

The members of this committee were as below:

**Table 7: Operations Committee**

SN	Name	Position	Qualification	Nationality
1.	Fransis Mtete Chachah	Chairperson	Msc. Finance; CSP(T)	Tanzanian
2.	Mayunga George	Member	BA in Public Administration; Diploma in Education	Tanzanian
3	Julius Fanuel Mollel	Member	MSc. Mgt of Resources for Suitable Agriculture; BSc.in Animal Science	Tanzanian
4	Felix Herini Mlaki	Member	MSc. MBA in Finance; Diploma in Management	Tanzanian

### 2.15.5 The Business Development Committee

The Committee reports to the full Board. During the year ended 30 June 2023 the Business and Development Committee held four meetings. The committee deliberated on:

- Approved the Budget of the Company and Annual Procurement plan, to activate Company website, agree to transfer shares from NICOL to NARCO, approved new scheme of service and salary structure for the company, approved Business plan of the company for loan requisition, all the vacant blocks to be subleased, committee resolved to sue SAAFI in order to compel her to pay the outstanding debts owed by NARCO. The Committee members were as below:

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**Table 8: Members of Business and Development Committee**

SN	Name	Position	Qualification	Nationality
1.	Felix Herini Mlaki	Chairperson	MSc. MBA in Finance; Diploma in Management	Tanzanian
2.	Fransis Mtete Chachah	Member	Msc. Finance; CSP(T)	Tanzanian
3.	CPA Halima Senzia	Member	CPA(T), Master of Science in Finance	Tanzanian
4.	Dr. Charles Mhina	Member	PHD (Public Administration) MSc in Public Administration.	Tanzanian

**Table 9: Meetings attended by Members of the Board/Committee**

S/No.	Name of Director	Number of Meetings			
		BOD	BOC	BAMRIC	BBOC
1.	*Eng. Cyprian Luhemeja	4			
2.	Mr. Francis M Chacha	3	3	4	3
3.	Dr. Charles Mhina	3		4	2
4.	Halima R. Senzia	3		5	3
5.	Mr. Raphael Macha	4		4	3
6.	Mr. Felix Mlaki	3	3		4



**NATIONAL RANCHING COMPANY LIMITED**

**REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (Cont'd)**

S/No.	Name of Director	Number of Meetings			
		BOD	BOC	BAMRIC	BBOC
7.	Mr. Mayunga George	4	4	4	
8	Mr. Julius Fanuel Mollel	4	3	2	
9.	Mr. Ibrahimu B. Mahimu	2	1		

**KEY:**

- BOD:** Board of Directors  
**BOC:** Board of Operational Committee  
**BAMRIC:** Board of Audit and Management of Risk Indicators Committee  
**BBOC:** Board Business Operational Committee

\*At the time of signing this report, Chairman of the Board is Col(Rtd).Joseph Leon Simbakalia and Managing Director is Mr. Mohamedi Zuberi Mbwana

**2.15.6 Capital Structure**

The Company's capital structure for the year under review is shown in the Statement of Financial Position. The source of corporate funding has been through sale of ranching products and Government development grants through annual parliamentary budgetary allocations.

**2.16 MANAGEMENT**



The day-to-day affairs are under the control of the Managing Director. Under the Managing Director there are five departments namely.

- Production Department;
- Human Resources Management and Administration;
- Finance;
- Marketing Department; and
- Ranches.

There are also two units namely:

- Internal Audit; and
- Procurement Management Unit.

**2.17 POLITICAL AND CHARITABLE DONATIONS**

Tanzania has been ranked the second largest dairy herd in East Africa however NARCO being charged with raising livestock with emphasis on beef cattle in fifteen ranches spread through nine regions has managed to be the corporate citizen by ensuring that it serves the neighbouring communities in different services as part of corporate social responsibility follows: -



- Supply of water for the domestic uses in different villages surrounding the ranches;
- Construction of the Primary school facility in Kongwa ranch for the going school children whereby they are also given milk for the breakfast free of charge being an incentive to attract them to attend the school extracurricular;
- There has been a routine vaccination of all the livestock in the area to ensure the livestock's in ranches are free from diseases contractions;
- The company also is used to provisions of extension services to different villages surrounding the ranches for which the community can have access to the required services to their livestock in time;
- The company has also contributed to the community health promotions issues by constructing the dispensary in Kongwa; and
- It has been a good practice to the company to contribute to other government matters like contributing to the Uhuru torch activities to promote the developments activities.

As a matter of Corporate Social Responsibility, the company have contributed much and is still working hand in hand with other stakeholders to livelihood improvements and community.

#### 2.18 EMPLOYEES WELFARE



As at 30 June 2023 the Company had 343 employees of which 314 were males and 29 were females. The emphasis of management on the human resources was to maintain a manageable number and quality of an effective and self-motivated work force.

##### (a) Medical Facilities

The company provides medical services through onsite dispensaries and outside ranch hospitals. Staff are entitled to access referral hospitals as the need arises. All permanent in head office and ranches including their spouses and children to the age of 18 years were availed medical insurance provided by National Health Insurance Fund.

##### (b) Financial Assistance to staff

- Staff loans are available to all employees through approved financial institutions;
- The Company has arrangements with the Dar es Salaam Community Bank and CRDB Bank to guarantee employees securing loans from the said bank; and
- The Company has encouraged staff to establish and join Company Savings and Credit Co-operative society (SACCOS) to assist in promoting the welfare of its employees.

##### (c) Employees Benefit Plan

The Company pays contribution to only one authorized pension scheme namely; the



- Public Service Social Security Fund (PSSSF) based on Government directives.

## 2.19 DISABLE PERSON AND GENDER BALANCE

The Company is an equal opportunity employer and as a matter of policy recruitment processes are transparent and competitive. In case of applications for employment by persons with disabilities will be considered bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort shall be made to ensure that their employment with the company continues and appropriate training is arranged.

In case of gender balance, the company is an equal opportunity employer and it had 314 males and 29 females.

