

## TOL LIMITED

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER, 1998

1. The Directors present their Report and the Audited Financial Statements for the year ended 31st December, 1998

#### DIRECTORS

2. The names of the Directors who served during the financial year ended 31st December, 1998 and up to the date of issue of the financial statements are:-

|                               |                   |
|-------------------------------|-------------------|
| Hon. Felix C. Mrema(MP.)      | Chairman          |
| Mr. Omar A. Malima            | Managing Director |
| Dr. Richard Kasungu           | Member            |
| Mr. Gray Mgonja               | Member            |
| Mr. Martin Ogang              | Member            |
| Mr. Geoffrey Ruhurira         | Member            |
| Mr. Julius Fidelis            | Member            |
| Mr. Godfrey Mkocha            | Member            |
| Lt. Col. Joseph L. Simbakalia | Member            |
| Mr. David Mattaka             | Member            |
| Mr. Huw Williams              | Member            |
| Mr. Valentine Rweyemamu       | Member            |
| Mr. Rouget Makobwe            | Member            |
| Mr. Krishna Jagannathan       | Member            |

#### ACTIVITIES

3. The main activities of the Company are the manufacture and sale of industrial and medical gases, welding equipment and related accessories. There were no significant changes in the activities of the Company during the accounting period. The Company's performance in terms of products manufactured and sold and raw materials consumed is summarised below:-

| PRODUCTION                        |                | UNITS PLANNED<br>1998 | ACTUAL<br>1998 | ACTUAL<br>1997 | GROWTH<br>% |
|-----------------------------------|----------------|-----------------------|----------------|----------------|-------------|
| <b>GASES</b>                      |                |                       |                |                |             |
| Industrial Oxygen                 | M3             | 1,086,290             | 600,867        | 276,542        | 117         |
| Dissolved Acetylene               | M <sup>3</sup> | 279,120               | 136,751        | 131,627        | 3.9         |
| Carbon Dioxide                    | Kgs            | 4,984,000             | 949,500        | 1,197,600      | (21)        |
| Medical Oxygen                    | M <sup>3</sup> | 75,460                | 43,873         | 50,596         | (13)        |
| Liquid Nitrogen                   | Ltr            | 95,150                | 129,571        | 18,375         | 605         |
| <b>RAW MATERIALS<br/>CONSUMED</b> |                |                       |                |                |             |
| Calcium Carbide                   | KG             | 906,000               | 466,100        | 484,625        | 4           |
| Acetone                           | KG             | 55,400                | 32,000         | 17,513         | 83          |

## TOL LIMITED

|                     | UNITS          | PLANNED<br>1998 | ACTUAL<br>1998 | ACTUAL<br>1997 | GROWTH<br>% |
|---------------------|----------------|-----------------|----------------|----------------|-------------|
| <b>SALES</b>        |                |                 |                |                |             |
| Industrial Oxygen   | M <sup>3</sup> | 1,077,800       | 478,328        | 397,361        | 20          |
| Dissolved Acetylene | M <sup>3</sup> | 256,160         | 137,437        | 158,657        | (13)        |
| Carbon Dioxide      | KG             | 4,565,000       | 930,097        | 1,314,462      | (29)        |
| Medical Oxygen      | M <sup>3</sup> | 75,460          | 57,698         | 60,033         | (4)         |
| Liquid Nitrogen     | Ltr            | 89,085          | 30,062         | 3,415          | 88          |

### ADMINISTRATIVE MATTERS

4. Set out below are details of matters which under TSSAP are deemed to demonstrate the administrative efficiency of the Company:-

|   | 1998   | 1997   |
|---|--------|--------|
| Productive man-hours lost   | 18,451 | 12,777 |
| Number of employees who left as a percentage of average number employed during the year | 24     | 0      |

The loss in productive man-hours resulted mainly from machine breakdowns, lack of spare parts and water and frequent power cuts during the first half of the year. However, in the second half these losses were attributed mainly by lack of customers to our gases stocks.

### BAD AND DOUBTFUL DEBTS PROVISION

5. Write back of provision for doubtful debts amounting to Tshs. 25,329,000 has been made in the accounts.

### EFFORTS TO SECURE NATIONAL BENEFITS AND SEEK NATIONAL GOALS

6. The objective of the Company is to ensure that a sufficient supply of industrial and medical gases is available in the country at reasonable prices to satisfy demand. In pursuit of this objective, the Company has maintained production by a scheduled maintenance programme using local spare parts where possible, ensuring availability of raw materials through carefully established re-order levels and effective in-house supervision of employees. In addition, the Company has been looking for potential export markets in neighbouring countries where it is economically feasible.

