GAPOIL (ZANZIBAR) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2016

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Gapoil (Zanzibar) Limited (the "Company"), set out on pages 10 to 23, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2002.

Basis for Opinion

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

Other Information

The directors are responsible for the other information, which comprises the Chairman's statement, and the report of Directors.

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

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies' Act 2002, and for such internal controls as Directors determine are 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, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITORS' REPORT (Contd.)

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant defeciencies in internal control that we identify during over audit.

Report on Other Legal Requirements

As required by the Zanzibar Companies decree, CAP 153, we report to you, based on our audit, that:

(i) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

(ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and

(iii) the Company's statement of financial position and the statement of profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is David Nchimbi.

Deloitte & Touche
Certified Public Accountants (Tanzania)

Signed by: David C. Nchimbi ………………………….. 2017
Dar es Salaam

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 TZS	2015 TZS
Revenue	3	26,256,000	25,908,000
Administrative expenses	4	(20,017,483)	(17,956,518)
Other operating expenses	5	(410,825,287)	(87,439,740)
Loss before tax		(404,586,770)	(79,488,258)
Income tax credit		113,052,212	-
Loss for the year		(291,534,558)	(79,488,258)
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Revaluation of property, plant			
and equipment		-	4,508,407,727
Tax effect on revaluation of property,		-	(1,352,522,318)
plant and equipment		-	3,155,885,409
Total comprehensive income for the year, net of taxes		(291,534,558)	3,076,397,151

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	2016 TZS	2015 TZS
ASSETS			
Non-current assets			
Property, plant and equipment	7	6,047,532,806	6,480,307,560
Current assets			
Trade and other receivables	8	249,432,000	185,400,000
Tax recoverable	9	1,500,000	900,000
		250,932,000	186,300,000
TOTAL ASSETS		**6,298,464,806**	**6,666,607,560**
EQUITY AND LIABILITIES			
Equity			
Share capital	10	500,000,000	500,000,000
Revaluation reserve		2,802,314,363	3,105,256,691
Accumulated losses		(437,265,914)	(448,673,684)
		2,865,048,449	3,156,583,007
Non-current liabilities			
Deferred tax liability	12	1,239,470,106	1,352,522,318
Current liabilities			
Trade and other payables	13	271,656,780	235,212,764
Loan payable	14	1,922,289,471	1,922,289,471
		2,193,946,251	2,157,502,235
TOTAL EQUITY AND LIABILITIES		**6,298,464,806**	**6,666,607,560**

The financial statements are on pages 10 to 23 were approved and authorised for issue by the Board of Directors ………………………..2017 and were signed on its behalf by:

…………………………..
Subhasish Mukherjee
Director

………………………………..
Vijay Govindan Kutty Nair
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital TZS	**Revaluation reserve TZS**	**Accumulated losses TZS**	**Total TZS**
Year ended 31 December 2015				
At start of year	500,000,000	-	(419,814,144)	80,185,856
Loss for the year	-	-	(79,488,258)	(79,488,258)
Other comprehensive income	-	3,155,885,409	-	3,155,885,409
Total comprehensive loss for the year	-	3,155,885,409	(79,488,258)	3,076,397,151
Transfer of excess depreciation on property, plant and equipment	-	(72,326,740)	72,326,740	-
Deferred tax on transfer of excess depreciation	-	21,698,022	(21,698,022)	-
At end of year	500,000,000	3,105,256,691	(448,673,684)	3,156,583,007
Year ended 31 December 2016				
At start of year	500,000,000	3,105,256,691	(448,673,684)	3,156,583,007
Total comprehensive loss for the year	-	-	(291,534,558)	(291,534,558)
Transfer of excess depreciation on property, plant and equipment	-	(432,774,754)	432,774,754	-
Deferred tax on transfer of excess depreciation	-	129,832,426	(129,832,426)	-
At end of year	500,000,000	2,802,314,363	(437,265,914)	2,865,048,449