## 2.20 COURT ISSUES

NARCO had one pending undecided legal case filed in the court of law. The ultimate outcome of the case cannot presently be determined, and no provision for any liability that may result has been made in the financial statements. However, initial estimates based on the claims of the plaintiffs; the contingent liability is TZS 1,000,000,000 if the case is ruled in favour of the plaintiffs.

Table 10: Contingent Liability

S/No.	Descriptions Of A Case	Total Claims
		TZS
1	Land Case No. 11/2021 Luhama katoto ranch Co. Ltd and Hashim Lukwenda Luholela Vs NARCO	1,000,000,000
	Total Contingent Liability	1,000,000,000

## 2.21 STATEMENT OF FINANCIAL STATEMENT COMPLIANCE

The financial statements have been prepared under the historical cost convention as modified by the revaluation of property, plant and equipment and investments property.

The financial statements of NARCO are prepared in accordance with the International Financial Reporting Standards (IFRS) and comply with The Companies Act 2002.

The financial statements are presented in Tanzania shillings and all values are rounded to the nearest thousand shillings (TZS '000') unless otherwise stated.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the unforeseeable future.



## 2.22 SIGNIFICANT EVENTS AFTER REPORTING DATE

After reporting date, the company has encountered a number of events that effect some activities to meet the intended plan.

Among the events that the company had in place are as follows: -

- The Corporate Governance and those charged with governance have been changed that is the Company's Managing Director and Board of Directors have been changed,
- There have been a prolonged drought and climatically changes that have caused loss on both shorts and cattle as there were no grasses and water to feed on,
- Handing over of the Tanzania Meat Company have been handled over to NARCO by the Ministry responsible for this Industry.


## 2.23 APPOINTMENT OF AUDITOR

The Controller and Auditor General is the statutory auditor of The National Ranching Company limited (NARCO) by virtue of Article 143(5) of the Constitution of the United Republic of Tanzania, amplified in Sections 5,9,12 and 32 of the Public Audit Act, Cap 418. However, in accordance with section 33(1) of the Public Audit Act, Cap 418 the Controller and Auditor General authorized MHASIBU CONSULTANTS to carry out the audit of National Ranching Company Limited for the year ended 30 June 2023.

The physical address of Mhasibu Consultants is Azikiwe house, 5<sup>th</sup> floor, P. O Box 13768, Dar es Salaam. The firm is registered by the Registrar of Business Names with the Certificate of Registration No.121464 It is registered by Tanzania Revenue Authority with TIN Certificate No. 101-082-415 and VAT Certificate No. 10-017262A; and is registered by the National Board of Accountants and Auditors with the Certificate of Registration No. PF 109.

## 2.24 BY ORDER OF THE BOARD

These financial statements of the Company were approved by the Board of Directors and authorized for issue are signed on its behalf by:

  
Col(Rtd). Joseph Leon Simbakalia  
CHAIRMAN OF THE BOARD

  
Mohamed Zuberi Mbwana  
MANAGING DIRECTOR

DATE 27 MARCH 2024



### 3.0 STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GORVANANCE


The Directors are required under the Companies Act 2002, to prepare Financial Statements for each financial period that gives a true and fair view of the state of affairs of the Company and of the results of operations. The Directors are also required to ensure that the Company keeps 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 overseeing the entity's financial reporting process.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. The Directors are of the opinion that the Financial Statements give a true and fair view of the financial affairs of the Company and the results of its operations. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of Financial Statements, as well as adequate systems of internal financial control.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), 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 entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Nothing has come to the attention of the Directors to indicate that the Company will not remain as a going concern for at least twelve months from the date of this financial statements.

  
Col(Rtd). Joseph Leon Simbakalia  
CHAIRMAN OF THE BOARD

  
Mohamed Zuberi Mbwana  
MANAGING DIRECTOR

DATE 27 MARCH 2024



#### 4.0 DECLARATION OF THE HEAD OF FINANCE

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

It is the duty of a Professional Accountant to assist the 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 as under Responsibility statement on an earlier page.

I, CPA. Nesta Kaiza being the Finance Manager of National Ranching Company Limited hereby acknowledge my responsibility of ensuring that the consolidated financial statements for the year ended 30 June 2023 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus, confirm that the consolidated financial statements give a true and fair view position of National Ranching Company Limited as on that date and that they have been prepared based on properly maintained financial records.

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Signed by: ..........

Position: Finance Manager

NBAA Membership No.: ACPA 7399

Date: 27 MARCH 2024




5.0 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	NOTE	2022/23 TZS 000	2021/22 TZS 000
<b>ASSETS</b>			
Non-Current Asset			
Property, Plant and Equipment	7	78,652,181	75,717,622
Investment Property	8	69,522,756	69,522,756
Investments in Associates and Joint Ventures	9	7,882,519	7,882,519
Work In Progress	10	10,000	2,054,961
Breeding livestock	11	5,131,682	2,564,894
Total Non-Current Asset		161,199,138	157,742,752
Current Asset			
Trading livestock	12	503,750	548,212
Inventories	13	27,309	27,309
Receivables	14	9,496,745	7,244,732
Prepayments	15	882,301	882,301
Cash and Cash Equivalents	16	413,785	582,486
Total Current Asset		11,323,890	9,285,040
<b>TOTAL ASSETS</b>		<b>172,523,028</b>	<b>167,027,792</b>
<b>EQUITY AND LIABILITIES:</b>			
Equity Attributable to Owners:			
Share Capital	17	115,000	115,000
Capital grant	18	980,000	980,000
Revaluation Reserve	19	152,892,631	152,892,631
Accumulated loss		(2,631,682)	(4,609,552)
<b>TOTAL EQUITY</b>		<b>151,355,949</b>	<b>149,378,079</b>
<b>LIABILITIES</b>			
Non-Current Liabilities			
Deferred capital grants	20	4,427,512	4,427,512
Long term loan	23	1,917,053	2,028,186
		6,344,565	6,455,698
Current Liabilities			
Payables and Accruals	21	14,130,798	10,514,210
Deposits	22	580,583	568,672
Current maturity of loan	23	111,133	111,133
Total Current Liabilities		14,822,514	11,194,015
Total Liabilities		21,167,079	17,649,713
<b>TOTAL NET ASSETS/EQUITY</b>		<b>172,523,028</b>	<b>167,027,792</b>