### FOREIGN CURRENCY

7. The following items of expenditure have a foreign currency effect:-

|   | 1998<br>T. SHS.<br>'000' | 1997<br>T. SHS<br>'000 |
|---|--------------------------|------------------------|
| Imported Raw Materials and Goods for Resale | <u>129,539</u>           | <u>273,858</u>         |

## TOL LIMITED

### SOLVENCY

8. Based on the Company's financial status at 31st December 1998, the Board is concerned about the solvency of the Company and is seeking for capital injection and restructuring to improve solvency. The following matters may assist in an assessment of the solvency:-
- . Inventory of raw materials at year end was sufficient to sustain three months production.
  - . Approximately 40% of the Company's sales are in cash, 31% of the value of trade receivables were more than 30 days old. The normal credit period to customers is 30 days. However, serious efforts have been made to collect these after the year end.
  - . 90% of purchases were on cash basis.

### DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY

9. The directors had interest in the issued and fully paid up shares of the Company as at 31st December, 1998 by holding 97,000 shares.

### EMPLOYEES WELFARE

10. (a) **Industrial Safety**

The Company continued to satisfy the standards of industrial safety established by both the Factory Ordinance and the Tanzania Bureau of Standards.

- (b) **Management/Employee Relationships**

The relationship between employees and management continued to be good. There were no unresolved complaints received by management from the employees' TUICO representative who has the responsibility for identifying and reporting employees grievances to the management.

## TOL LIMITED

**(c) Training Facilities**

A training programme is drawn up every year to cater for all grades of staff. Training is mainly conducted through local training institutions and on the job. Overseas training is pursued only in the limited number of cases where training facilities are not available locally.

**(d) Medical Facilities**

The Company pays all the medical expenses of each employee and his or her immediate family members through selected hospitals.

**(e) Financial Help**

This is available to all employees depending on the assessment by the Management as to the employee's needs and the ability of the Company as prescribed by the Company's Staff Regulations.

## TOL LIMITED

## REPORT OF THE AUDITORS

We have examined the attached Balance Sheet of TOL Limited as at 31st December, 1998, the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary.

In our opinion, the accompanying Balance Sheet, Profit and Loss Account and the Cash Flow Statement present fairly the financial position of TOL Limited as at 31st December, 1998, its loss and cash flows for the year ended on that date.

TANZANIA AUDIT CORPORATION

*S.F. Sayore*

S.F. SAYORE- F.C.C.A  
DIRECTOR GENERAL

DAR ES SALAAM.

4TH MARCH, 1998

11 4 APR 1999

## TOL LIMITED

## BALANCE SHEET AS AT 31ST DECEMBER, 1998

|                                       | NOTE | 31.12.1998<br>T. SHS.<br>'000' | 31.12.1997<br>T. SHS.<br>'000' |
|---------------------------------------|------|--------------------------------|--------------------------------|
| <b>ASSETS EMPLOYED</b>                |      |                                |                                |
| FIXED ASSETS (NET)                    | 2    | 6,377,443                      | 4,897,637                      |
| DEFERRED EXPENDITURE                  |      | -                              | 79,479                         |
|                                       |      | <u>6,377,443</u>               | <u>4,977,116</u>               |
| <b>CURRENT ASSETS</b>                 |      |                                |                                |
| Stocks                                | 3    | 419,758                        | 320,719                        |
| Debtors                               | 4    | 636,932                        | 715,640                        |
| Due from NDC Group Companies          |      | -                              | 16,182                         |
| Prepaid Tax                           | 5    | 125,797                        | 179,782                        |
| Cash and Bank Balances                |      | 77,906                         | 80,014                         |
|                                       |      | <u>1,260,393</u>               | <u>1,312,337</u>               |
| <b>LESS: CURRENT LIABILITIES:</b>     |      |                                |                                |
| Creditors                             | 6    | 1,143,587                      | 1,680,358                      |
| Due to NDC Group Companies            |      | -                              | 82,799                         |
| Bank Overdraft                        | 7    | 472,962                        | 1,189,661                      |
| Dividends Payable                     | 8    | 108,601                        | 161,601                        |
| Current Maturity on Medium Term Loans | 12   | 846,517                        | 434,958                        |
| Short Term Loans                      |      | -                              | 312,500                        |
|                                       |      | <u>2,571,667</u>               | <u>3,867,917</u>               |
| NET CURRENT ASSETS/(LIABILITIES)      |      | <u>(1,311,274)</u>             | <u>(2,555,380)</u>             |
| <b>TOTAL</b>                          |      | <u>5,066,169</u>               | <u>2,421,786</u>               |
| <b>FINANCED BY:</b>                   |      |                                |                                |
| SHARE CAPITAL                         | 9    | 1,384,363                      | 634,363                        |
| SHARE PREMIUM                         |      | 2,280,339                      | 1,875                          |
| RESERVES                              | 10   | (897,547)                      | (348,330)                      |
| SHAREHOLDERS' INTEREST                |      | 2,767,155                      | 287,908                        |
| CYLINDER DEPOSITS                     |      | 455,080                        | 385,254                        |
| DEFERRED TAXATION                     | 11   | 8,794                          | 8,794                          |
| MEDIUM TERM LOANS                     | 12   | 1,835,140                      | 1,739,830                      |
| <b>TOTAL</b>                          |      | <u>5,066,169</u>               | <u>2,421,786</u>               |