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 TZS	2015 TZS
Operating activities		
Loss before tax	(404,586,770)	(79,488,258)
Depreciation on property, plant and equipment	432,774,754	72,326,740
Tax (paid)/credit	(600,000)	2,100,000
Changes in working capital:		
Increase in trade and other receivables	(64,032,000)	(25,908,000)
Increase in trade and other payables	36,444,016	30,969,518
Net cash used in operating activities	-	-
Financing activities		
Net increase in convertible loan	-	-
Net cash generated from financing activities	-	-
Increase in cash and cash equivalents	-	-
Movement in cash and cash equivalents		
At start of year	-	-
Increase	-	-
At end of year	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

The financial statements of the Gapoil (Zanzibar) Limited for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors as indicated on the statement of financial posistion. Registered place of business is indicated on page 1. The principal activities of the Company is that of trading of petroleum products and rented out its facilities.

2. ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS).

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

(i) *Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year*

Various standards, interpretations and amenments were effective in the period under review but had no effect on the Company's financial position.

(ii) Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2016

At the date of authorisation of these financial statements, several new and revised standards and interpretations were in issue but not yet effective. The directors anticipate that those standards and interpretations when effective will have no material impact on the financial statement of the Company.

(iii) Early adoption of the standards

The Company did not adopt any new or amended standards in 2016.

2.3 Significant accounting policies

(a) Basis of Preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements are prepared on the historical cost basis in accordance with International Financial Reporting Standards (IFRS), as modified by the revaluation of certain items of property, plant and equipment in the statement of financial position. The financial statements are presented in Tanzanian Shillings (TZS), except when otherwise indicated.

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. Revenue is stated net of Value Added Tax (VAT), rebates and discounts.

- *Rental income:*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

(c) Foreign currencies

- *Functional and presentation\ currency:*

Items included in the financial statements of each of the entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Tanzania Shillings.

- *Transactions and balances:*

Transactions in foreign currencies during the year are converted into Tanzania Shillings (the functional currency) at rates ruling at the transaction dates. Assets and liabilities at the reporting date which are expressed in foreign currencies are translated into Tanzania Shillings at rates ruling at that date. The resulting differences from conversion and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

translation are dealt with in profit or loss in the year in which they arise.

(d) Property, plant and equipment

Land is measured at market value, based on periodic, but at least quinquennial valuations by external independent valuers, less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

(e) Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Management determines all classification of financial assets at initial recognition.

- **Financial assets**

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

The Company's financial assets which include cash and bank balances and trade and other receivables fall into the following categories:

- **Loans and receivables**

financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the reporting date. All assets with maturities greater than 12 months after the reporting date are classified as non-current assets. Such assets are carried at amortised cost using the effective interest rate method. Changes in the carrying amounts are recognised in the profit or loss.

Purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in profit or loss under administrative expenses when there is objective evidence that the Company will not be able to collect all amounts due per the original terms of the contract. Significant financial difficulties of the issuer, probability that the issuer will enter bankruptcy or financial reorganisation, default in payments and a prolonged decline in fair value of the asset are considered indicators that the asset is impaired.

The amount of the impairment loss is calculated at the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate.

- **Financial liabilities**

The Company's financial liabilities which include borrowings, trade and other payables and current tax fall into the following category:

- **Financial liabilities measured at amortised cost**:

These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in profit or loss under finance costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

Fees associated with the acquisition of borrowing facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facilities will be acquired. In this case the fees are deferred until the drawn down occurs. If it is not probable that some or all of the facilities will be acquired the fees are accounted for as prepayments under trade and other receivables and amortised over the period of the facility.

All financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the date of this report.

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled or expired.

- ***Offsetting financial instruments***

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

(f) Leases

- *Company as a lessor*

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

- *Company as a lessee*

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

(g) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in equity, in which case, the tax is also recognised in equity.

Current tax

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

Deferred tax

Deferred tax is provided using the liability method for all temporary timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary timing differences can be utilised.

(h) Share capital

Ordinary shares are classified as equity.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

(a) Key sources of estimation uncertainty

Management has made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities.