  
Col(Rtd) Joseph Leon Simbakalia  
CHAIRMAN OF THE BOARD

  
Mohamed Zuberi Mbwana  
MANAGING DIRECTOR

DATE 27 March 2024




# NATIONAL RANCHING COMPANY LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2022/23 TZS 000	2021/22 TZS 000
<b>INCOME</b>			
Sales of Livestock and Meat	24	2,177,985	2,397,304
Other Income	25	4,457,837	3,458,752
Revenue Grants	26	1,360,540	-
Total Income		7,996,362	5,856,056
<b>COST OF SALES</b>			
Purchases of Livestock	27	-	555,546
Husbandry Expenses	28	15,086	870,441
Change in livestock inventory	29	299,599	246,899
		314,685	1,672,886
<b>GROSS PROFIT</b>		7,681,677	4,183,170
<b>OPERATING EXPENSES</b>			
Administration Expenses	30	2,811,115	2,308,878
Board of Directors Expenses	31	102,000	65,589
Personnel Expenses	32	2,624,417	1,094,454
Depreciation	33	166,275	202,239
Total Expenses		5,703,807	3,671,160
Net profit before tax		1,977,870	512,010
Income tax expense		-	-
Net profit after tax		1,977,870	512,010



  
Col(Rtd). Joseph Leon Simbakalia  
CHAIRMAN OF THE BOARD

  
Mohamed Zuberi Mbwana  
MANAGING DIRECTOR

DATE 27 March 2024





## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Share Capital	Accumulated Loss	Capital grant	Revaluation Surplus	Total
	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000
Opening Balance as at 01 Jul 2022	115,000	(4,609,552)	980,000	152,892,631	149,378,079
Surplus for the Year	-	1,977,870	-	-	1,977,870
Closing Balance as at 30 Jun 2023	115,000	(2,631,682)	980,000	152,892,631	151,355,949
Opening Balance as at 01 Jul 2021	115,000	(5,121,562)	980,000	153,709,720	149,683,158
Surplus for the Year	-	512,010	-	-	512,010
Value of Land Allocated to small farmers	-	-	-	(817,089)	(817,089)
Closing Balance as at 30 Jun 2022	115,000	(4,609,552)	980,000	152,892,631	149,378,079



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Col(Rtd). Joseph Lega Simbakatta  
CHAIRMAN OF THE BOARD

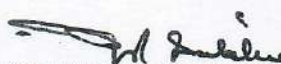
  
Mohamed Zuberi Mbwana  
MANAGING DIRECTOR



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2022/23 TZS 000	2021/22 TZS 000
Cash flow from operating activities			
Cash Receipts from customers	34	5,744,349	4,442,722
Cash paid to suppliers and employees	35	(2,179,256)	(3,784,700)
Cash Generated from operating activities	36	<u>3,565,093</u>	<u>658,022</u>
Cash Flow from Investing activities			
Acquisition of property, plant and equipment	7	(1,055,873)	(185,732)
Acquisition of biological assets	11	(2,566,788)	-
Capital work in progress	10	-	(10,000)
Net cashflow to investing activities		<u>(3,622,661)</u>	<u>195,732</u>
Cash flow from financing activities			
Loan repayment	23	(111,133)	(83,351)
Net Cash Flow Financing Activities		<u>(111,133)</u>	<u>(83,351)</u>
Net movement cash and cash equivalents		<u>(168,701)</u>	<u>378,939</u>
Cash and Cash Equivalents at 01/07/2022		582,486	203,547
Cash and Cash Equivalents at 30/06/2023		<u>413,785</u>	<u>582,486</u>



  
Col(Rtd) Joseph Leon Simbakalia  
CHAIRMAN OF THE BOARD

  
Mohamed Zuberi Mbwana  
MANAGING DIRECTOR

Date: 27 March 2024



## NOTES TO THE FINANCIAL STATEMENTS

### 1. COMPANY INFORMATION

National Ranching Company Limited was originally incorporated under the name of National Agricultural Company Limited on 22 May 1968 under the Companies Ordinance (Cap 212). It was by then a wholly owned subsidiary of National Development Corporation (NDC). The company ownership was transferred to National Agricultural and Food Corporation (NAFCO) in 1969, and later in October, 1974 it was again transferred to Tanzania Livestock Development Authority (LIDA). On 14 October, 1975 the company changed its name to National Ranching Company Limited (NARCO).

Tanzania Livestock Development Authority was dissolved in 1986 by the Livestock Development Authority (Dissolution Act 1985), and all shares which were by then held by LIDA were required to be transferred to the Treasury Registrar vide the Ministry of Agriculture and Livestock Development Letter No. MAC. 39/01 dated 26 January 1985. Through the same letter, the Ministry of Agriculture Livestock Development and Cooperatives authorized the Company to make use of the cold room facilities formerly used by the National Cold Chain Operations Co. Ltd.

In 1992 the Company was specified for privatization under the Parastatal Sector Reform Commission (PSRC) the decision which was reversed in year 2005.

The authorized and paid-up share capital of the Company is TZS 115 million dividends into 115,000 Ordinary shares of TZS 1,000 each held by the Treasury Registrar for Public Investment.

The Company's main activities are ranching of beef cattle in the following ranches and a cold centre scattered all over Tanzania as follows:

Mzeri Hill and West Kilimanjaro ranches in the Northern Zone, Mkata, Ruvu and Kongwa ranches in the Eastern and Central Zone, Kikulula, Mbale, Kagoma and Missenyi ranches in the Western Zone and Kalambo ranch in the Southern Zone. The only cold centre operated by the Company is located at Nkrumah Street in Dar es Salaam.

