
TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

GOVERNANCE REPORT AND DRAFT FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER, 2022

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TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

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 4th day of November 2023 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 endorse appointment of the Board Member who was appointed by the Board of Directors in accordance of the provision of section 76 (3) of the Memorandum and Articles of Association of Tanganyika Farmers' Association PLC.
5. To approve minutes of the previous Annual General Meeting held at Arusha on 05/11/2022.
6. To consider matters arising from the minutes of the Annual General Meeting held at Arusha on 05/11/2022.
7. To receive The Chairman's Statement.
8. To receive and if thought fit, approve Audited Financial Statement for the year ended 31st October 2022 together with Directors' Report and the Report of the External Auditors.
9. To receive and if thought fit, approve the Directors' proposal that, no dividend shall be paid to the Shareholders in relation to the financial year ended 31st October 2022.
10. To consider and approve the Directors' remuneration for the ensuing year.
11. To receive and if thought fit, approve the proposal of External Auditors in accordance to the provision of section 170 (2) of the Companies Act together with their fees.
12. Any other business where appropriate notice thereof shall have been duly received.
13. Closing of the Meeting.

By Order of the Board of Directors



Pendo Jacob

Company Secretary

13/10/2023

NOTE:-

- 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 (TFA)

COMPANY'S GENERAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER, 2022

PRINCIPAL PLACE OF OPERATIONS:	United Republic of Tanzania
REGISTERED OFFICE:	Tanesco Road, Arusha P.O. Box 3010, Arusha Tanzania <i>www.tfatz.com</i>
BANKERS:	CRDB Bank Limited Arusha Branch P.O. Box 3150, Arusha Tanzania NCBA (T) Limited Arusha Branch P.O. Box 2715, Arusha Tanzania NBC (T) Limited P.O. Box 3004 Arusha, Tanzania
COMPANY SOLICITORS:	M/s Royal Attorneys, Advocates & Legal Consultants P.O. Box 2753, Arusha Tanzania
COMPANY SECRETARY:	Pendo Jacob P.O. Box 3010, Arusha Tanzania
AUDITORS:	Auditax International NSSF (Mafao House), 2 nd Floor, P. O. Box 16272, Arusha, Tanzania

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

GOVERNANCE REPORT AND DRAFT FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER, 2022

ABBREVIATIONS

TFA	:	Tanganyika Farmers' Association
NBAA	:	National Board of Accountants & Auditors
POS		Point Of Sale
IFRSs	:	International Financial Reporting Standards
CPA	:	Certified Public Accountant
GA		Graduate Accountant
IAS	:	International Accounting Standards
FCCA - PP	:	Fellow Certified Public Accountant in Public Practice
NSSF	:	National social Security Fund
HESLB	:	High Education Student Loans Board
SDL	:	Skills Development Levy
PLC	:	Public Limited Company
FIFO	:	First In First Out
WDV		Written Down Value

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

THE BOARD CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors and Management, I take this opportunity to welcome you all to the Annual General Meeting of Tanganyika Farmers Association PLC (TFA). For me, it has indeed been a great honour and privilege to have served as Chairperson of this Company for the past one year. I have the honour to present to you the highlights of the Company annual performance for the financial year ended 31st October 2022.

I would like to commend the efforts of Management and all members of staff who worked tirelessly for the achievements outlined in this report. I thank my colleagues, members of the Board of Directors for their dedication and guidance in execution of the Company objectives and for their oversight role.

It is on the backcloth of unwavering dedication and contribution by the entire team that the year 2022 was a success story for the Company. I would also like to sincerely thank all our esteemed customers for their continued support to our Company knowing that without their business our TFA would not have achieved what is being presented to you. To our shareholders, we thank you immensely for your continued support and dedication in supporting the Company strategic initiatives by providing needed capital resources.

Key Milestones during the year

While our performance results are shown on pages 24-27, which illustrate how we have grown our business, I invite you to peruse the Company key developments outlined below and urge you to read the Managing Director's statement in this Annual Report, which will give you more specific details about our businesses and our plans for the future.

1. The Company commitment and focus on Buying and Distribution of seeds remains to be a key strategic priority. TFA continues to engage with key partners in the provision of this services especially SEEDCO Tanzania Limited, Bayer Life Science (T) Limited, Corteva Agri Science, Agricultural Seed Agency (ASA), Zambia Seed Co. Limited, Krishna Seed, Western Seed and other reliable suppliers.
2. **Agro chemicals:** Our business has recorded growth in importation, local procurement and distribution of insecticides, fungicides, herbicides, seed dressing chemicals, storage and fumigation chemicals and Acaricides.
3. **Fertilisers:** This is a good story for agriculture growth in the country. Regardless of all the challenges our Company has manage to purchase and sale fertilizers accross the country. We are workig to register some products for crop and soil nutrition to make sure our farmer yield improves.
4. Light agro - equipment - hand operated agro equipment's and tools-mostly hand sprayers, hand hoes, and ox-drawn. All these have been topical in our discussion with manufactures for the purpose of improving agriculture in Tanzania.

THE BOARD CHAIRMAN'S STATEMENT (CONTINUED)

5. **TFA Brand:** We have managed to maintain our brand with farmers and remain as reliable source of agriculture inputs. Your Board and Management has taken serious efforts to make sure our brand remains strong and trusted in the market. This is possible through quality and genuine products distribution.

Retaining core tenants to our premises

Overall, our business consolidation and growth ambitions continue to bear positive fruits as translated through increased clientele base, enhanced revenue levels, efficient cost management and quality of risk management. TFA during this year has managed to retain key customers including Shoppers Supermarket, Pizza Hut, Woolworth, GSM, KCB bank, Exim Bank, CRDB bank, to mention a few.