NOTES 1 TO 18 FORM PART OF THE ACCOUNTS

  
 CHAIRMAN

DATE

  
 DIRECTOR

**TOL LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER, 1998**

|                                       | NOTE | 1998<br>T. SHS.<br>'000' | 1997<br>T. SHS.<br>'000' |
|---------------------------------------|------|--------------------------|--------------------------|
| TURNOVER                              |      | 2,128,046                | 2,078,690                |
| Less: COST OF SALES                   | 13   | <u>1,505,186</u>         | <u>1,679,540</u>         |
| GROSS PROFIT                          |      | 622,860                  | 399,150                  |
| Less: Operating Expenses              | 14   | <u>1,118,585</u>         | <u>964,948</u>           |
| Operating Profit/(Loss) for the Year  |      | (495,725)                | (565,798)                |
| Other Income                          | 15   | <u>93,443</u>            | <u>3,236</u>             |
| <b>NET PROFIT/(LOSS) FOR THE YEAR</b> |      | <u><b>(402,282)</b></u>  | <u><b>(562,562)</b></u>  |

**STATEMENT OF RETAINED PROFIT**

|  |                  |                  |
|--|------------------|------------------|
| Retained Profit/ (Loss) As At 1st January  | (377,943)        | 184,619          |
| Profit/(Loss) For The Year                 | (402,282)        | (562,562)        |
| Additional Tax Assessment                  | (146,935)        | -                |
| Retained Profit/(Loss) As At 31st December | <u>(927,160)</u> | <u>(377,943)</u> |

NOTES 1 TO 18 FORM PART OF THE ACCOUNTS

  
.....  
CHAIRMAN

.....  
DATE

  
.....  
DIRECTOR

**TOL LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31ST DECEMBER, 1998**

|  | 1998<br>T. S.M.S.<br>'000' | 1997<br>T. S.M.S.<br>'000' |
|--|----------------------------|----------------------------|
| <b>Cash Flows From Operating Activities:</b>                               |                            |                            |
| Profit/(Loss) for the Year Before Tax                                      | (402,282)                  | (562,482)                  |
| <b>Adjustments for Items not Involving the Movement of Cash:</b>           |                            |                            |
| - Depreciation   | 180,985                    | 83,750                     |
| - (Gain)/Loss on Sale of Fixed Assets                                      | (17,214)                   | -                          |
| Amortization of Deferred Expenditure                                       | 79,479                     | -                          |
| Capital Work in Progress Written Off                                       | 11,155                     | 37,000                     |
|  | 254,405                    | 120,750                    |
| <b>Cash Flows from Operating Activities Before Working Capital Changes</b> | (147,877)                  | (442,732)                  |
| <b>Working Capital Changes</b>   |                            |                            |
| (Increase)/Decrease in Stocks  | (99,039)                   | 100,215                    |
| (Increase)/Decrease in Debtors   | 78,908                     | (315,294)                  |
| (Increase)/Decrease in Due from NDC Group Companies                        | 16,182                     | 2,000                      |
| Increase/(Decrease) in Creditors and Accruals                              | (542,811)                  | 1,392,475                  |
| Increase/(Decrease) in Due to NDC Group Companies                          | (82,799)                   | 14,414                     |
| <b>Net Change in Working Capital Items</b>                                 | (629,559)                  | 1,101,611                  |
| Cash Generated From Operations   | (77,436)                   | 75,213                     |
| Corporation Tax Paid   | (92,950)                   | (260,443)                  |
| Dividend Paid  | (53,000)                   | (4,500)                    |
|  | (145,386)                  | (289,730)                  |
| <b>Net Cash Flows From Operating Activities</b>                            | (923,386)                  | 488,765                    |
| <b>Cash Flows From Investing Activities:</b>                               |                            |                            |
| Acquisition of Fixed Assets  | (57,967)                   | (133,710)                  |
| Proceeds From Sale of Fixed Assets   | 24,050                     | -                          |
| Additions in Capital Work in Progress                                      | (1,620,765)                | (1,460,654)                |
| <b>Net Cash Outflows From Investing Activities</b>                         | (1,654,682)                | (1,594,364)                |
| <b>Cash Flows From Financing Activities:</b>                               |                            |                            |
| Proceeds From Fresh Issue of Shares  | 3,028,464                  | -                          |
| Cylinders Deposits Received/(Repaid)                                       | 69,826                     | 48,517                     |
| Short Term Loans Received/(Paid)   | (312,500)                  | 312,500                    |
| Medium Term Loans Repayment  | (134,619)                  | -                          |
| Loan Revaluation (Gain)/Loss   | 641,488                    | (248,508)                  |
| <b>Net Cash Flows From Financing Activities</b>                            | 3,292,659                  | 112,509                    |
| Net Cash and Cash Equivalents During the Year                              | 714,591                    | (996,500)                  |
| Cash and Cash Equivalents at Beginning of the Year                         | (1,109,647)                | (113,657)                  |
| <b>Cash and Cash Equivalents at End of the Year</b>                        | (395,056)                  | (1,109,647)                |