The registered office of the Company is located in Viwanja vya Nanenane, Nzuguni P. O. Box 1819 Dodoma, Tanzania.

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention as modified by the revaluation of property, plant and equipment and investments property.

The financial statements of NARCO are prepared in accordance with the International Financial Reporting Standards (IFRS) and comply with The Companies Act 2002.



The financial statements are presented in Tanzania shillings and all values are rounded to the nearest thousand shillings (TZS '000') unless otherwise stated.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the unforeseeable future.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted by NARCO are consistent with those of the previous financial year except where otherwise stated.

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The most significant use of judgement and estimates are as follow:

#### (a) Impairment Losses on Trade Receivables

NARCO reviews its trade receivables at each reporting date to assess whether an impairment loss should be recognised in the statement of comprehensive income. In particular, judgement by the directors is required in the estimation of the amount and timing of future cash flows when determining the level of impairment loss required. Such estimates are based on historical credit loss experience for trade receivables to estimate the 12-month expected credit losses or the lifetime expected credit losses on the financial assets as relevant. Adjustment is made when there are evidences that conditions have changed from the previous reporting date. The details of the provisions for impairment of trade receivables are in Note 20.

#### (b) Useful Lives of Property, Plant and Equipment

NARCO has made accounting estimation of the future useful lives of property, plant and equipment based on the expected pattern of consumption of the future economic benefits and reviewed its depreciation rates. The useful lives of items of property, plant and equipment have been estimated annually and are in line with the rate at which they are depreciated. The depreciation rates of property plant and equipment are given in Note 5.6.



## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

### 5.1 Revenue Recognition

NARCO recognize revenue when performance obligations are satisfied by transferring a promised good or service (i.e., an asset) to a customer. An asset is said to be transferred when the customer obtains control of that asset. When performance obligation is satisfied, NARCO recognize as revenue the amount of the transaction price that is allocated to that performance obligation.

### 5.2 Change of Livestock Inventory

Monetary gains or losses on the change of physical biological assets due to birth, death and re-grading of livestock during period are recognised in statement of comprehensive income.

### 5.3 Biological Assets

Livestock are measured at fair value less estimated point of sale costs. The fair value of livestock is determined on market prices of livestock of similar age, breed and generic merit.

### 5.4 Inventories



#### 5.4.1 Livestock

Livestock is valued at estimated net realizable value. Net realizable value is computed by making a reduction of 10% from market value of livestock as at the end of respective accounting period to take care of possible decrease in prices obtainable in the market should all cattle be disposed off within a short period of time. Valuation costs, rates are revised after every three years.

#### 5.4.2 Other Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in-first-out (FIFO). Net realizable value is estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision for damaged and obsolete inventories is provided in the accounts on a specific amount found to be damaged or obsolete.



## 5.5 Foreign Currency Translation

### (a) Presentation and Functional Currency

The financial statements are presented in Tanzania Shillings (TZS) which is also the functional currency.

### (b) Transactions and Balances

Foreign currency transactions are translated into Tanzania shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Income Statement.

## 5.6 Property, Plant and Equipment

All property, plant, motor vehicle, furniture and fixtures and equipment are shown at cost or valuation.

The Company property, plant and equipment depreciation policy is calculated to write off the cost/ revaluation of the Property, plant and equipment on straight-line basis over their expected useful lives as indicated below:

	%	Estimated useful lives Years
Land development	2%	50
Water Development	2%	50
Other Infrastructure development	2%	50
Buildings	20%	5
Motor vehicles, Tractors & Trailers	20%	5
Farm Machinery & Equipment	10%	10
Office machine & Equipment	12.50%	8
Office Furniture & Fittings	12.50%	8

## 5.7 Investment Property

The company uses cost model in valuation of its investment property (land).

## 5.8 Provision for Impairment of Receivables

Trade receivables are recognized initially at cost and subsequently measured at amortised cost less provision for bad and doubtful debts. A review of all outstanding amounts at the yearend is made and a specific provision is made in the accounts for those amounts considered unrecoverable. Bad debts are written off after all efforts to recover them have failed. The amount of provision is recognized in the Income Statement.



## 5.9 Employment Benefit

### 5.9.1 Wages and salaries

Wages and salaries for current employees are recognized in the income statement as the employees' services are rendered.

### 5.9.2 Termination Benefit

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for the benefits. The Company recognizes termination benefits when it is demonstrably committed into terminating the employment of current employees according to a detailed formal plan without a possibility of withdrawal, or providing termination benefit as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value in a similar manner to all long-term employees' benefit.

### 5.9.3 Provision for Post-Employment Benefit

The Company provides defined contributory provident fund schemes which are externally managed by PSSSF (Public Service Social Security Fund)

The company makes monthly contributions to PSSSF at rate of 15% employees contribute 5% based on the basic salaries.



The Company has no further payment obligations once the contributions have been remitted. The employers' contributions are charged to the income statement in the period to which the contributions are due.

## 5.10 Risk Management

### 5.10.1 Financial Risk

The Company is exposed to financial risk arising from changes in livestock prices. The Company does not anticipate that livestock prices will decline significantly in the foreseeable future and therefore has not entered into contracts to manage the risks of a decline in livestock prices. The Company reviews its outlook for prices regularly in considering the need for active financial risk management.

### 5.10.2 Market Risk

The Company is also exposed to a decline in livestock prices in case there is outbreak of animal diseases such as Rift Valley Fever and Foot and Mouth disease etc.



### 5.10.3 Credit Risk

Credit risk is the risk of financial loss to the Company if counterparties to financial instruments fail to meet their contractual obligations. Potential credit risk involves short term cash deposits and trade receivables. Risk relating to short term cash deposits is managed through ensuring that cash surpluses are deposited with banks of high credit standing. Management of risk associated with trade and other receivables includes prompt invoicing, close follow up of collections. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. The amount that best represents the Company's maximum exposure to credit risk at 30 June 2022 is the carrying value of its financial assets in the statement of financial position

## 6. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Several amendments and interpretations apply for the first time in the current reporting period, but do not have an impact on the financial statements of the Company. The company had not early adopted any standard, interpretation or amendments that have been issued but not yet effective.