We once again thank all of our tenants for giving us an opportunity to serve them. We commit to keep our services high and drive traffic to their business so as we all grow together.

Economic and Market Conditions in 2022

Economic activity in 2022 was undermined by supply-chain disruptions, which were caused by the war in Ukraine, resurgence of COVID-19, and climate-related constraints. However strong macro fundamentals allowed the country to emerge from the COVID-19 pandemic in good shape, though economic recovery has been relatively modest due to strong headwinds created by the ongoing war in Ukraine, tightening global financial conditions, and global economic slow-down. The economic recovery in 2022 nevertheless remained broad based with most sectors rebounding to pre COVID activity levels.

Inflation was significantly above central banks' targets in 2022, particularly in advanced economies. Due to the easing of supply chain constraints and commodity prices, as well as monetary policy tightening, inflation either started declining or the pace of rising moderated towards the end of the year. The average annual headline inflation in the country was 4.3%, while the real GDP growth stood at 4.7% in 2022 (compared to 4.9% in 2021), projected to grow by 5.2% and 6.2% in 2023 and 2024 respectively.

Strategic Plan for 2022 to 2023

The Company will continue to improve its profitability through the introduction of quality products, services, focusing on value - add customer products and selective expansion of its product line while carefully managing both costs and risk: -

1. Increase distribution of Open Pollinated Varieties (OPV) & Hybrid agro - seeds.
2. Increase distribution of vegetable seeds which are currently sourced locally and looking to import suitable seeds.

THE BOARD CHAIRMAN'S STATEMENT (CONTINUED)

3. Increase sales of agrochemicals. The Company is looking to provide solution to crop challenges such as insecticides, fungi etc. by importing and sourcing local solutions.
4. Increase imports, sales and distribution of fertilisers. TFA is looking to register in fertilizer products for crop and soil nutritions. this will grow our product range and increase profitability.
5. Continue developing strategic alliance with suppliers and customer nationally and internationally. Through these alliances TFA intends to improve product range and improved competitive advantage in the market.
6. Acquire additional quality control and testing equipment for seeds and agrochemicals while focus on soil health and plant nutritions.

The Annual General Meeting Documents

The Annual General Meeting document which has been circulated to the shareholders include the Directors' Report and Financial Statements of the Company for the year ended 31st October 2022 are for your highlights and overview on how your Board and Managimets is keenly managing your investment.

I humbly invite you all to come tirelessly support your Board and Managment to deliver the fruits we all thirst of. I know it has been a long journey through but with your new Board trust us we will make the difference.

On behalf of the Board of Directors, I again thank you all for attending this important meeting and for your continued support. I wish you all a successful Annual General Meeting.

Thank you and God Bless

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

THE MANAGING DIRECTOR'S STATEMENT

Dear Shareholders,

It is my pleasure to confirm that 2022 was relatively a good year for our Company. A key achievement was continued strategic positioning of TFA to deliver on its agenda in terms of resources and infrastructure. The Company remained resilient, weathered the various challenges, made satisfying progress with our strategic priorities, improved efficiency and strengthened the balance sheet to continued deliver good financial returns.

We have made good progress in our transformation journey, with visible results from our years of consistent and disciplined cost management, product and process alignment together with investments in people and technology. Having built a tested foundation through the execution of our "Turnaround and Repositioning" Strategy (2020-2023), we focused on execution momentum to consolidate our achievements and to deliver on our critical imperatives in 2022.

We have become more efficient, addressing legacy operations challenges, strengthened capital and our products and services for the future. As a result, our Company delivered growth in profits attributable to shareholders, which has had significant contribution in capital restoration journey for the Organisation. Over the recent past three years, TFA has continued to report Profit Before Tax of TZS 120 Million (2019 / 2020), TZS 273 Million (2020 / 2021) and TZS 151 Million (2021 / 2022) reduced its accumulated loss position from TZS 11.3 billion in 2019 to TZS 1.49 billion, the outcome of which is reflected in the recapitalization momentum of the Company. We look forward to a complete turnaround to profits retention with effect from 2023 / 2024 financial year.

We thank our shareholders and customers for placing their confidence in our Company and allowing us to serve and meet their Agriculture product's needs. We owe them our heartfelt gratitude.

Key Performance Metrics (Absolutes Figures in TZS Thousand)

SN	FINANCIAL METRIC	31 / 10 / 2022	31 / 10 / 2021	VARIANCE
1	Agriculture Products Income	14,417,138	12,968,214	1,448,924
2	Cost of Sales	(12,838,790)	(11,889,379)	(949,411)
3	Gross Profit	1,578,348	1,078,835	499,513
4	Other Income	2,590,999	2,322,777	268,222
5	TOTAL	4,169,347	3,401,612	767,735
6	Administrative Expenses	(1,811,984)	(1,606,230)	(205,754)
7	Selling & Distribution Expenses	(497,044)	(529,307)	32,263
8	Finance Cost	(1,484,064)	(753,868)	(730,196)
9	Depreciation Expense	(224,995)	(238,712)	13,717
10	Profit Before Tax	151,260	273,495	-122,235
11	Total Equity & Liabilities	52,089,700	47,523,578	4,566,122
12	Cash & Cash Equivalent	362,218.00	671,830.00	(-309,612)

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

THE MANAGING DIRECTOR'S STATEMENT (CONTINUED)

1. Revenue Growth

Income from Agriculture Products and Collection of Rent are the main revenue driver of TFA. The positive variance of TZS 1,4 Billion relates to increase in sales of Agriculture Inputs and Other Related Products. Other income which had a positive variance of TZS 268 Million, resulted from increase in Service Charges and Commissions.

