

FINANCIAL STATEMENTS

31 DECEMBER 2019

RENI INTERNATIONAL COMPANY LIMITED

P. O. BOX 2073

DAR ES SALAAM

M. A. Hassam & Co.

Certified Public Accountants in Public Practice

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DAR ES SALAAM

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Reni International Company Limited

Annual Report and Financial Statements
for the year ended 31 December 2019

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Reni International Company Limited

Company Information for the year ended 31 December 2019

COMPANY INFORMATION

Directors	Mr. Dipak Chotalal Vassa	-	Tanzanian
	Mrs. Palvi Dipak Vassa	-	Tanzanian

Registered office	Plot No. 5 Kamata road P.O. Box 2073 Dar es Salaam
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Company secretary	Ms. Resham Vassa P.O. Box 2073 Dar es Salaam
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Accountants	M. A. Hassam & Co. Certified Public Accountants in Public Practice Mtendeni Street P.O. Box 20719 Dar es Salaam
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Bankers	Habib African Bank P.O. Box 70086 Dar es Salaam
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NMB Plc P. O. Box 9213 Dar es Salaam
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CRDB Bank Plc P. O. Box 268 Dar es Salaam



Reni International Company Limited

Directors' Report for the year ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Incorporation

The company is incorporated in Tanzania under Companies Act 2002 on 16 February 2007 under the Certificate of Incorporation No 59336.

Principal activities

The principal activity of the company is selling water filters, purifiers, water pumps, inverters - power backup and plumbing goods.

Directors' interests

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

Ordinary shares of TZS 200,000 each

	<u>2019</u>		<u>2018</u>	
	No. of shares	Nominal value TZS '000	No. of shares	Nominal value TZS '000
Dipak Chotalal Vassa	600	120,000	100	20,000
Palvi Dipak Vassa	600	120,000	100	20,000
	<u>1,200</u>	<u>240,000</u>	<u>200</u>	<u>40,000</u>

Dividends

The directors do not recommend payment of dividends.

Results for the year

The performance of the company during the year is set out on page 6 of these financial statements.

Accountants

The accountants, M. A. Hassam & Co. have indicated their willingness to continue in office and are eligible for re-appointment.

By order of the board



Dipak Chotalal Vassa
Director

Date: 29/06/2020



Reni International Company Limited

Statement of Director's Responsibilities for the year ended 31 December 2019

The Companies Act, 2002 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure that the company maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act, 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2019 and of its operating results for the year then ended. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.



Dipak Chotalal Vassa

Director

Date: 29/06/2020



Palvi Dipak Vassa

Director



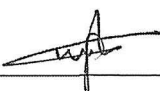
Reni International Company Limited

**Declaration of Independent Accountant
for the year ended 31 December 2019**

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 an independent accountant responsible for the preparation of financial statements of the entity.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of the entity showing true and fair view of the entity's position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Legal responsibility for the preparation of financial statements rests with the Board of Directors as per the Statement of Directors' Responsibilities on Page 3.

I, HERY OMAR MILALI being the independent accountant hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2019 have been prepared in compliance with applicable accounting standards and statutory requirements, give a true and fair view of the position of the Company and are prepared based on properly maintained financial records.

Signature: 

NBAA No.: GA 9464

Date: 29/06/2020

M. A. Hassam & Co.

Certified Public Accountants in Public Practice

P.O. Box 20719, Dar es Salaam

Telephone: 2134071, 2110648, 2110129

Mobile: +255 782 220 719

Email: info@mahassam.co.tz

Practitioners' Compilation Report

**To the Management of Reni International Limited
for the year ended 31 December 2019**

We have compiled the accompanying financial statements of Reni International Limited based on information you have provided. These financial statements are presented in accordance with the financial reporting framework. The financial statements comprise the statement of financial position for the year ended 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for these financial statements, including adoption of the applicable financial reporting framework, and the accuracy and completeness of the information used to compile the financial statements.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements. This Standard requires that we comply with quality control standards and relevant ethical requirements, including ethical principles of integrity, objectivity, professional competence and due care.

A compilation engagement involves applying expertise in accounting and financial reporting to assist management in preparing and presenting financial information. A compilation engagement does not include gathering evidence for the purpose of expressing an audit opinion or a review conclusion.