The new amended standards and interpretations that are effective are described below.

### IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach); and
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Company's financial statements.

### Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.



The amendments had no impact on the Company's financial statements.

#### **Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2**

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

#### **Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12**

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Company's financial statements.



#### **International Tax Reform—Pillar Two Model Rules - Amendments to IAS 12**

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception - the use of which is required to be disclosed - applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Company's financial statements as the Company is not in the scope of the Pillar Two model rules.



### Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

### Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

### Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement?
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.



### Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.





# NATIONAL RANCHING COMPANY LIMITED

## 7. PROPERTY PLANT AND EQUIPMENT

Description Cost/Valuation	Land Development TZS "000"	Other Infrastructure Development TZS "000"	Buildings TZS "000"	Motor Vehicle, Tractor & Trailers TZS "000"	Farm Machinery & Equipment TZS "000"	Machinery & Equipment TZS "000"	Furniture & Fitting TZS "000"	Computer & Accessories TZS "000"	Total TZS "000"
As at 1.07.2022	72,562,337	2,054,444	2,045,202	811,077	461,724	256,047	225,583	-	78,416,414
Additions during the year	-	29,150	29,297	449,400	485,700	5,800	-	56,526	1,055,873
Transfer	(16,651)	-	2,061,612	-	-	-	-	-	2,044,961
Disposal	-	-	-	-	-	-	-	-	-
As at 30.06.2023	72,545,686	2,083,594	4,136,111	1,260,477	947,424	261,847	225,583	56,526	81,517,248
Depreciation									
As at 01.07.2022	-	730,562	546,537	760,555	313,278	159,635	188,225	-	2,698,792
Charge for the year	-	49,340	41,340	18,469	27,825	17,356	9,670	2,275	166,275
Disposal	-	-	-	-	-	-	-	-	-
As at 30.06.2023	-	779,902	587,877	779,024	341,103	176,991	197,895	2,275	2,865,067
Carrying Amount as at 30.06.2023	72,545,686	1,303,692	3,548,234	481,453	606,321	84,856	27,688	54,251	78,652,181
Cost/Valuation									
As at 1.07.2021	72,431,213	2,051,396	2,045,202	811,077	461,214	219,997	210,583	-	78,230,682
Additions during the year	131,124	3,048	-	-	510	36,050	15,000	-	185,732
Disposal	-	-	-	-	-	-	-	-	-
As at 30.06.2022	72,562,337	2,054,444	2,045,202	811,077	461,724	256,047	225,583	-	78,416,414
Depreciation									
As at 01.07.2021	-	662,936	494,636	736,139	275,858	148,449	178,535	-	2,496,553
Charge for the year	-	67,626	51,901	24,416	37,420	11,186	9,690	-	202,239



**NATIONAL RANCHING COMPANY LIMITED**

-	-	-	-	-
<u>-</u>	<u>730,562</u>	<u>546,537</u>	<u>760,555</u>	<u>313,278</u>
As at 30.06.2022 Carrying Amount as at 30.06.2022				
72,562,337	1,323,882	1,498,665	50,522	148,446
			96,412	37,358
			<u>159,635</u>	<u>188,225</u>
				- 2,698,792
				<u>- 75,717,622</u>





NOTE 8	INVESTMENT PROPERTY	2022/23 TZS "000"	2021/22 TZS "000"
	LOCATION/RANCH		
	Dakawa Ranch	3,822,900	3,822,900
	Kalambo Ranch	8,130,000	8,130,000
	Kikula HBP Ranch	16,302,946	16,302,946
	Misenyi Ranch	9,600,000	9,600,000
	Mkata Ranch	10,394,000	10,394,000
	Mzeri Ranch	4,260,000	4,260,000
	Usangu Ranch	10,180,000	10,180,000
	Uvinza Ranch	6,832,910	6,832,910
	<b>TOTAL</b>	<b>69,522,756</b>	<b>69,522,756</b>

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2022/23 TZS 000	2021/22 TZS 000
Ovenco Ranches Limited	6,902,519	6,902,519
Tanzania Meat Company Limited (TMC)	980,000	980,000
	<b>7,882,519</b>	<b>7,882,519</b>



Ovenco Ranches Limited

TZS 6,902,519,000 represent NARCO's 30% of agreed contribution to the Joint Venture Company, Ovenco Ranches Limited. The other 70% was expected to be contributed by counterpart investor; Overland Livestock Multiplication Unit and Embryo Transplant Limited. However, on 25 September 2018, this Joint Venture was terminated by the Government. The winding up processes of the joint venture company has not been completed yet.

Tanzania Meat Company Limited (TMC)

The share capital of the TMC is Shillings Two Billion Only (TZS 2,000,000,000) divided into 2,000 shares of Tanzania shillings one million (TZS 1,000,000) each. The share value of 49% owned by NARCO is recorded at nominal amount.

Government granted 49% of the equity of Tanzania Meat Company Limited (TMC) to National Ranching Company Limited to be jointly owned with National Investments Company Limited (NICOL) which acquired 51% of the equity of TMC from the Government.

Under the joint venture agreement, NICOL provides the management of the joint venture and conducts its affairs. The division of the profits is fifty-one percent (51%) of the proceeds or production to be given to NICOL and forty nine percent (49%) to NARCO.



# NATIONAL RANCHING COMPANY LIMITED

In December 2019 the Government decided to repossess TMC from both NICOL and NARCO. In the process NARCO loses its 49% share valued at TZS 980,000,000. The winding up processes of the company has not been completed yet.