2. Cost Discipline

Expense discipline lies at the heart of driving returns for shareholders, as the less we spend to generate a shilling of revenue, the better the results. So, from the outset, we made bold decisions to drive costs down. TFA continuously manages its costs and the negative variance related to increase in Finance Costs (TZS 730 Million) and Administrative Expenses by TZS 206 Million. Increase in Revenue Growth pretty much netted off the increase in cost of the two items.

3. Profit Before Tax

TFA Profit Before Tax (PBT) was lower during the financial year ending 31st October 2022 by TZS 151 Million as the Company consolidated it from NCBA Bank to NBC Banks. The PBT trajectory is expected to improve in the current financial year to 31st October 2023.

4. Total Equity & Liabilities

The increase to TZS 52.1 Billion was mainly driven by the consolidation of TFA Loans from NCBA Bank to NBC Bank as explained above. Other drivers were increase in Property, Plant and Equipment by TZS 4.6 Billion and increase in Inventories by TZS 2.1 Billion.

5. Cash & Cash Equivalent

Our Company' Cash & Cash Equivalent was reported at TZS 362 Million as 31st October 2022. Changes In Operating Assets and Liabilities recording a negative variance of TZS 760 Million.

6. Customer Centricity

We are focusing at becoming the best at providing our customers with excellent experience. We continue to improve superior products, service delivery and speed of resolution. We have enhanced our customer service proposition and improved complaints tracking and resolution framework. We are collectively working to transform our mindsets around how we serve customers at our Branches in order to enhance service experience across the board.

7. Technology

The ever-evolving competitive operating landscape requires continuous investments in technology to drive operational efficiency and enhance customers' offerings, agricultural products and service. For this purpose, we are currently talking to Management Information System (MIS) Software vendors, with an aim of implementing the project in the next financial year. As you may all be aware, dear shareholders, the pace of technology growth and changes in the world has effected the way we do things as individuals and businesses too. TFA has no option than keeping its eye in this development and adopt accordingly.

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

THE MANAGING DIRECTOR'S STATEMENT (CONTINUED)

8. Branch Expansion

We intend to open four (4) new Branches in **Kigoma, Rukwa, Mwanza** and **Singida**. The intention is meant to supplement our long ever strength on network distribution TFA has over any other Agriculture distribution Company.

TFA Collective Destiny

Our operating circumstances and environment call for prioritization of the steps that are necessary to move this Organisation to a better future. We shall continue to make responsible choices in the allocation of resources to achieve this by framing our goals in our own context and internalize into our core business in conformity with the business plan and operating environment.

I am honoured to have the opportunity to lead this Company through its strategic transformational and growth agenda. I'm proud of what our employees, customers, shareholders, board of directors, community, and all other stakeholders have contributed to our efforts to drive our vision. We are determined to transform Tanganyika Farmers Association PLC to greatness for the benefit of all our stakeholders.

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER, 2022

The members charged with governance submit their report together with the audited financial statements for the year ended 31st October 2022, which disclose the state of affairs of Tanganyika Farmers' Association Plc. herein referred to as the "Company".

1. HISTORY

TFA has been one of the major stakeholders and most effective players within the agricultural sector in Tanzania since it commenced operations in Tanganyika, in 1935.

TFA has more than 4,800 members representing a cross-section of the Tanzanian farming community. From small landholders to large commercial farmers, from villagers to government farms, from family-owned farms to co-operative societies, TFA truly represents Tanzania's farmers and their communities.

2. 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.

3. PRINCIPAL ACTIVITIES

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.

4. VISION OF THE ASSOCIATION

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

5. MISSION OF THE ASSOCIATION

To empower farmers in Tanzania through promotion of profitable and sustainable productivity in agriculture

6. CORE VALUES OF THE ASSOCIATION

In the pursuit of its vision, the Board and Management will endeavour to lead the organization:

- With honesty
- Transparency

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)

- Be accountable for our behavior and results
- Conscious of our social responsibility and;
- Caring for others who are affected in our day-to-day business

7. RESULTS AND DIVIDEND FOR THE YEAR 2021/2022

The company recorded profit before tax of TZS 0.15 billion, for the year ended 31st October 2022 compared to profit of TZS 0.27 billion for the year ended 31st October 2021. More results of the company are set out on page 14. The directors do not recommend the payment of dividends this financial year.

8. PERFORMANCE FOR THE YEAR 2021/2022

Financial Performance during the Financial Year

For the year 2021/2022, The Company has managed to increase the Revenue by 11.3% compared with previous year 2020/2021, as analysed below: -

INCOME				
PARTICULARS	ACTUAL 2021/2022	ACTUAL 2020/2021	VARIANCE	VARIANCE
	(TZS 000')	(TZS 000')	(TZS 000')	(In %)
Agricultural Income	14,417,138	12,968,214	1,448,924	11.17%
Other income	2,590,999	2,322,777	268,222	11.54%
Total Income	17,008,137	15,290,991	1,717,146	11.3%

Note:

Agricultural Income contributed 84.77% of the total Income, other income which includes Rental Income and rebate of TZS 2.91 billion contributed 15.23% of the total Income.

9. ACHIEVEMENT DURING THE YEAR

- a) Buying and distributing agro seeds.
- b) Importation and distribution of agro-chemicals.
- c) Importation and distribution of fertilizers & agro-equipment's.
- d) Retaining its core tenants to its premises.

