238,712
At 31.10.2021	-	1,604,451	101,665	133,306	278,487	220,994	2,339,262
NET BOOK VALUE:							
As At 31.10.2021	26,430,000	12,931,647	44,081	29,603	55,936	50,715	39,537,597
As At 31.10.2020	23,122,000	14,055,654	43,833	32,794	63,781	46,264	37,364,327

TANGANYIKA FARMERS' ASSOCIATION PLC

NOTE 10.0 INCOME TAX EXPENSE

There is no tax charge for the year because the company has carried forward tax losses amounting to TZS 2,672,718 for the year ended 2020

Tax Computation for year of income 2020/2021

	TZS'000	
Profit for the year before tax	273,495	
A: Add back non-deductible expenses		
Donation	2,236	
Staff welfare	29,908	
Entertainment	<u>8,222</u>	
Sub-Total A		313,861
Tax on corporate rate 30%		94,158
Less tax paid in advance		
B: Withholding tax on rentals (10%)	(140,664)	
Tax brought forward	(2,672,718)	
Sub-Total B		<u>(2,813,382)</u>
Total Tax loses Carried Forward		<u>(2,719,224)</u>

	31.10.2021	31.10.2020
	TZS'000	TZS'000
NOTE11.0 INVESTMENT IN FINANCIAL ASSETS		
Happy Sausages	<u>5,000</u>	<u>5,000</u>
Total	<u>5,000</u>	<u>5,000</u>

The company holds shares in another company. The number of shares at reporting period were as follows;

Name of the company	No of shares held	No of shares held
Happy Sausages Ltd	<u>391</u>	<u>391</u>
Total shares	<u>391</u>	<u>391</u>

	31.10.2021	31.10.2020
	<u>TZS'000</u>	<u>TZS'000</u>
NOTE12.0 PREPAID LEASE		
Rent paid in advance	<u>10,940</u>	<u>5,593</u>

TANGANYIKA FARMERS' ASSOCIATION PLC

NOTE 13.0 INVENTORIES	<u>TZS'000</u>	<u>TZS'000</u>
General inventories	3,011,953	3,563,271
Less: Provision for obsolete Inventories	(39,655)	(15,753)
Goods in transit	-	-
Total	<u>2,972,298</u>	<u>3,547,518</u>

The cost of inventories recognized as an expense during the year was TZS 11,889 billion (2020: TZS 10,099 billion). The cost of inventories recognized as expense during the year excludes TZS 39,655 million in respect of allowance for obsolete inventories. Inventories are expected to be recovered within twelve months.

NOTE 14.0 RECEIVABLES FROM EXCHANGE TRANSACTIONS AND NON-EXCHANGE TRANSACTIONS

	31.10.2021	31.10.2020
	<u>TZS'000</u>	<u>TZS'000</u>
Receivables from exchange transactions	1,532,549	1,296,184
Receivables from non-exchange transactions	<u>74,140</u>	<u>146,861</u>
Total	<u>1,606,689</u>	<u>1,443,045</u>

NOTE 15.0 CASH AND CASH EQUIVALENTS	<u>TZS'000</u>	<u>TZS'000</u>
Cash in hand	8,997	3,494
Bank balances	<u>662,833</u>	<u>725,519</u>
Total	<u>671,830</u>	<u>729,013</u>

NOTE 16.0 BANK OVER DRAFT

NCBA (T) Limited	<u>1,177,289</u>	<u>2,556,493</u>
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Purpose of bank overdraft is to finance working capital of the company. The facility is repayable on demand but in the absence of a demand, it is repaid within twelve (12) months from the disbursement day of the facility. The interest charged is 16% per annum.

TANGANYIKA FARMERS' ASSOCIATION PLC

NOTE 17.0 CASH AND CASH EQUIVALENTS

For the purpose of preparation of statement of cash flows, cash and cash equivalents include cash on hand, in banks and net of outstanding bank overdraft. Cash and cash equivalents at the end of reporting period as shown in the statement of cash flows is comprised of;

Cash and cash equivalents include;	31.10.2021	31.10.2020
	TZS'000	TZS'000
Cash in hand	8,997	3,494
Bank balance	<u>662,833</u>	<u>725,519</u>
Total	<u>671,830</u>	<u>729,013</u>

NOTE 18.0 TRADES AND OTHER PAYABLES

	31.10.2021	31.10.2020
	TZS'000	TZS'000
Trade payables	1,657,560	1,673,472
Other payables	<u>80,136</u>	<u>84,704</u>
Total	<u>1,737,696</u>	<u>1,758,176</u>

NOTE 19.0 BORROWINGS - INTEREST BEARING LOANS

	TZS'000	TZS'000
Term Loan –TL I (Restructured Term Loan I&II)	5,781,129	5,224,735
NCBA Asset Finance - AF	-	-
Premium Finance loans	39,095	147,453
Post import finance loan	<u>1,347,395</u>	<u>-</u>
Total	<u>7,167,619</u>	<u>5,372,188</u>
Payable within twelve months	1,386,490	147,453
Payable more than twelve months	<u>5,781,129</u>	<u>5,224,735</u>
Total	<u>7,167,619</u>	<u>5,372,188</u>

NCBA TERM LOANS TZS

The purpose of NCBA term loan, maturity and interest charged

The purpose is to finance the restructured and consolidated two loans of the Company granted for construction and renovation of commercial complex at TFA shopping Centre. This term loan is repayable in sixty (60) equal monthly principals and interest at interest rate of 16 %.