## 10. CAPITAL WORK IN PROGRESS

	2022/23	2021/22
	TZS 000	TZS 000
Opening balance	2,054,961	2,044,961
Additional	-	10,000
Transfer to PPE	(2,044,961)	-
Closing Balance	10,000	2,054,961

## Note 11. BIOLOGICAL ASSETS BREEDING LIVESTOCK

Cattle	5,131,682	2,564,894
	5,131,682	2,564,894

## Note 12. TRADING LIVESTOCK

Cattle	380,808	411,233
Sheep	82,525	81,923
Goats	34,977	50,124
Horse	5,440	4,932
	503,750	548,212



## MOVEMENTS

Description	Opening Balance TZS 000	Regeneration Increase TZS 000	Monetary Increase TZS 000	Non Monetary Increase TZS 000	Sales Decrease TZS 000	Total TZS 000
Breeding stocks						
Livestock	2,564,894	-	886,240	1,754,260	(73,712)	5,131,682
Trading stock						
Livestock	411,233	-	137,424	40,601	(208,450)	380,808
Goat	50,124	-	-	-	(15,147)	34,977
Horse	4,932	-	-	1,016	(508)	5,440
Sheep	81,923	1,141	-	-	(539)	82,525
	548,212	1,141	137,424	41,617	(224,644)	503,750
TOTAL	3,113,106	1,141	1,023,664	1,795,877	(298,356)	5,635,432



		2022/23	2021/22
		TZS "000"	TZS "000"
<b>NOTE 13</b>	<b>INVENTORIES</b>		
	Beef - Inventory	9,158	9,158
	Consumables	18,151	18,151
	<b>TOTAL</b>	<b>27,309</b>	<b>27,309</b>
<b>NOTE 14</b>	<b>TRADE AND OTHER RECEIVABLES</b>		
	Trade Receivables	15,306,437	15,337,951
	Imprest Receivable	368,040	305,060
	Other Revenue - Receivable	2,220,547	-
		17,895,024	15,643,011
	Provision for bad and doubtful debt (Impairment of receivable)	(8,398,279)	(8,398,279)
	<b>TOTAL</b>	<b>9,496,745</b>	<b>7,244,732</b>
<b>NOTE 15</b>	<b>PREPAYMENTS</b>		
	Prepayments - Assets	868,394	868,394
	Prepayments - Consumables	13,907	13,907
	<b>TOTAL</b>	<b>882,301</b>	<b>882,301</b>
<b>NOTE 16</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	CRDB Bank	78,567	112,022
	NBC Bank	8,934	12,738
	BOT	235,741	336,123
	NMB	84,719	120,793
	Cash on hand	5,824	810
	<b>TOTAL</b>	<b>413,785</b>	<b>582,486</b>
<b>NOTE 17</b>	<b>SHARE CAPITAL</b>		
	Authorized, issued and paid up:		
	115,000 ordinary shares of TZS 1,000 each	115,000	115,000
		<b>115,000</b>	<b>115,000</b>

All shares are owned by the Government through the Treasury Registrar.



**NOTE 18 CAPITAL GRANTS**

Balance at the beginning	980,000	980,000
Additions during the year	-	-
Balance at the end	<u>980,000</u>	<u>980,000</u>


The Government granted 49% of the equity of Tanzania Meat Company Limited (TMC) to National Ranching Company Limited to be jointly owned with National Investments Company Limited (NICOL) which acquired 51% of the equity of TMC from the Government.

**NOTE 19 REVALUATION RESERVE**

Balance at the beginning	152,892,631	153,709,720
Value of land allocated to small farmers	-	(817,089)
Balance at the end	<u>152,892,631</u>	<u>152,892,631</u>

Valuation of Property, plant and Equipment; and investment property was carried out in June 2008 and incorporated in the financial statements in the year 2008/2009. The valuation was done by qualified valuers M/s Ardhi University of P. O. Box 35176 Dar es Salaam. The valuation was done on the basis of depreciated replacement cost for all assets and market value for land development.

**NOTE 20 DEFERRED CAPITAL GRANT**

	 Government Grants	COSTECH Grant	Total
	TZS '000'	TZS '000'	TZS '000'
Balance at the beginning	4,416,674	10,838	4,427,512
Additions during the year	-	-	-
	<u>4,416,674</u>	<u>10,838</u>	<u>4,427,512</u>
Amortizations during the year	-	-	-
Balance at the end	<u>4,416,674</u>	<u>10,838</u>	<u>4,427,512</u>

Government grants represents amounts received in 2009 for the construction of Modern Abattoir at Ruvu ranch that will be amortized immediately after completion of the project.

COSTECH grant represents amount received in 2012 from the government for implementation of research on "up scaling the use of the proven technologies in the national ranches for improved beef yield".



		2022/23	2021/22
		TZS "000"	TZS "000"
NOTE 21	TRADE AND OTHER PAYABLES		
	Trade payables	2,582,319	300,060
	Other payables	4,142	230
	Accrued audit fees and expenses	83,239	50,000
	Payroll deductions payable	644,173	644,470
	Ministry of Lands, Housing and Human Settlements Developments	10,816,925	9,519,450
	<b>TOTAL</b>	<b>14,130,798</b>	<b>10,514,210</b>
NOTE 22	DEPOSITS		
	DEPOSIT	568,672	568,672
	Deposit General	410	-
	Unapplied Deposit Account	11,501	-
	<b>TOTAL</b>	<b>580,583</b>	<b>568,672</b>
NOTE 23	LONG TERM LOAN		
	Opening balance	2,139,319	2,222,670
	Payments made during the year	(111,133)	(83,351)
	Closing balance	2,028,186	2,139,319
	Current maturity of loan	111,133	111,133
	Long term loan	1,917,053	2,028,186
	<b>Total loan</b>	<b>2,028,186</b>	<b>2,139,319</b>
NOTE 24	SALES OF LIVESTOCK AND MEAT		
	Receipt from sales of Livestock	2,033,231	2,359,889
	Agriculture and Farm produce	144,754	37,415
	<b>TOTAL</b>	<b>2,177,985</b>	<b>2,397,304</b>
NOTE 25	OTHER INCOME		
	Miscellaneous Receipts	55,295	-
	Receipts from Land Rent fee	4,315,243	-
	Rent fee	-	3,325,524
	Rent from Telecommunication Towers	13,944	4,800
	Fines	52,047	-
	Other Receipts	-	72,315
	Receipts from hides & skins	9,834	8,582