NOTES 1 TO 18 FORM PART OF THE ACCOUNTS

  
.....  
CHAIRMAN

.....  
DATE

  
.....  
DIRECTOR



## TOL LIMITED

### NOTES ON THE FINANCIAL STATEMENTS

#### NOTE 1.0: PRINCIPAL ACCOUNTING POLICIES

##### 1.1 Accounting Convention Adopted

These financial statements have been prepared in accordance with the historical cost convention as modified to include valuation of fixed assets. No other adjustments have been made in the accounts to reflect the effects of other inflationary factors.

##### 1.2 Depreciation

Depreciation is calculated to write off the cost/valuation of the fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal rates used for this purpose which are consistent with those of the previous years are:-

| Assets Description                                | Rate p.a.   |
|---|-------------|
| Fixed Property                                    | 2%          |
| Plant and Machinery                               | 5% to 10%   |
| Cylinders   | 4%          |
| Motor Vehicles                                    | 20% and 25% |
| Furniture, Fixtures, Fittings and Office Machines | 10% and 20% |

Depreciation on assets acquired and disposed off during the year is charged on a quarterly basis.

##### 1.3 Stocks Valuation

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a weighted average basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which the stocks can be realised in the normal course of business after allowing for costs of realisation, and where appropriate, the cost of conversion from its existing state to a finished condition. Provision is made for obsolete, slow moving and defective stocks.

##### 1.4 Provision for Bad and Doubtful Debts

Provision for bad and doubtful debts is calculated on the basis of 100% on specific trade debts deemed uncollectable.

## TOL LIMITED

### 1.5 Deferred Taxation

Provision is made for deferred tax at the rate ruling at the year end except in respect of tax reductions which can reasonably be expected to continue for the future.

### 1.6 Turnover

Turnover which excludes sales tax and trade discounts represents the invoiced value of goods supplied.

### 1.7 Foreign Currencies Translations

Operating transactions in foreign currencies are translated into Tanzanian Shillings at the rates of exchange ruling on the dates of the transactions. Assets and liabilities expressed in foreign currencies are translated into Tanzanian Shillings at the rates of exchange ruling at the end of the financial period. Exchange gains and losses arising from operating transactions during the year are dealt with in the Profit and Loss Account. Exchange gains/losses on long term loans taken to finance the acquisition of fixed assets are deducted/added to the cost of the fixed assets concerned.

## TOL LIMITED

## NOTE 2.0 FIXED ASSETS

|                                  | FIXED<br>PROPERTY<br>T. SHS.<br>'000' | PLANT AND<br>MACHINERY<br>T. SHS.<br>'000' | CYLINDERS<br>T. SHS.<br>'000' | MOTOR<br>VEHICLES<br>T. SHS.<br>'000' | FURNITURE,<br>FIXTURES &<br>OFFICE MACHINES<br>T. SHS.<br>'000' | TOTAL<br>T. SHS.<br>'000' |
|----------------------------------|---------------------------------------|--|-------------------------------|---------------------------------------|---|---------------------------|
| COST/EVALUATION AS AT 1.1.1998   | 244,988                               | 457,356                                    | 317,047                       | 309,666                               | 124,446   | 1,453,502                 |
| Additions during the Year        | 195,753                               | 4,906,251                                  | -                             | 34,868                                | 6,248   | 5,143,121                 |
| Disposals                        | -                                     | -  | -                             | (47,700)                              | (7,058)   | (54,758)                  |
| Cost As At 31.12.1998            | 440,741                               | 5,363,607                                  | 317,047                       | 296,834                               | 123,636   | 6,541,865                 |
| Depreciation As At 1.1.1998      | 107,924                               | 294,533                                    | 233,422                       | 204,915                               | 73,065  | 913,859                   |
| Depreciation Charge For The Year | 4,844                                 | 113,952                                    | 9,885                         | 39,095                                | 13,209  | 180,985                   |
| On Disposals                     | -                                     | -  | -                             | (43,500)                              | (4,422)   | (47,922)                  |
| Depreciation As At 31.12.1998    | 112,768                               | 408,485                                    | 243,307                       | 200,510                               | 81,852  | 1,046,922                 |
| Net Book Value As At 31.12.1998  | 327,973                               | 4,955,122                                  | 73,740                        | 96,324                                | 41,784  | 5,494,943                 |
| Work In Progress                 | -                                     | -  | -                             | -                                     | -   | -                         |
| Cost as at 1.1.1998              | -                                     | 4,358,044                                  | -                             | -                                     | -   | 4,358,044                 |
| Additions                        | -                                     | 1,620,765                                  | -                             | -                                     | -   | 1,620,765                 |
| Adjustment/Transfers             | -                                     | (5,096,309)                                | -                             | -                                     | -   | (5,096,309)               |
| BALANCE AS AT 31.12.1998         | -                                     | 882,500                                    | -                             | -                                     | -   | 882,500                   |
| GRAND TOTAL                      | 327,973                               | 5,837,622                                  | 73,740                        | 96,324                                | 41,784  | 6,377,443                 |