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)

10. 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: -

- a) Increased distribution of Open Pollinated Varieties (OPVs) & Hybrid agro-seeds.
- b) Increased distribution of vegetable seeds which are currently sourced locally and to be imported.
- c) Increase sales of agrochemicals.
- d) Increase import, sales and distribution of fertilizers.
- e) Continue developing strategic alliance with suppliers and customers nationally and internationally.
- f) Acquire additional quality control and testing equipment for seeds and agrochemicals.
- g) Improve agro-output marketing through establishments of agro-output marketing channels, including participating and encouraging agro-processing, agro-export, buyer- producer networking/ linkage; research and development, agro output alternatives etc.
- h) Promoting private public partnership in agro-technology dissemination.
- i) Property Development and Renting.

11. 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.

12. CAPITAL STRUCTURE OF THE COMPANY DURING THE YEAR 2021/22

The authorized share capital of the company is TZS 3 billion divided into 300,000 members' shares of TZS 10,000 each. As at 31 October 2022 the company had 251,370 issued and fully paid up members' shares of TZS 10,000 each amounting to TZS 2.51 billion.

13. 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;
- ❖ The safeguarding of the Company's assets;

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)

- ❖ Compliance with applicable laws and regulations;
- ❖ The reliability of accounting records;
- ❖ Business sustainability under normal as well as adverse conditions; and
- ❖ Responsible behaviours towards all stakeholders.

The 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.

14. 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.

15. LIQUIDITY AND SOLVENCY

The Company (TFA) is financed by debt from NBC bank of TZS 8 billion and Capital of from its shareholder's Capital. Details of the borrowings are disclosed in Note 16 of the Financial Statements.

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 TFA has adequate resources to continue in operational existence for the foreseeable future.

16. 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.

17. CORPORATE GOVERNANCE

The Board of Directors consists of six (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.

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)

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.

Composition of the Board of Directors

The board of directors of the TFA who served during the year 2021/22 were as follows: -

S/N	NAME	POSITION	DESCLIPLINE	NATIONALITY	DATE APPOINTED
1.	Mr.Peter E.Sirikwa	Chairman	Animal Health, Agriculture & Veterinary Science.	Tanzanian	30/4/2016
2.	Mrs. Cathy-Elizabeth S. Long'lway	Vice Chairperson	Commercial farmer& Entrepreneur	Tanzanian	30/4/2016
3.	Mr. Walter S. Maeda	Member	Director of Operations	Tanzanian	30/4/2016
4.	Mr. Stanley J. I. Mwanri	Member	Business Delovelopment Consultant	Tanzanian	30/4/2016
5.	Mr.George B. Lupembe	Member	Business Administration & Marketing Management	Tanzanian	30/4/2016
6.	Mr. Justin M. Shirima	Managing Director	Management &Corporate Governance	Tanzanian	03/1/2017

Director's Interests

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

S/N	NAME	NUMBER OF SHARES
1.	Mr.Peter E.Sirikwa	835
2.	Mrs. Cathy-Elizabeth S. Long'lway	15
3.	Mr. Walter S. Maeda	5,270
4.	Mr.George B. Lupembe	50
5.	Mr. Stanley J. I. Mwanri	965
6.	Mr. Justin M. Shirima	20

Board's Key Resolutions for The Year 2021/22

The following were the key resolutions made by TFA board in 2021/22;

1. Approved the Budget for the year 2022/23.
2. Facility Approval from NBC Ltd.

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)

3. Election of the Board Members during Annual General meeting.
4. Appointment and approval of the External Auditors by Shareholders.

Management

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

S/N	DEPARTMENT	HEAD OF DEPARTMENT	ROLES
1.	Finance & Administrative Department	F CPA Rogasian D. Kimaryo	Head of the Finance
2.	Legal Department	Ms. Pendo Jacob	Head of the Corporate
3.	Property Division	Mr. Evarist Kauki	Head of the Property
4.	Internal Audit Department	Mr. Elibariki Kivuyo	Head of the Internal Audit
5.	Sales & Marketing Department	Mr. Renath Kauki	Head of the Marketing and Sales

18. EMPLOYEES WELFARE

Management and Employees' Relationship

There were continued good relation between employees and management for the year 2021/22. 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.

Employees Benefit Plan

The company pays contributions to a publicly administered pension plans on mandatory basis which qualifies to be a defined contribution plan.

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)

19. GENDER PARITY

TFA had 62 employees, out of whom 28 were female and 34 were male distributed as follows: -

DEPARTMENT	MALE	FEMALE	TOTAL
MANAGING DIRECTOR	1	0	1
FINANCE & ADMINISTRATIVE DEPARTMENT	6	4	10
LEGAL DEPARTMENT	1	3	4
PROPERTY DIVISION	2	2	4
INTERNAL AUDIT DEPARTMENT	1	0	1
SALES & MARKETING DEPARTMENT	23	19	42
TOTAL			62

20. EMPLOYEES' BENEFITS

Retirement Benefits Obligation

The company's employees are members of the NSSF. This Fund is a state-owned pension scheme. The Fund will bear all pension obligations. Every staff contributes ten percent to NSSF of his/ her monthly salary. The company contributes ten percent of the salary of each staff to the Fund. The company's contributions are charged to the statement of Income and Expenditure in the period.

The company has no legal or constructive obligations to pay further contributions if the Fund have no sufficient assets to pay all employees benefits relevant to their services in the current and prior period.

Medical Services

The company's staffs are members of National Health Insurance Fund (NHIF). This Fund is a state-owned insurance scheme geared at providing medical services to its members and their registered relatives. Every staff contributes three percent of the salary of each staff to NHIF and the amount is charged to the statement of comprehensive income when due.

Other Long-Term Employees Benefits

Entitlements to annual leave are recognized when they accrue to employees. Provisions are made for the estimated liability in respect of annual leave accrued on reporting date. Liability on long term employees' benefits such as endowment scheme benefits, long services awards and gratuity, are provided in the financial statements based on past services cost on a straight-line basis over the average period until the benefits become payable.