# NATIONAL RANCHING COMPANY LIMITED

	Receipts from Poultry Produce	4,330	-
	Sales of by-products	-	47,531
	Sales of Honey and Beeswax	7,144	-
	<b>TOTAL</b>	<b>4,457,837</b>	<b>3,458,752</b>
<b>NOTE 26</b>	<b>REVENUE GRANTS</b>		
	Government Grant Development Local	1,321,040	-
	Revenue Grants - Non-Monetary	39,500	-
	<b>TOTAL</b>	<b>1,360,540</b>	<b>-</b>
<b>NOTE 27</b>	<b>PURCHASE OF LIVESTOCK</b>		
	Cattle	-	555,546
	<b>TOTAL</b>	<b>-</b>	<b>555,546</b>
<b>NOTE 28</b>	<b>HUSBANDRY EXPENSES</b>		
	Salaries and Wages	4,986	619,687
	Chemicals and drugs consumption	10,100	179,967
	Animal feeds/Mineral consumption	-	22,419
	Other husbandry expense	-	48,368
	<b>TOTAL</b>	<b>15,086</b>	<b>870,441</b>
<b>NOTE 29</b>	<b>CHANGE IN LIVESTOCK INVENTORIES</b>		
	(Decrease)/Increase in livestock inventories	299,599	246,899
	<b>TOTAL</b>	<b>299,599</b>	<b>246,899</b>
<b>NOTE 30</b>	<b>ADMINISTRATIVE EXPENSES</b>	<b>2022/23</b>	<b>2021/22</b>
		<b>TZS "000"</b>	<b>TZS "000"</b>
	Aca ricides	-	75,189
	Advertising and Publication	123,749	16,740
	Agricultural Implements	925	-
	Air Travel Tickets	16,039	-
	Animal Feeds	107,206	22,419
	Computer Supplies and Accessories	14,642	-
	Diesel	205,372	107,494
	Drugs and Medicines	30,377	-
	e Training Materials	1,050	-
	Electricity	23,485	-





Entertainment	5,400	99,064
Exhibition, Festivals and Celebrations	226	6,879
Food and Refreshments	24,894	-
Ground Transport (Bus, Train, Water)	703	-
Ground travel (bus, railway taxi, etc)	63,280	-
Land Rent Expenses	1,297,475	1,317,316
Office Consumables (papers, pencils, pens and stationaries)	114,287	-
Other Raw Materials	-	139,967
Per Diem - Domestic	402,040	190,063
Printing and Photocopying Costs	4,848	-
Printing Material	-	20,533
Protective Clothing, footwear and gears	3,541	-
Purchased Electricity	-	77,407
Rent - Housing	45,813	-
Seeds	1,480	-
Special Foods (diet food)	9,275	-
Technical Materials	991	-
Technical Service Fees	2,960	-
Telephone charge	-	51,904
Telephone Charges (Land Lines)	2,349	-
Training Allowances	1,350	6,294
Tuition Fees	13,740	-
Veterinary Drugs and Medicine	-	101,419
Water Charges	20,203	-
Cement, Bricks and Building Materials	-	21,425
Direct labour (contracted or casual hire)	12,219	12,903
Electrical and Other Cabling Materials	191	-
Motor Vehicles and Water Craft	74,975	-
Outsource maintenance contract services	2,551	6,028
Panel and body shop repair materials and services	2,066	12,089
Pipes and Fittings	-	6,737
Repair and Maintenance of Furniture	11,068	-
Spare Parts	-	12,544
Tyres and Batteries	20,003	4,464
Wood and Timber Supplies	500	-
Electricity/TanESCO	50,400	-
Audit fees	83,239	-
Transportation Cost by Water	6,020	-





	Burial Expenses	10,183	-
	<b>TOTAL</b>	<b>2,811,115</b>	<b>2,308,878</b>
		2022/23	2021/22
NOTE 31	BOARD OF DIRECTORS EXPENSES	TZS "000"	TZS "000"
	Directors fees	102,000	25,500
	Board meetings expenses	-	40,089
	<b>TOTAL</b>	<b>102,000</b>	<b>65,589</b>
NOTE 32	PERSONNEL EXPENSES		
	Casual Labour	437	1,400
	Civil Servants	1,749,211	602,295
	Court Attire Allowance fuel Allowances		
	Electricity	700	-
	Fuel Allowances	-	101,742
	Electricity	18,689	-
	Extra-Duty	116,037	-
	Food and Refreshment	33,305	-
	Furniture	41,967	82,000
	Gratuities	-	63,640
	Honoraria	6,810	-
	Housing Allowance	146,731	90,043
	Leave Travel	1,423	3,783
	Moving Expenses	32,176	11,157
	National Health Insurance Schemes(NHIF)	-	14,688
	Non-Civil Servant Contracts	4,400	-
	Public Service Pension Fund (PSPF)	-	67,016
	Responsibility Allowance	5,080	35,790
	Sitting Allowance	29,395	6,006
	Statutory Contributions	296,282	-
	Subsistence Allowance	14,964	-
	Telephone	64,830	-
	Transport	18,197	-
	Transport Allowance	681	-
	Contribution Expenses	3,196	-
	Retirement benefits	39,906	-
	Workers Compensation Fund	-	14,894
	<b>TOTAL</b>	<b>2,624,417</b>	<b>1,094,454</b>





NOTE 33	DEPRECIATIONS	2022/23	2021/22
		TZS "000"	TZS "000"
	Office buildings and structures	41,340	51,901
	Residential Buildings	19,330	31,151
	Farm Structures	30,010	36,475
	Motor Vehicles (Administrative)	18,469	24,416
	Other equipment and installations	17,356	11,186
	Computers and Photocopiers	825	-
	Printers and Scanners	1,450	-
	Plant and Machinery	27,825	37,420
	Furniture and Fittings	9,670	9,690
	<b>TOTAL</b>	<b>166,275</b>	<b>202,239</b>