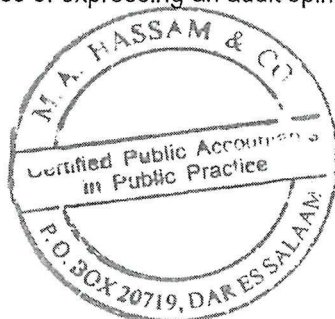


Murtaza Hassam - ACPA 2239

Partner

M. A. Hassam & Co.

Certified Public Accountants in Public Practice



Dar es Salaam

Date : 29/06/2020

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Reni International Company Limited

Statement of Comprehensive Income
for the year ended 31 December 2019

	Notes	2019 TZS	2018 TZS
Income		4,269,452,604	2,820,055,470
Cost	2	<u>(2,728,204,351)</u>	<u>(1,815,265,351)</u>
Gross profit		1,541,248,253	1,004,790,119
Selling and distribution cost		(68,394,928)	(9,308,000)
Administration expenses		(1,217,525,907)	(842,157,832)
Depreciation		<u>(56,574,640)</u>	<u>(61,993,949)</u>
Operating profit	3	198,752,778	91,330,337
Gain on foreign exchange		5,580,480	15,828,051
Finance cost	4	<u>(7,346,131)</u>	<u>(2,176,062)</u>
Profit before tax		196,987,128	104,982,326
Income tax expense	5	<u>(59,234,138)</u>	<u>(31,761,698)</u>
Profit for the year		<u><u>137,752,990</u></u>	<u><u>73,220,628</u></u>

The accounting policies and notes on pages 10 to 16 form part of these financial statements.
Practitioners' compilation report on page 5

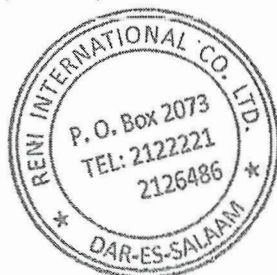
Reni International Company Limited

Statement of Financial Position
as at 31 December 2019

	Notes	2019 TZS	2018 TZS
ASSETS			
Non-current assets			
Property, plant and equipments	6	830,776,958	867,785,549
Current assets			
Inventories	7	104,811,533	113,555,789
Trade and other receivables	8	232,607,795	762,164,727
Cash and bank balance	9	102,014,382	213,101,935
		439,433,710	1,088,822,451
Total assets		1,270,210,668	1,956,608,000
EQUITY AND LIABILITIES			
Equity			
Share capital	10	430,000,000	230,000,000
Retained earnings		150,537,800	24,099,913
Total equity		580,537,800	254,099,913
Non - current liabilities			
Deferred taxation	11	11,605,744	7,827,469
Current liabilities			
Trade and other payables	12	627,868,253	1,648,584,431
Borrowing	13	39,070,699	41,709,995
Taxation	14	11,128,173	4,386,193
Total liabilities		678,067,125	1,694,680,619
Total equity and liabilities		1,270,210,668	1,956,608,000

The financial statements were approved by the board of directors on 29 JUNE 2020.


Dipak Chotalal Vassa
Director




Palvi Dipak Vassa
Director

The accounting policies and notes on pages 10 to 16 form part of these financial statements.
Practitioners' compilation report on page 5

Reni International Company Limited

Statement of Changes in Equity
for the year ended 31 December 2019

	Share capital TZS	Retained earnings TZS	Total TZS
Balance at 1 January 2018	40,000,000	60,491,350	136,659,449
Increase in share capital	190,000,000	-	190,000,000
Prior year corporate tax adjustment	-	(64,523,056)	(64,523,056)
Prior year expense	-	(13,743,425)	(13,743,425)
Prior year withholding tax paid	-	(28,170,923)	(28,170,923)
Prior year SDL paid	-	(1,113,994)	(1,113,994)
Interest on prior year's taxes paid	-	(2,060,667)	(2,060,667)
Profit for the year	-	73,220,628	73,220,628
Balance at 31 December 2018	230,000,000	24,099,913	290,268,012
Balance at 1 January 2019	230,000,000	24,099,913	290,268,012
Increase in share capital	200,000,000	-	200,000,000
Prior year tax paid	-	(28,232,095)	(28,232,095)
Prior year VAT adjustment	-	16,916,993	16,916,993
Profit for the year	-	137,752,990	137,752,990
Balance at 31 December 2019	430,000,000	150,537,800	616,705,900