Suppliers Financing Cum Letters of credit Post Import Loan USD

The purpose is to finance importation and local purchase of stocks. The tenor is Sixty (60) days and 90 days respectively. Commission on Letters of credit is 0.75 per quarter.

Collaterals held as security and other credit enhancements

(a) Collaterals No. I

Guarantee by The Tanganyika Farmers Association Limited's properties; supported by Legal Mortgage over CT No.055042/6 and 055026/1 located along Uhuru Road Industrial Area and Abutting on Babati Road in Arusha City respectively registered at current market value of TZS 30,650,000,000.00 (Tanzania Shilling Thirty Billion Six Hundred and Fifty Million only).

(b) Collateral No. II

Guarantee by The Tanganyika Farmers Association Limited's properties; supported by Legal Mortgage on Plot No.76 Block 2E2, at Boma Street in Arusha City Under C.T No.055020/22, registered at current market value of TZS 3,777,000,000.00(Tanzania Shilling Three Billion and Seven Hundred Seventy Seven Million only) to cover the credit facility and any other related costs to a minimum of 125%.

(c) Collateral No. III

Guarantee by The Tanganyika Farmers Association Limited's properties; supported by Legal Mortgage on Plot No 100, Block 'A' Section 1 at Boma Road in Moshi Municipality Under C.T No.12454, registered at current market value of TZS 1,650,000,000.00 (Tanzania Shilling One Billion, Six Hundred and Fifty Million only) to cover the credit facility and any other related costs to a minimum of 125%.

(d) Collateral No. IV

Guarantee by The Tanganyika Farmers Association Limited's properties; supported by entire fixed and floating assets of the company registered at current market value of TZS 10,350,765,000(Tanzania Shilling Ten Billion and three fifty Million Seven sixty five Thousand only) to cover the credit facility and any other related costs to a minimum of 125%.

TANGANYIKA FARMERS' ASSOCIATION PLC

NOTE 20.0 SHARE CAPITAL	31.10.2021	31.10.2020
	<u>TZS'000</u>	<u>TZS'000</u>
Authorized Share Capital		
300,000 Members' shares of TZS 10,000/= each	<u>3,000,000</u>	<u>3,000,000</u>
Issued and fully paid		
251,370 Members' shares of TZS 10,000/= each	<u>2,513,694</u>	<u>2,513,694</u>
Shares not issued		
48,630 Ordinary shares @TZS 10,000	<u>486,306</u>	<u>486,306</u>
NOTE 21.0 RETAINED EARNINGS	31.10.2021	31.10.2020
	<u>TZS' 000</u>	<u>TZS' 000</u>
Balance brought forward	21,779,107	20,077,550
Profit / (loss) for the year	273,495	120,455
Prior year's adjustment (Note 22)	<u>(1,175,955)</u>	<u>1,581,107</u>
Balance carried forward	<u>20,876,647</u>	<u>21,779,107</u>
NOTE 22.0 PRIOR YEAR'S ADJUSTMENT	TZS'000	TZS'000
The amount represents overcharged suppliers' invoices, unpaid taxes and under booking interest rate	<u>(1,175,955)</u>	<u>1,581,107</u>
Total	<u>(1,175,955)</u>	<u>1,581,107</u>
NOTE 23.0 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES		
As at 31 October 2021, the company had neither capital commitments nor contingent liabilities.		
NOTE 24.0 FINANCIAL RISK MANAGEMENT		
a) Interest rate risk		
The company is not exposed into interest rate risk since its bank borrowings and bank overdraft have fixed interest rate.		
b) Credit risk management		
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the company. The company has only few Tenants and other debtors to whom credit facility is extended. The rest of clients pay in advance before the service is provided. Trade receivables are presented net of allowance for doubtful debts. Accordingly, the company has no any significant credit risk exposure to any single counterparty		

TANGANYIKA FARMERS' ASSOCIATION PLC

c) Foreign currency risk management

Most of company's Tenants are billed in United States Dollar, hence, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed by acquiring products from local suppliers and Overseas suppliers in United States Dollar

d) Liquidity risk management

The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity of financial assets and liabilities.

NOTE 25.0 EMPLOYEES

The average number of employees for the company during the period was 63

NOTE 26.0 INCORPORATION

The company is incorporated in Tanzania as a private company limited by shares under the companies Act 2002 and issued with certificate of incorporation No 1826

NOTE 27.0 CURRENCY

These financial statements are presented in Tanzania Shillings (TZs.) because that is the currency of the primary economic environment which the company operates. Function currency is Tanzania Shillings (TZS) and the United States Dollar (US\$).

NOTE 28.0 REVALUATION RESERVES TZS 14,050,556

The non-current assets of TFA Plc (Land and buildings only) were revalued by Business and Property Valuation Consultants (T) on plots with CT No.055026/1 and CT No.055042/6 Industrial Area in Arusha City, Plot Section No."76" Block "E" Boma Area in Arusha City and plot No."100" Block I "A"Area in Moshi Municipality for mortgage purposes in 30 August 2021, and the following were the results of the revaluation.

	31.10.2021	31.10.2020
	TZS '000	TZS '000
Opening balance	11,787,556	9,877,556
Add: Land	3,308,000	1,720,000
Buildings	(1,045,000)	190,000
Balance carried forward	<u>14,050,556</u>	<u>11,787,556</u>

NOTE 29.0 COMPARATIVE FIGURES

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