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)

Termination Benefits

Termination Benefits are payable when employment is terminated before the retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. Thus, the company strictly abided by the Employment and Labor Relations Act, 2004.

21. RELATED PARTY TRANSACTIONS

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

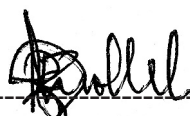
22. POLITICAL AND CHARITABLE DONATIONS

TFA did not make any political donations during the year. There were donations made to "MWENGE WA UHURU" and other needier groups in the society during the reporting period.

23. AUDITORS

During the year, Auditax International Ltd was appointed by the Board of Directors and Approved by the Shareholders as the Company's auditors and have expressed their willingness to perform audit work.

By order of the Board of those charged with Governance



Mr. Peter E. Sirikwa
TFA Board Chairman
27/04/2023



Mr. Justin M. Shirima
TFA Managing Director
27/04/2023

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

STATEMENT OF RESPONSIBILITIES OF THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER, 2022

The members charged with governance accept responsibility for preparing these financial statements which show a true and fair view of the state of affairs of the Company (Tanganyika Farmers' Association) as at the end of the financial year and of its statement of financial performance 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.

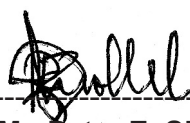
The directors accept responsibility for the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Statement of Compliance

These Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRSs), rules, regulations and legal provisions.

The members also confirm compliance with the provisions of the requirements of TFRS 1: Report of Those Charged with Governance and all other statutory legislations relevant to the Company.

By order of the Board of those charged with Governance.



Mr. Peter E. Sirikwa
TFA Board Chairman
27/04/2023



Mr. Justin M. Shirima
TFA Managing Director
27/04/2023

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

DECLARATION BY THE HEAD OF FINANCE FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER, 2022

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Account responsible for the preparation of financial statements of the entity concerned. It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I **FCPA Rogasian Donasian Kimaryo** being the head of Finance department who prepared the Financial Statements of Tanganyika Farmers' Association (TFA) hereby acknowledge my responsibility of ensuring that financial statements for the financial year ended 31st October 2022 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements of TFA give a true and fair view of Tanganyika Farmers' Association (TFA) as on that date and that they have been prepared based on properly maintained financial records.

.....


Signed by: FCPA Rogasian Donasian Kimaryo

Position: Head of Finance Department

NBAA Membership No: FCPA 273

Date: 27/04/2023

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

REPORT OF THE INDEPENDENT AUDITORS

To the Directors of Tanganyika Farmers' Association Plc.

For the financial year ended 31st October 2022

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Tanganyika Farmers' Association Plc. (TFA), which comprise the statement of financial position, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended 31st October 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements gives a true and fair view of the financial position of the company as at 31st October 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 [jurisdiction], 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no key audit matters to report as at 31st October 2022.

Other Information included in the Company's Annual Report

The other information comprises the Company General Information, The Report by Those Charged with Governance, Statement of Responsibility by Those Charged with Governance

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

REPORT OF THE INDEPEDENT AUDITORS (CONTINUED)

and Declaration by Head of Finance. The other information does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

In connection with our audit of 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is 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.

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

REPORT OF THE INDEPEDENT AUDITORS (CONTINUED)

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 company, so far as appears from our examination of those books; and
- iii) The company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Auditax International

Certified Public Accountants (T)

Arusha, Tanzania


Signed by: Josina Tarimo (ACPA, PP)

Date: 27/04/2023


TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31ST OCTOBER, 2022

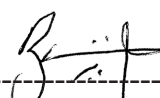
	Notes	2021/22 TZS '000'	2020/21 TZS '000'
Agricultural Income	5	14,417,138	12,968,214
Cost of sales	7	(12,838,790)	(11,889,379)
Gross Profit		1,578,348	1,078,835
Other income	6	2,590,999	2,322,777
		4,169,347	3,401,612
Administrative expenses	8	(1,811,984)	(1,606,230)
Selling and Distribution expenses	9	(497,044)	(529,307)
Finance costs	10	(1,484,064)	(753,868)
Depreciation expense	18	(224,995)	(238,712)
Profit/(Loss) before tax		151,260	273,495
Taxation Credit/(Charge)	19	(1,482,033)	-
Profit/(Loss) for the year		(1,330,773)	273,495
Other Comprehensive Income			
Revaluation Gain		4,733,628	-
Total Profit and Other Comprehensive Income for the year		3,402,854	273,495



Mr. Peter E. Sirikwa
TFA Board Chairman
27/04/2023



Mr. Justin M. Shirima
TFA Managing Director
27/04/2023

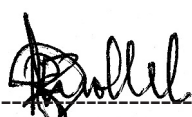


FCPA Regasian D. Kimaryo
TFA Finance Manager
27/04/2023

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

**STATEMENT OF FINANCIAL POSITION
AS AT 31ST OCTOBER, 2022**

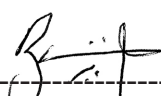
ASSETS	Notes	2021/22	2020/21
		TZS '000'	TZS '000'
Non-current assets			
Property, Plant and equipment	18	44,108,670	39,537,597
Investment in Shares	11	5,000	5,000
		<u>44,113,670</u>	<u>39,542,597</u>
Current assets			
Inventories	12	5,054,757	2,972,298
Trade and other receivables	13	2,417,996	1,617,629
Cash and cash equivalents	14	362,218	671,830
Current Tax Asset	19	141,060	2,719,224
		<u>7,976,030</u>	<u>7,980,981</u>
TOTAL ASSETS		<u><u>52,089,700</u></u>	<u><u>47,523,578</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share Capital		2,513,694	2,513,694
Revaluation Reserve		18,784,184	14,050,556
Retained Earnings		17,373,564	20,876,647
TOTAL EQUITY		<u>38,671,442</u>	<u>37,440,897</u>
Long Term Liabilities			
NCBA - Loan	16	-	7,167,619
NBC - Loan	16	8,000,000	-
Deferred Tax Liability	20	1,482,033	-
		<u>9,482,033</u>	<u>7,167,619</u>
Current Liabilities			
Bank Overdraft	15	-	1,177,289
Trade and other payables	17	3,936,225	1,737,696
		<u>3,936,225</u>	<u>2,914,985</u>
TOTAL EQUITY AND LIABILITIES		<u><u>52,089,700</u></u>	<u><u>47,523,578</u></u>