The accounting policies and notes on pages 10 to 16 form part of these financial statements.
Practitioners' compilation report on page 5

Reni International Company Limited

Statement of Cash Flow
for the year ended 31 December 2019

	Note	2019 TZS	2018 TZS
Operating activities			
Cash used in operation	15	(211,936,229)	(22,703,214)
Tax paid		(76,945,978)	(123,963,380)
Net cash decrease from operating activities		(288,882,207)	(146,666,594)
Investing activities			
Purchase of property, plant and equipments		(19,566,049)	(19,324,421)
Net cash used in investing activities		(19,566,049)	(19,324,421)
Financing activities			
(Decrease) / increase in short term borrowings		(2,639,297)	41,709,995
Increase in share capital		200,000,000	190,000,000
Net cash generated from financing activities		197,360,703	231,709,995
Net (decrease) / increase in cash and cash equivalents		(111,087,554)	65,718,979
Cash and cash equivalents at the beginning of the year		213,101,935	147,382,956
Cash and bank balances at the end of the year	9	102,014,382	213,101,935

The accounting policies and notes on pages 10 to 16 form part of these financial statements.
Practitioners' compilation report on page 5

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1. Principal accounting policies

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

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention.

(b) Revenue and expenditure recognition

Revenue

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.

Sales of products

Sales are recognised upon delivery of goods or performance of services, and are stated net of Value Added Tax (VAT).

Expenditure:

Expenses are recognised in the income statement in the year in which they are incurred.

(c) Translation of foreign currency

The financial statements are presented in Tanzanian Shillings, which is the company's functional and presentation currency. Transactions in foreign currencies during the year are converted into Tanzanian Shillings at rates ruling at the transaction dates. Assets and liabilities at the statement of financial position date which are expressed in foreign currencies are translated into Tanzanian Shillings at rates ruling at that date. The resulting differences from conversion of and translation are dealt within the income statement in the year to which they relate.

(d) Equipments

Equipments are initially recorded at cost. Cost comprises of expenditure that is directly attributable to the acquisition of items. Subsequently costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefit associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the reducing balance method to write off the cost of each asset to its residual values over its estimated useful life using the following annual rates:

Building and godown	5.0%
Motor vehicle	37.5%
Motor cycle	25.0%
Computer	37.5%
Furniture & fittings	12.5%

(e) Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined by weighted average basis. Net realisable value is estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(f) Cash and bank balance

Cash and bank balance are carried in the statement of financial position at cost. Cash and bank balance comprise cash in hand and bank balances.

(g) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Provision is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

Other receivables are carried at anticipated realisable value.

(h) Deferred taxes

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

(i) Trade and other payables

Trade and other payables are stated at their nominal value.

(j) Employees' benefits

The company contributes to the National Social Security Fund (NSSF) and Parastatal Pension Fund (PPF), which are defined contribution plans. These plans are prescribed by Law. The Company and employees both contribute 10% of the employees' gross salaries to NSSF and PPF to the schemes respectively. The contribution is charged to the income statement when incurred.

Reni International Company Limited

Notes to the Financial Statements
for the year ended 31 December 2019

	2019 TZS	2018 TZS
2. Cost		
Inventory at 1 January	113,555,789	126,900,867
Purchases	2,213,916,643	1,645,101,714
Direct cost	505,543,451	156,818,559
	<u>2,833,015,884</u>	<u>1,928,821,140</u>
Inventory at 31 December	(104,811,533)	(113,555,789)
	<u>2,728,204,351</u>	<u>1,815,265,351</u>
3. Operating profit		
The following items have been charged in arriving at operating profit:		
Depreciation	56,574,640	61,993,949
Accountancy fees	5,000,000	4,950,000
Directors' remuneration	133,000,000	84,000,000
Employment cost	379,290,650	289,501,707
4. Finance costs		
Interest	<u>7,346,131</u>	<u>2,176,062</u>
5. Income tax expense		
Current tax at 30%	55,455,864	25,717,122
Deferred tax charge (Note 11)	3,778,275	6,044,576
	<u>59,234,138</u>	<u>31,761,698</u>