## NOTE 2.1: DEPRECIATION

Depreciation for the year has been allocated as follows:

|               |                  |
|---------------|------------------|
| Cost of Sales | T. SHS.<br>'000' |
|               | 155,608          |
| <b>TOTAL</b>  | <b>180,985</b>   |

## NOTE 2.2: CAPITAL WORKS IN PROGRESS

Capital Work in Progress is made up of:

|                       |                  |
|-----------------------|------------------|
| CO <sub>2</sub> Plant | T. SHS.<br>'000' |
| Mineral Water         | 250,624          |
| Helium                | 492,260          |
| Nitrogen              | 86,735           |
| Mitel Tel.            | 20,455           |
| Moshi and LPG         | 2,475            |
| <b>TOTAL</b>          | <b>29,951</b>    |
|                       | <b>882,500</b>   |

## TOL LIMITED

### NOTE 3.0 STOCKS

The amounts attributable to the different categories of stocks are as follows :-

|  | 31.12.1998     | 31.12.1997     |
|--|----------------|----------------|
|  | T. SHS.        | T. SHS.        |
|  | '000'          | '000'          |
| Gases  | 119,608        | 89,741         |
| Welding Machines & Equipment                 | 206,808        | 148,967        |
| Medical Machines & Equipment                 | 4,875          | 5,824          |
| Goods in Transit                             | -              | 5,769          |
| Works Stocks                                 | 103,423        | 80,307         |
| Sub-Total                                    | 434,714        | 321,198        |
| Less: Provision for Obsolete & Stocks Losses | (14,958)       | (479)          |
| <b>TOTAL</b>                                 | <u>419,756</u> | <u>320,719</u> |

### NOTE 4.0 DEBTORS

|   |                |                |
|---|----------------|----------------|
| Trade Debtors   | 312,939        | 245,070        |
| Trade Creditors with Debit Balances                   | -              | 9,790          |
| Prepayments   | 98,081         | 78,932         |
| Loans & Advances to Staff                             | 180,526        | 140,270        |
| Deposits & Sundry Debtors                             | 133,510        | 37,719         |
| Other Floatation Expenses                             | -              | 309,187        |
| Sub-Total   | 725,056        | 820,968        |
| Less Provision for Bad & Doubtful Debts<br>(Note 4.1) | 88,124         | 105,128        |
| <b>TOTAL</b>  | <u>636,932</u> | <u>715,840</u> |

### NOTE 4.1 PROVISION FOR BAD AND DOUBTFUL DEBTS

|                              |                |                |
|------------------------------|----------------|----------------|
| Balance as at 1st January    | 105,128        | 90,967         |
| Provision during the year    | 8,325          | 14,161         |
|                              | <u>113,453</u> | <u>105,128</u> |
| Provision no longer required | (25,329)       | -              |
| Balance as at 31st December  | <u>88,124</u>  | <u>105,128</u> |

### NOTE 5.0 TAXATION

|  |                  |                  |
|--|------------------|------------------|
| Opening Balance as at 1st January      | (179,782)        | 82,666           |
| Payment during the Year                | (92,950)         | (262,448)        |
| Additional Tax Assessment              | 146,935          | -                |
| Closing Balance as at 31st<br>December | <u>(125,797)</u> | <u>(179,782)</u> |

## TOL LIMITED

## NOTE 6.0 CREDITORS

|                                    | 31.12.1998<br>T. SHS.   | 31.12.1997<br>T. SHS.   |
|------------------------------------|-------------------------|-------------------------|
| Trade Creditors                    | 589,435                 | 935,269                 |
| Trade Debtors with Credit Balances | 26,763                  | 22,135                  |
| Audit Fees and Expenses            | 6,000                   | 5,000                   |
| Accrued Expenses                   | 281,516                 | 723,993                 |
| Other Creditors                    | 239,873                 | -                       |
| <b>TOTAL</b>                       | <b><u>1,143,587</u></b> | <b><u>1,686,398</u></b> |

## NOTE 7.0 BANK OVERDRAFT

This is the unpaid part of the unsecured bank overdraft facility of TShs. 975,000,000 from NBC (1997) Limited. It comprises the principal amount of T.Shs. 199,981,879.89 and interest accrued thereon of T.Shs. 272,979,961.45. The facility was given to finance some of the capital expenditure items and part of the working capital requirements. It carries an interest rate of 24% per annum.