- **Useful lives of property, plant and equipment**

Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

(b) Significant judgements made by management in applying the Company's accounting policies

Management has made the following judgements that are considered to have the most significant effect on the amounts recognised in the financial statements:

- **Impairment of trade receivables**

The Company reviews their portfolio of trade receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

- **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

- **Provision for pending litigations**

Management regularly reviews the status of the legal cases and, in consultation with legal counsel, estimates the probable liabilities that could be incurred in the event that the cases are lost. In determining whether to process the provisions in the financial statements, management critically evaluates the probability of losing these cases and only makes provision for the cases in which it is probable that the future outflow of resources will be required to settle obligations.

		2016 TZS	2015 TZS
3.	**REVENUE**		
	Rental income	26,256,000	25,908,000
4.	**ADMINISTRATIVE EXPENSES**		
	Audit fees	14,751,277	13,232,511
	Legal and professional fees	2,212,692	1,984,877
	VAT expenses	3,053,514	2,739,130
		20,017,483	17,956,518
5.	**OTHER OPERATING EXPENSES**		
	Rent and rates	15,826,533	15,113,000
	Depreciation on property, plant and equipment	432,774,754	72,326,740
	Foreign exchange gain on debtors	(37,776,000)	-
		410,825,287	87,439,740

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

6. LOSS BEFORE TAXATION

The following items have been charged in arriving at the loss before taxation:

Auditors' remuneration	14,751,277	13,232,511
Legal and professional fees	2,212,692	1,984,877
VAT expenses	3,053,514	2,739,130
Operating lease rentals	15,826,533	15,113,000

7 PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2016

	Land Buildings TZS	Equipments TZS	Total TZS
Cost or valuation			
At start and end of year	2,817,804,600	4,214,048,954	7,031,853,554
	2,817,804,600	4,214,048,954	7,031,853,554
Comprising			
Cost	2,044,226,573	479,219,254	2,523,445,827
Revaluation	773,578,027	3,734,829,700	4,508,407,727
	2,817,804,600	4,214,048,954	7,031,853,554
Depreciation			
At start and end of year	9,909,038	541,636,956	551,545,994
Charge for the year	59,291,784	373,482,970	432,774,754
At end of year	69,200,822	915,119,926	984,320,748
Net carrying amount	2,748,603,778	3,298,929,028	6,047,532,806

Year ended 31 December 2015

	Land Buildings TZS	Equipments TZS	Total TZS
Cost or valuation			
At start and end of year	2,044,226,573	479,219,254	2,523,445,827
Revaluation	773,578,027	3,734,829,700	4,508,407,727
	2,817,804,600	4,214,048,954	7,031,853,554
Comprising			
Cost	2,044,226,573	479,219,254	2,523,445,827
Revaluation	773,578,027	3,734,829,700	4,508,407,727
	2,817,804,600	4,214,048,954	7,031,853,554
Depreciation			
At start and end of year	-	479,219,254	479,219,254
Charge for the year	9,909,038	62,417,702	72,326,740
At end of year	9,909,038	541,636,956	551,545,994
Net carrying amount	2,807,895,562	3,672,411,998	6,480,307,560

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Buildings and plant and machinery were revalued in November 2015 by M & R Agency Ltd. Valuations were made on the basis of open market value for the existing use. The book values of the properties were adjusted and the resultant surplus was credited to the revaluation reserve in the shareholder's equity and losses recognised in profit or loss.