Mr. Peter E. Sirikwa
TFA Board Chairman
27/04/2023



Mr. Justin M. Shirima
TFA Managing Director
27/04/2023



FCPA Regasian D. Kimaryo
TFA Finance Manager
27/04/2023

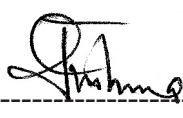
TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST OCTOBER, 2022**

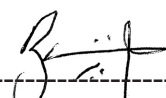
	Share Capital TZS '000'	Revaluation Reserve TZS '000'	Retained Earnings TZS '000'	Total TZS '000'
At 1 November 2021	2,513,694	14,050,556	20,876,647	37,440,897
Prior Year Adjustments	-	-	(2,172,309)	(2,172,309)
Restated at 1 November 2021	2,513,694	14,050,556	18,704,338	35,268,588
Gain on revaluation	-	4,733,628	-	4,733,628
Profit/(Loss) for the year	-	-	(1,330,773)	(1,330,773)
At 31 October 2022	2,513,694	18,784,184	17,373,564	38,671,442
At 1 November 2020	2,513,694	11,787,556	21,779,107	36,080,357
Prior Year Adjustments	-	-	(1,175,955)	(1,175,955)
Restated at 1 November 2021	2,513,694	11,787,556	20,603,152	34,904,402
Movement during the year	-	2,263,000	-	2,263,000
Profit/(Loss) for the year	-	-	273,495	273,495
At 31 October 2022	2,513,694	14,050,556	20,876,647	37,440,897



Mr. Peter E. Sirikwa
TFA Board Chairman
27/04/2023



Mr. Justin M. Shirima
TFA Managing Director
27/04/2023

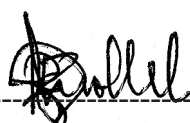


FCPA Regasian D. Kimaryo
TFA Finance Manager
27/04/2023

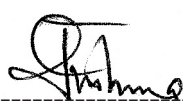
TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST OCTOBER, 2022**

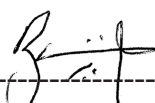
		2021/22	2020/21
CASHFLOWS FROM OPERATING ACTIVITES	Notes	TZS '000'	TZS '000'
Profit/(Loss) before taxation		151,260	273,495
Adjustment for non-cash income and expenses:			
- Prior year Adjustments		546,532	(1,175,955)
- (Gain)/Loss on Revaluation		-	-
- Depreciation & Amortization	18	<u>224,995</u>	<u>238,712</u>
		922,787	(663,748)
Changes in operating assets and liabilities			
(Increase)/Decrease in Inventories		(2,082,459)	575,220
(Increase)/Decrease in Receivables		(800,367)	(163,644)
Increase/(Decrease) in Payables		<u>1,021,240</u>	<u>(20,480)</u>
Cash flow from/(used in) operations		(938,799)	(272,652)
Income Tax paid	19	<u>(141,060)</u>	<u>(46,506)</u>
Net cash generated by operating activities		(1,079,859)	(319,158)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Plant and Equipment	18	(62,134)	(149,501)
Non-current Asset Adjustment			(2,262,404)
Revaluation Reserve			2,263,000
Prepaid Lease			<u>(5,347)</u>
Net cash used in investing activities		(62,134)	(154,252)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan Receipts		832,381	1,795,431
Loan Repayments (CBA)			<u>(1,379,204)</u>
Net cash used in financing activities		832,381	416,227
Net(decrease) in cash and cash equivalents		<u>(309,612)</u>	<u>(57,183)</u>
CASH AND CASH EQUIVALENTS AT			
Beginning of the year		<u>671,830</u>	<u>729,013</u>
End of the year		362,218	671,830



Mr. Peter E. Sirikwa
TFA Board Chairman
27/04/2023



Mr. Justin M. Shirima
TFA Managing Director
27/04/2023



FCPA Regasian D. Kimaryo
TFA Finance Manager
27/04/2023

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2022

1. Basis of Preparation

The financial statements have been prepared under the historical cost convention. No adjustments have been made for inflationary factors affecting the financial statements.

These financial statements have been prepared in conformity with IFRSs that requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are separately disclosed in a note.

Statement of Compliance

The financial statements for the financial year ended 31stOctober, 2022 have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2. CHANGES SUMMARY OF NEW AND AMENDED STANDARDS

IAS 1: Presentation of Financial Statements

Classification of Liabilities as Current or Non-current.

- The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.
- The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
- The amendments are applied retrospectively for annual periods beginning on or after 1 January 2022, with early application permitted.

IAS 16: Property, Plant and Equipment

Property, Plant and Equipment - Proceeds before Intended Use.

- Property, Plant and Equipment - Proceeds before Intended Use.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)**

- The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

2. CHANGES SUMMARY OF NEW AND AMENDED STANDARDS (Continued)

- The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.
- If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.
- The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.
- The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Effective for the annual periods beginning on or after 1 January 2022, with early application permitted.

IAS 37: Provision, Contingent Assets and Contingent Liability.