## NOTE 8.0 DIVIDENDS PAYABLE

|               |                       |                       |
|---------------|-----------------------|-----------------------|
| 1992 Declared | 5,152                 | 5,152                 |
| 1995 Declared | -                     | 36,449                |
| 1996 Declared | <u>103,449</u>        | <u>120,000</u>        |
| <b>TOTAL</b>  | <b><u>108,601</u></b> | <b><u>161,601</u></b> |

## NOTE 9.0 SHARE CAPITAL

|   |                  |                  |
|---|------------------|------------------|
| <b>Authorised Share Capital</b><br>30,000,000 Ordinary shares of<br>Tshs. 100 each          | <u>3,000,000</u> | <u>3,000,000</u> |
| <b>Issued and Fully Paid Up Capital</b><br>13,843,630 Ordinary Shares of<br>Tshs. 100 each. | <u>1,384,363</u> | <u>634,363</u>   |

During the year 1998, the Company issued 7,500,000 new ordinary shares to the public at T.Shs. 500 per share (nominal value is T.Shs. 100 each). All shares have been fully paid.

## TOL LIMITED

The Company's shares are held by the following subscribers:-

|                                    |                   |
|------------------------------------|-------------------|
| Tanzania Venture Capital Fund Ltd. | 500,000           |
| National Bureau De Change Ltd.     | 1,000,000         |
| Parastatal Pensions Fund           | 500,000           |
| Social Action Trust Fund           | 825,000           |
| National Development Corporation   | 6,343,630         |
| Others                             | 4,875,000         |
| <b>TOTAL</b>                       | <u>13,843,630</u> |

### NOTE 10.0 RESERVES

|                            | Assets<br>Valuation<br>Surplus<br>Tshs. '000' | Retained<br>Profit T.Shs.<br>'000' | Total<br>T.Shs.<br>'000' |
|----------------------------|---|------------------------------------|--------------------------|
| At 1st January 1998        | 29,613  | (377,843)                          | (348,330)                |
| Profit/(Loss) for the Year | -   | (402,282)                          | (402,282)                |
| Additional Tax Assessment  | -   | (146,835)                          | (146,835)                |
| As at 31st December 1998   | <u>29,613</u>                                 | <u>(927,160)</u>                   | <u>(897,547)</u>         |

### NOTE 11.0 DEFERRED TAXATION - T. SHS. 8,794,000

This represents accelerated tax allowances brought forward from previous years.

### NOTE 12.0 MEDIUM TERM LOANS

Medium Term Loans comprise of two loans as follows:-

- (i) The East African Development Bank loan of SDR 1,301,350 was taken on 31st August, 1995 to finance acquisition cost of Aspen 1,000 Air Separation unit. It bears interest at the rate of 12% per annum and is secured by a first charge on the Company's property and other assets including its uncalled capital. The principal is repayable semi annually in ten equal instalments beginning 1st July, 1998.
- (ii) The PTA bank loan of UAPTA 1,232,000 was taken on 22nd August, 1996 to finance acquisition of Aspen 1000 Air Separation unit. It bears interest at the rate of 10% per annum and is secured by a first charge on the Company's property and other assets including its uncalled capital. The principal is repayable semi annually in ten equal instalments beginning 1st January, 1999.

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At the balance sheet date, the loan position was as follows:-

|   | PTA<br>Loan<br>T.Shs.<br>'000' | BANK<br>Loan<br>T. Shs.<br>'000 | TOTAL<br>T. Shs.<br>'000' |
|---|--------------------------------|---------------------------------|---------------------------|
| Balance as at 01.01.1998                      | 846,101                        | 891,251                         | 1,737,352                 |
| Add: Revaluation Loss                         | 290,936                        | 220,774                         | 511,710                   |
| Adjustment from Current Maturity<br>Loan A/C  | <u>141,945</u>                 | -                               | <u>141,945</u>            |
|   | 1,278,982                      | 1,120,025                       | 2,399,007                 |
| Less: Transfer to Current<br>Maturity Account | <u>(284,218)</u>               | <u>(280,221)</u>                | <u>(564,439)</u>          |
| Balance as at 31.12.98                        | <u>994,764</u>                 | <u>840,804</u>                  | <u>1,835,568</u>          |