		2016 TZS	2015 TZS
8.	**TRADE AND OTHER RECEIVABLES**		
	Prepayment and deferred charges	249,432,000	185,400,000
	The carrying amounts of the trade and other receivables are denominated in the following currencies:		
	US Dollars	249,432,000	185,400,000
9.	**TAX RECOVERABLE/ (PAYABLE)**		
	Income tax credit/(charge)		
	Deferred tax credit	(113,052,212)	-
		(113,052,212)	-
	At start and end of the year	900,000	(3,000,000)
	Tax paid during the year	600,000	3,900,000
	At end of year	1,500,000	900,000
10.	**SHARE CAPITAL**		
	Authorised:		
	50,000 (2015: 50,000) shares of TZS. 10,000 each	500,000,000	500,000,000
	Issued and fully paid:		
	50,000 (2015: 50,000) shares of TZS. 10,000 each	500,000,000	500,000,000
11.	**REVALUATION RESERVE**		
	Land and Buildings	493,064,043	534,568,292
	Plant and machinery	2,309,250,320	2,570,688,399
		2,802,314,363	3,105,256,691
	The movements of reserves were as follows:		
	Land & Buildings:		
	At start of year	534,568,292	-
	Transfer of excess depreciation	(59,291,784)	(9,909,038)
	Revaluation reserve on land and buildings	-	541,504,619
	Deferred tax on transfer of excess depreciation	17,787,535	2,972,711
	At end of year	493,064,043	534,568,292
	Plant and machinery:		
	At start of year	2,570,688,399	-
	Transfer of excess depreciation	(373,482,970)	(62,417,702)
	Revaluation reserve on land and buildings	-	2,614,380,790
	Deferred tax on transfer of excess depreciation	112,044,891	18,725,311
	At end of year	2,309,250,320	2,570,688,399

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2016 TZS	2015 TZS
Total		
At start of year	3,105,256,691	-
Transfer of excess depreciation	(432,774,754)	(72,326,740)
Revaluation Reserve on land and buildings	-	3,155,885,409
Deferred tax on transfer of excess depreciation	129,832,426	21,698,022
At end of year	2,802,314,363	3,105,256,691

12. DEFERRED TAX

Deferred tax is calculated in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2015: 30%). The movement on the deferred tax account is as follows:

	2016 TZS	2015 TZS
At start of year	1,352,522,318	-
Charge/(credit) to profit or loss	(113,052,212)	1,352,522,318
At end of year	1,239,470,106	1,352,522,318

Deferred tax liabilities/(assets) and deferred tax charge/(credit) to profit or loss are attributable to the following items:

	At start of year TZS	Charge/(credit) for the year TZS	At end of year TZS
Deferred tax liabilities/(assets)			
Property, plant and equipment			
- revaluation	1,352,522,318	(151,530,448)	1,200,991,870
Deferred tax (assets)			
Other provisions	-	38,478,236	38,478,236
Net deferred tax liability	1,352,522,318	(113,052,212)	1,239,470,106

	TZS
Charged as follows:	
Credit/(charge) to profit or loss	113,052,212
	113,052,212

13. TRADE AND OTHER PAYABLES	2016 TZS	2015 TZS
Accruals and other payables	267,156,780	231,312,764
Payable to related parties	4,500,000	3,900,000
	271,656,780	**235,212,764**

- Trade and other payables are non-interest bearing and are normally settled within three months.
- The carrying values of trade and other payables are assumed to approximate their fair values due to the short term nature of trade payables.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The carrying amounts of the trade and other payables are denominated in Tanzanian Shillings:

The maturity analysis of current trade and other payables is as follows:

	0 to 3 months TZS	3 to 12 months TZS	over 12 months TZS	Total TZS
Year ended 31 December 2016	267,156,780	-	-	267,156,780
Year ended 31 December 2015	231,312,764	-	-	231,312,764

14. RELATED PARTY TRANSACTIONS AND BALANCES

The immediate holding company is Gapco Tanzania Limited, a company incorporated and registered in Tanzania while the ultimate holding company is Reliance Industries Limited, incorporated and registered in India.

The following transactions were carried out and balances with related parties:

	2016 TZS	2015 TZS
(i) **Loan payable**		
- Gapco Tanzania Limited	1,922,289,471	1,922,289,471
(ii) **Payable to related parties**		
- Gapco Tanzania Limited	4,500,000	3,900,000

15. INCORPORATION

The Company is incorporated and domiciled in Zanzibar under Zanzibar Companies Decree Cap 153.

16. PRESENTATION CURRENCY

The financial statements are presented in Tanzania Shillings (TZS).

17. SUBSEQUENT EVENTS

There are no subsequent events that have occurred which are either to be disclosed or to be adjusted in the financial statements that could materially affect the financial statements.