NOTE 34 CASH RECEIPTS FROM CUSTOMERS			
	Trade receivables opening balances	15,643,011	13,924,617
	Prepayments	882,301	-
	Total income	7,996,362	5,856,056
		<b>24,521,674</b>	<b>19,780,673</b>
	Trade receivables closing balances	17,895,024	15,337,951
	Prepayments	882,301	-
	Cash receipts from customers	<b>5,744,349</b>	<b>4,442,722</b>



NOTE 35 CASH PAID TO SUPPLIERS AND EMPLOYEES			
	Opening Trade and other payables	10,514,210	9,908,274
	Closing Inventories	531,059	-
	Opening Others deposits	568,672	-
		<b>11,613,941</b>	<b>9,908,274</b>
	Direct Cost of Sales	314,685	1,672,886
	Administration Expenses	2,811,115	2,126,379
	Board of Directors Expenses	102,000	65,589
	Personnel Expenses	2,624,417	1,094,454
		<b>5,852,217</b>	<b>4,959,308</b>
	Closing Trade and Other Payables	14,130,798	11,082,882
	Opening Inventories	575,521	-
	Closing Others deposits	580,583	-
		<b>15,286,902</b>	<b>11,082,882</b>
	Cash paid to suppliers and employees	<b>2,179,256</b>	<b>3,784,700</b>



**NOTE 36 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES**

Net profit before tax	1,977,870	512,010
<b>Adjustments for non-cash items</b>		
Depreciation	166,275	202,239
Provision for Bad Debts		
	<b>2,144,145</b>	<b>714,248</b>
<b>Changes in working capital items</b>		
Increase/Decrease Breeding livestock	-	216,571
Increase/Decrease Trading livestock	44,462	31,059
Increase/Decrease Inventories	-	52,291
Increase/Decrease Receivables	(2,252,013)	(648,455)
Increase/Decrease Prepayments	-	(882,301)
Increase/Decrease Payables and Accruals	3,616,588	605,936
Increase/Decrease Deposits	11,911	568,672
<b>Cash Generated from operating activities</b>	<b>3,565,093</b>	<b>658,022</b>

**NOTE 37 CONTINGENT LIABILITIES**

NARCO had one pending undecided legal case filed in the court of law. The ultimate outcome of the case cannot presently be determined, and no provision for any liability that may result has been made in the financial statements. However, initial estimates based on the claims of the plaintiffs; the contingent liability is TZS 1,000,000,000 if the case is ruled in favour of the plaintiffs.

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S/No.	Descriptions Of A Case	Total Claims
		TZS
1	Land Case No. 11/2021 Luhama katoto rach co.Ltd and Hashim Lukwenda Luholela Vs NARCO	1,000,000,000
	<b>Total Contingent Liability</b>	<b>1,000,000,000</b>

**NOTE 38 CAPITAL COMMITMENTS**

As at the end of the financial year NARCO has no any capital commitments.

**NOTE 39 RELATED PARTY TRANSACTIONS**

**Identification of Related Parties**

A related party is a person or entity that is related to the reporting entity. Parties are considered to be related if one party has the ability to control the other party or can exercise significant influence over the party in making the financial and operating decisions.



### Investment in Joint Venture

The joint venture entities in which NARCO has investments are:

- (1) Ovensco Ranches Limited
- (2) Tanzania Meat Company Limited

### Controlling Entities

- (1) NARCO, by virtue of its establishment is controlled by the Ministry of Livestock and Fisheries.
- (2) The only shareholder of NARCO is the Government through the Treasury Registrar.

### Key Management Personnel

The key management personnel as defined by IAS 24 - Related Party Disclosures, are those persons having authority and responsibilities for planning, directing and controlling the activities of the entity, directly or indirectly including any director (whether executive or otherwise) of the entity. The key management personnel of NARCO are members of the Board of Directors, Managing Director and members of senior management team.

### Transactions

Below are transactions and balances with related parties as at the reporting date and during the year ended 30 June 2022:



	2022/23 TZS '000'	2021/22 TZS '000'
Ovensco Ranches Limited	6,902,519	6,902,519
Tanzania Meat Company Limited	980,000	980,000
<b>Total</b>	<b>7,882,519</b>	<b>7,882,519</b>

NARCO's interests are 30% in Ovensco Ranches Limited and 49% in Tanzania Meat Company Limited. Both entities have ceased to operate as the joint venture agreements have been terminated. The winding up processes of the companies have not been completed to determine the amount which NARCO will realise out of its investments.

### (3) Controlling Entities

During the year under review, NARCO contributed TZS 10 million (TZS 50 million in 2020/2021) to the Treasury Registrar.

(4) Key Management Personnel

Members of the Board of Directors

During the year under review, there were 9 members of the board of directors.

	2022/23	2021/22
	TZS "000"	TZS "000"
BOARD OF DIRECTORS EXPENSES		
Directors fees	102,000	25,500
Board meetings expenses	-	40,089
<b>TOTAL</b>	<b>102,000</b>	<b>65,589</b>

Senior management team consisted of 8 members, whose compensations amounted to:

	2022/23	2021/22
	TZS "000"	TZS "000"
Short-term employees benefits	375,446	368,396
Post-employment benefits	4,360	4,571
<b>TOTAL</b>	<b>379,806</b>	<b>372,967</b>



NOTE 40 CORPORATION TAX

No corporation tax was provided because the company suffered a loss during the year and had accumulated tax losses in the previous years.

NOTE 41 COMPARATIVE FIGURES

Due to changes in the accounting system, where NARCO migrated to MUSE (Mfumo wa Uhasibu Serikalini) system, previous year figures have been re-grouped in order to make them comparable with current year's figures.