### NOTE 12.1 CURRENT MATURITY

|                                  | 31.12.1998<br>T. Shs.<br>'000' | 31.12.1997<br>T. Shs.<br>'000' |
|----------------------------------|--------------------------------|--------------------------------|
| Balance as at 1st January        | 434,258                        | 117,256                        |
| Add: Revaluation Loss            | 123,779                        | -                              |
| - Transfer From Loan Account     | <u>567,314</u>                 | <u>271,792</u>                 |
|                                  | 1,125,351                      | 489,048                        |
| Less: - Payment During the Year  | <u>(134,619)</u>               | <u>-</u>                       |
| - Adjustment to the Loan Account | <u>(141,945)</u>               | <u>-</u>                       |
| Balance as at 31st December,     | <u>848,817</u>                 | <u>489,048</u>                 |

### NOTE 13.0 COST OF SALES

|                                      | 1998<br>T.SHS.<br>'000' | 1997<br>T.SHS.<br>'000' |
|--------------------------------------|-------------------------|-------------------------|
| Raw Materials Consumed               | 341,523                 | 412,407                 |
| Direct Labour                        | 105,696                 | 154,087                 |
| Depreciation                         | 155,608                 | 58,659                  |
| Production Overheads                 | 772,620                 | 782,529                 |
| Cost of Goods for Resale (Note 13.1) | <u>1,375,447</u>        | <u>1,407,682</u>        |
| TOTAL                                | <u>1,505,886</u>        | <u>1,679,548</u>        |

### NOTE 13.1 COST OF GOODS FOR RESALE

|                               |                |                |
|-------------------------------|----------------|----------------|
| Opening Stocks                | 240,412        | 314,473        |
| Add: Purchases and Production | <u>205,462</u> | <u>199,797</u> |
|                               | 445,874        | 514,270        |
| Less: Closing Stocks          | <u>316,335</u> | <u>240,412</u> |
| COST OF GOODS SOLD            | <u>129,539</u> | <u>273,858</u> |

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NOTE 14.0 OPERATING EXPENSES

|                                      | 2017             | 2016           |
|--------------------------------------|------------------|----------------|
|                                      | 1,118,588        | 964,901        |
|                                      | 1,118,588        | 964,901        |
| Salaries & Wages                     | 181,244          | 151,100        |
| Contribution to NPF                  | 15,113           | 14,100         |
| Contribution to Medical Scheme       | 17,714           | 16,100         |
| Leave Pay & Passage                  | 11,000           | 10,000         |
| Staff Payroll and Uniforms Expenses  | 43,000           | 7,000          |
| Canteen Expenses                     | 1,000            | 1,000          |
| Training Expenses                    | 2,000            | 2,000          |
| Property Maintenance                 | 20,000           | 5,000          |
| Advertising                          | 7,000            | 1,000          |
| Bad & Doubtful Debts Provision       | 8,000            | 11,000         |
| Bad Debt Written Off                 | 3,000            | -              |
| Depreciation                         | 23,000           | 20,000         |
| Insurance                            | 11,000           | 15,000         |
| Travelling Expenses                  | 60,000           | 41,000         |
| Motor Vehicles Expenses              | 20,000           | 30,000         |
| Directors Fees and Expenses          | 34,000           | 50,000         |
| Management Service Fees              | 1,000            | 10,000         |
| Office Expenses                      | 8,900            | 10,000         |
| Electricity and Water                | 33,800           | 35,000         |
| Rent and Rates                       | 18,900           | 24,000         |
| Repairs of Office Machines           | 2,800            | 6,100          |
| Postage and Duty Stamps              | 14,000           | 19,300         |
| Stationery and Office Supplies       | 18,500           | 25,000         |
| Subscriptions and Donations          | 3,900            | 4,300          |
| Telephone, Telegraph & Cables        | 39,900           | 30,600         |
| Legal & Professional Expenses        | 3,200            | 6,900          |
| Bonus                                | 14,900           | 15,300         |
| Audit Fees                           | 7,600            | 5,900          |
| Interest on Bank Overdraft           | 177,500          | 171,200        |
| Bank Charges & Commissions           | 48,400           | 16,100         |
| Retirement Gratuity                  | 4,200            | 5,500          |
| Stock Adjustment                     | (27,811)         | 15,100         |
| Capital Work in Progress Written Off | 11,150           | -              |
| Miscellaneous Expenses               | 2,600            | -              |
| Exchange Equalization                | 59,010           | -              |
| Amortisation of Deferred Expenditure | 79,470           | -              |
| Special Audit Fees                   | 97,570           | -              |
| <b>TOTAL</b>                         | <b>1,118,588</b> | <b>964,901</b> |



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| NOTE 15.0 OTHER INCOME                                  | 1998<br>T. SHS.<br>'000' | 1997<br>T. SHS.<br>'000' |
|---|--------------------------|--------------------------|
| Refund of Over Paid TANESCO Bills                       | 47,281                   | -                        |
| Gain on Sale of Fixed Assets                            | 17,214                   | -                        |
| Sale of Customers' Identity Cards                       | -                        | 2,000                    |
| House Rent  | 2,618                    | -                        |
| Miscellaneous Income                                    | 1,001                    | 1,200                    |
| Provision for Bad and Doubtful Debts no longer Required | <u>25,329</u>            | <u>-</u>                 |
| <b>TOTAL</b>  | <u><b>93,443</b></u>     | <u><b>3,200</b></u>      |

**NOTE 16.0 CAPITAL COMMITMENTS**

There were no capital commitments at the year end other than those reflected in the Balance Sheet.