Onerous Contracts – Cost of Fulfilling a Contract

- The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)

- The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Effective for the annual periods beginning on or after 1 January 2022, with early application permitted.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the company's financial statement requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could require a material adjustment to carrying amount of the asset or liability affected in the future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Subsequent costs are included in the assets' carrying amount or are recognized as a separate asset, as appropriate only when it is probable that future economic benefits associated with them will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation

Land is not depreciated. For Depreciation on property, Plant and Equipment, Building is calculated using the straight-line method while Other Assets such as Motor Vehicle Furniture etc are calculated using Reducing Balance method. Also can subsequent measured at their

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)

revalued amounts to their residual values over their estimated useful lives at given rates per annum as detailed below:

Asset description	Estimated Useful Life(Years)	Percentage (%)
Buildings	80	1.25
Heavy Motor vehicles	2.6	37.50
Motor vehicles – light	4	25.00
Plant and machinery	8	12.50
Furniture, fittings other equipment	8	12.50
ICT and computers	2.6	37.50

Assets that are subject to depreciation are reviewed for impairment whenever events or a change in circumstances indicates that the carrying amount may not be recoverable.

Depreciation is charged on assets from the date when they are ready for use and no depreciation is charged in the year an asset is classified as non – current asset held for sale and cease on the date when the asset is derecognized.

b) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

c) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on first in First out (FIFO) basis net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. Any obsolete and damaged items are provided for in full in the year they are detected.

d) Trade and Other Receivables

Trade receivables are recognized initially at fair value and subsequently measured at cost less provision for bad and doubtful debts. Specific provision is made in the accounts against trade receivables when it is not possible to collect all amounts due according to the original terms. The amount of the provision is recognized in the statement of comprehensive income.

Bad debts are written off after all steps to recover them have failed and also, after obtaining the Board of Directors' approval.

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)

e) **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.

f) **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.

g) **Foreign Currency Translation**

• **Functional and presentation Currency**

The financial statements are presented in Tanzanian Shillings.

• **Transactions and Balances**

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlements of such transactions and from translation of monetary assets and liabilities at year end denominated in foreign currencies are recognized in the statement of income.

h) **Donations**

Tanganyika Farmers' Association often receives donations from various donors. The Executive committee of the Company is of the opinion that, such donations will continue to be received; therefore, donations of a capital nature are treated in the financial statements as capital to the Company.

i) **Cash and Cash Equivalents**

Cash and cash equivalents are carried in the statement of financial position at face value. For the purpose of cash flow statement, cash and cash equivalent comprise cash in hand; deposits held on call and fixed deposits.

j) **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 recognized 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.

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)

k) Long term loan

During the year the company had shifted the loan from NCBA bank to NBC bank for the purpose of construction and renovation of commercial complex at TFA shopping Centre. This 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 and 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 Sevety 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 (TFA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)**

5. AGRICULTURE INCOME	2021/22	2020/21
	TZS '000'	TZS '000'
Agricultural inputs and other related products	14,417,138	12,968,214
	<u>14,417,138</u>	<u>12,968,214</u>
 6. OTHER INCOME		
Rental Income	2,040,739	2,018,553
Service charges	245,332	191,241
Miscellaneous Income	304,928	-
Commissions Received	-	112,983
	<u>2,590,999</u>	<u>2,322,777</u>
 7. COST OF SALES		
Opening Inventory	2,972,298	3,563,271
Purchases during the year	14,921,248	11,298,406
	<u>17,893,546</u>	<u>14,861,677</u>
Closing Inventory	<u>(5,054,757)</u>	<u>(2,972,298)</u>
	<u>12,838,790</u>	<u>11,889,379</u>
 8. ADMINISTRATION EXPENSES		
Skills development levy (SDL)	31,073	33,332
Workers compensation fund	4,189	6,863
Staff training	9,157	13,201
Directors fees	17,847	20,419
Directors traveling expenses	37,365	55,989
Board meeting expenses	79,194	64,033
Subscriptions and fees	10,200	15,270
Audit fees	21,000	15,000
Donations	2,405	2,236
Staff welfare & medical expenses (Including leave)	39,664	35,875
Stamp duty	-	40
Newspapers and periodicals	999	1,171
Cleaning and sanitation	119,446	69,129
Repair and maintenance	132,221	7,838
Insurance and licenses	51,893	53,872
Lighting and power	14,560	69,158
Legal fees and expenses	26,586	7,899
Professional fees	92,474	58,180

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)**

	2021/22	2020/21
	TZS '000'	TZS '000'
Telephone, postage and fax	32,287	27,871
Rent and rates	118,334	126,713
Staff salaries - HQ	424,610	452,606
NSSF Contribution - HQ	37,099	35,476
Printing and stationery	34,227	20,701
Transport and travelling	233,669	151,562
Entertainment	9,653	8,222
Water and conservancy	12,376	7,136
Security expenses	128,951	117,623
Terminal benefits/Gratuity	32,678	15,032
Annual general meeting expenses	57,825	77,244
Shrinkage - HQ	3	-
Obsolete and expired inventories	-	36,539
	1,811,984	1,606,230
9. SELLING AND DISTRIBUTION EXPENSES		
Salaries and wages - Sales Officers	383,247	400,084
NSSF Contribution - Sales Officers	35,271	33,625
Advertisement and marketing	78,521	45,862
Vehicle running expenses	5	49,736
	497,044	529,307
10. FINANCE COSTS		
Bank charges and commissions	114,382	17,072
Bank Interest	1,343,063	1,037,357
Foreign Exchange loss	26,618	(300,561)
	1,484,064	753,868
11. INVESTMENT IN SHARES		
Happy Sausages	5,000	5,000
	5,000	5,000