**NOTE 17.0 CONTINGENT LIABILITIES:**

There were no contingent liabilities as at the year end.

**NOTE 18.0 COMPARATIVE FIGURES**

Previous year's figures have been rearranged where necessary to make them comparable with current year's figures.

Current Stock Of Consumables

|                           |                   | Vat inclusive  |
|---------------------------|-------------------|----------------|
| OK 48                     | 2.5MM             | 6900 8142      |
| OK 48                     | 3.2MM             | 8200 9676      |
| OK 48                     | 4.0MM             | 8100 9558      |
| OK 48                     | 5.0MM             | 8000 9440      |
| OK 55                     | (18) 5.0MM        | 9800 11564     |
| OK 57                     | 3.25MM            | 8600 10148     |
| OK 40                     | 2.5MM             | 7300 8614      |
| OK 40                     | 3.2MM             | 7000 8260      |
| OK 40                     | 4.0MM             | 6800 8024      |
| OK 6700                   | 3.2MM             | 37,000 43660   |
| OK 6750                   | 2.5MM             | 39600 46728    |
| OK 6700                   | 4.0MM             | 40000 47200    |
| OK W 78                   | 4.0MM             | 16000 18880    |
| OK 7126                   | HARD FACING 4.0MM | 17100 20178    |
| OK 7160                   | 1.6X 1.00M        | 9200 10856     |
| OK 7160                   | 12.5X 1.1 0.8MM   | 6400 7552      |
| ART 7160                  | 12.5X 0.8MM       | 7500 8850      |
| ART 7160                  | 12.5X 1.2MM       | 6700 7906      |
| OK 6130                   | 2.5MM VP 4.2KG    | 37000 43660    |
| OK 6130                   | 3.2MM 5.10KG      | 39200 45336    |
| OK 6130                   | 3.25MM            | 100,000 118000 |
| OK 6130                   | 3.25MM            | 14,000 16520   |
| OK 6130                   | 33.8X 1.0         | 10,000 11800   |
| MIG TRENCH                |                   | 367,000 433060 |
| 7140 7101                 |                   | 475,000 560500 |
| FRANK REWELE TOP PLUS 2.5 |                   | 8100 9558      |
| FRANK REWELE TOP PLUS 3.2 |                   | 7000 8968      |
| EDN 600 DC HOVER 600 A    |                   | 25300 29854    |
| EDN 600 LAMP 600 A SCREW  |                   | 31000 37642    |
| EDN 600 LAMP 600 AMP      |                   | 20000 30680    |
| 13A SAFETY WASHING GLOVE  |                   | 17100 20414    |
| ELC 600 PRO 600 AR        |                   | 11200 13334    |
| VALVE 600 ELC             |                   | 4100 5192      |
| FRANK PLAT A 600 MASK     |                   | 7200 8496      |
| FRANK 600 600 XY          |                   | 91000 107380   |
| FRANK 600 600 XY          |                   | 91000 107380   |

|                              |         |        |
|------------------------------|---------|--------|
| EMERGENCY HAND HOLDER        | 37,000  | 44014  |
| EMERGENCY HOSE - R COMFORT   | 34,000  | 40120  |
| EMERGENCY KEY                | 5,900   | 5900   |
| EMERGENCY APPROX             | 121,000 | 142780 |
| EMERGENCY TOXIC MIST         | 200,000 | 236000 |
| EMERGENCY FILTER             | 87,000  | 103250 |
| EMERGENCY FILTER             | 70,000  | 82600  |
| EMERGENCY FILTER             | 4,000   | 4720   |
| EMERGENCY FILTER             | 9,000   | 11210  |
| EMERGENCY FILTER             | 7,000   | 8260   |
| EMERGENCY TOR OX             | 100,000 | 118000 |
| EMERGENCY TOR DA             | 100,000 | 118000 |
| EMERGENCY TIP 0.75 IN        | 2,000   | 2596   |
| EMERGENCY TIP 1.00 IN        | 2,200   | 2596   |
| EMERGENCY TYP-4 1/2 REG 3/8  | 215,000 | 253700 |
| EMERGENCY QTY 0.75 BAR REG   | 215,000 | 253700 |
| EMERGENCY REGON 1/2 FLOW REG | 340,000 | 401200 |
| EMERGENCY 02 150 FLOW REG    | 185,000 | 218300 |
| EMERGENCY NITROGEN 1/2       | 14,000  | 14160  |
| EMERGENCY CLEAN KIT          | 5,000   | 5900   |