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)**

	2021/22	2021/22
	TZS '000'	TZS '000'
12. INVENTORIES		
General Inventories	5,051,757	3,011,953
Obsolete Inventories	3,000	-
	<u>5,054,757</u>	<u>3,011,953</u>
Less: Provision for Obsolete Inventories	-	(39,655)
	<u>5,054,757</u>	<u>2,972,298</u>
13. TRADE AND OTHER RECEIVABLES		
Trade Debtors	1,607,279	1,532,549
Rent Paid in Advance	-	10,940
Other Receivables	810,718	74,140
	<u>2,417,996</u>	<u>1,617,629</u>
14. CASH & CASH EQUIVALENTS		
Bank Balances	280,177	662,833
Cash in Hand	82,041	8,997
	<u>362,218</u>	<u>671,830</u>
15. BANK OVERDRAFT		
NCBA (T) LTD	-	1,177,289
	<u>-</u>	<u>1,177,289</u>
16. LONG TERM LOAN		
NCBA - INTEREST BEARING LOAN		
Term Loan - TL I (Restructured Term Loan I & II)	-	5,781,129
Premium Finance Loans	-	39,095
Post Import Finance Loan	-	1,347,395
	<u>-</u>	<u>7,167,619</u>
NBC - LONG TERM LOAN		
Receipts from Bank	8,000,000	-
	<u>8,000,000</u>	<u>-</u>
17. TRADE AND OTHER PAYABLES		
Trade Payables	3,415,478	1,657,560
Client Deposits	271,009	-
Other Payables	249,737	80,136
	<u>3,936,225</u>	<u>1,737,696</u>

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)**

18. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant & Machinery Equipment	Furniture, Fittings & Office Equipment	Motor Vehicle	ICT Systems & Equipment	Total
Cost/Valuation	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
At 1 November 2021	26,430,000	14,536,099	145,745	162,909	334,423	267,683	41,876,859
Additions during the year	-	45,063	2,777	6,580	-	7,713	62,134
Revaluation Gain	2,069,000	2,664,628	-	-	-	-	4,733,628
At 31 October 2022	28,499,000	17,245,790	148,522	169,489	334,423	275,396	46,672,620
Depreciation							
At 1 November 2021	-	1,604,504	101,666	133,306	278,486	220,994	2,338,956
Charge for the year	-	182,265	5,857	4,523	13,984	18,366	224,995
At 31 October 2022	-	1,786,769	107,523	137,829	292,470	239,360	2,563,950
Net carrying Amount							
At 31 October 2022	28,499,000	15,459,021	40,999	31,660	41,953	36,036	44,108,670
At 31 October 2021	26,430,000	12,931,595	44,080	29,603	55,937	46,689	39,537,903

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)**

19. CURRENT INCOME TAX	2021/22	2020/21
	TZS(000)	TZS(000)
Profit/(Loss) before tax	(2,669,687)	(2,358,857)
Tax calculated at a tax rate of 30%	-	-
Tax effect of:		
Charge for the year	-	-
Deferred tax liability/(Asset)	1,482,033	-
Income tax credit / (Charge)	1,482,033	-

TAXATION ACCOUNT

<i>Income tax Asset brought forward</i>	-	-
Tax charge during the year	-	-
Provision tax paid during the year	-	-
Withholding tax receivables	(141,060)	(140,664)
Current income tax balance c/f	(141,060)	(140,664)

20. DEFERRED TAX

Balance brought forward	-	-
Income Statement (Credit)/ Charge	1,482,033	-
At the end of the period	1,482,033	-

Details of the deferred tax assets are:

Property and Equipment	1,467,172	-
Estimated tax losses	14,861	-
Income tax credit/ (expense)	1,482,033	-

21. 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.

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)

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.

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.

22. COMPARATIVE FIGURES

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

23. 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 currencies are Tanzania Shillings (TZS) and the United States Dollar (USD).

24. PRIOR YEAR ADJUSTMENT

Retained earnings was adjusted to restate retained earning balance as at 31st October 2022. Refer to table below for details;

PRIOR YEAR ADJUSTMENT	2021/22 TZS '000'
Previous year unrecorded withholding tax expenses that were not recorded on the WHT payable account	56,973
Obsolete stock approved to be written off	20,903
Service charge income invoices that were not recorded in the previous year Financial statement	(6,168)

TANGANYIKA FARMERS' ASSOCIATION PLC (TFA)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER, 2022 (CONTINUED)**

Rent income invoices that were not recorded in the previous year	(41,810)
Credit note with reference number 1 adjustment made to an invoice recorded twice.	1,400
Credit note with reference number 2 being adjustment made to an invoice recorded twice.	3,559
Credit note with reference number 35269, 35274 &35273 being adjustment made due to overstating invoice	1,800
Credit note with reference number JV59/10/2019 being adjustment made due to an overstating invoice	1,500
Correction of supplier amounts that were incorrectly credited to the imprest account and adjusted twice.	25,781
Correction of supplier amounts that were incorrectly credited to the imprest account in 2020	23,781
Inventory recorded twice.	(500)
	281
Adjustment to agree inventory opening balance	42,659
Tax Losses carried forward and Revaluations were incorrectly recognized as current tax assets in the previous financial statements	2,042,151
	<u><u>2,172,309</u></u>

25. RELATED PARTY DISCLOSURES

Related party relationship exist between the company, and Managing Director of the company. During the year, the following transaction was carried out as related parties;

RELATED PARTY TRANSACTION	2021/22	2020/21
	TZS '000'	TZS '000'
Managing Director Remuneration	84,000	84,000
	<u><u>84,000</u></u>	<u><u>84,000</u></u>