Reni International Company Limited

Notes to the Financial Statements for the year ended 31 December 2019

6. Property, plant and equipments

	Building	Godown	Motor vehicle	Motor cycle	Computers	Furniture, fittings and office equipment	Total
	TZS	TZS	TZS	TZS	TZS	TZS	TZS
Cost							
At the start of the year	393,300,000	560,576,975	192,079,597	15,112,543	31,769,060	55,210,513	1,248,048,688
Additions	-	-	11,515,000	-	7,448,250	602,799	19,566,049
At the end of the year	393,300,000	560,576,975	203,594,597	15,112,543	39,217,310	55,813,312	1,267,614,737
Depreciation							
At start of the year	56,094,413	87,689,611	173,267,208	9,838,264	24,883,921	28,489,723	380,263,139
Charge during the year	16,860,279	23,644,368	7,054,646	1,318,570	4,309,005	3,387,772	56,574,640
At end of the year	72,954,692	111,333,979	180,321,854	11,156,834	29,192,926	31,877,495	436,837,779
Net book value							
As at 31 December 2019	320,345,308	449,242,996	23,272,743	3,955,709	10,024,384	23,935,817	830,776,958
As at 31 December 2018	337,205,587	472,887,364	18,812,389	5,274,279	6,885,139	26,720,790	867,785,549

Practitioners' compilation report on page 5

Reni International Company Limited

Notes to the Financial Statements
for the year ended 31 December 2019

	2019 TZS	2018 TZS
7. Inventory		
Materials	<u>104,811,533</u>	<u>113,555,789</u>
8. Trade and other receivables		
Trade	190,862,806	586,460,904
Loans, advances and prepayments	34,443,558	44,619,499
VAT credit	1,421,647	-
Capital work in progress	-	23,668,821
Others	5,879,784	107,415,503
	<u>232,607,795</u>	<u>762,164,727</u>
9. Cash and bank balance		
Cash in hand	1,820,114	10,414,581
Bank balance	<u>100,194,268</u>	<u>202,687,354</u>
	102,014,382	213,101,935
Bank overdraft	<u>(39,070,699)</u>	<u>(41,709,995)</u>
	62,943,683	171,391,940
10. Share capital		
Authorised:		
50,000 ordinary shares of TZS 200,000/- each	<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued and fully paid shares up of TZS 200,000/- each:		
1,150 ordinary shares (2019) / 200 ordinary shares (2018)	230,000,000	40,000,000
Additional shares issue:		
1,000 ordinary shares (2019) / 950 ordinary shares (2018)	<u>200,000,000</u>	<u>190,000,000</u>
2,150 ordinary shares (2019) / 1,150 ordinary shares (2018)	<u>430,000,000</u>	<u>230,000,000</u>
11. Deferred taxation		
As at 1 January	7,827,469	1,782,893
Charge to the income statement (Note 5)	<u>3,778,275</u>	<u>6,044,576</u>
As at 31 December	<u>11,605,744</u>	<u>7,827,469</u>
Deferred tax asset is made as follows:		
Unrealised gain on exchange	6,719,935	2,941,660
Accelerated capital allowances	<u>4,885,809</u>	<u>4,885,809</u>
	<u>11,605,744</u>	<u>7,827,469</u>

Reni International Company Limited

Notes to the Financial Statements
for the year ended 31 December 2019

	2019 TZS	2018 TZS
12. Trade and other payables		
Trade	400,601,117	730,032,875
Amount due to related parties	102,086,853	125,546,322
Advance from customers	41,941,598	148,400,857
VAT payable	-	8,830,288
Accruals	44,599,783	21,700,935
Others	38,638,902	614,073,153
	<u>627,868,253</u>	<u>1,648,584,431</u>

13. Borrowings

Bank overdraft	<u>39,070,699</u>	<u>41,709,995</u>
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The company has an overdraft facility with Habib African Bank Limited of TZS 400 million.

Security held

- (i) Personal guarantee of two Directors, Dipak Vassa and Palvi Vassa
- (ii) Debenture over fixed and floating assets of the company.
- (iii) Registered mortgage over residential property having Certificate of Title No: - 186174/10/1, Parcel 10, Upanga Area, Dar es Salaam, in the name of Dipak Vassa.
- (iv) Registered mortgage over residential property Apartment No. 83 on the eight floor on Plot No. 498, Kalenga Street, Upanga, Ilala municipal in the name of Palvi Vassa.
- (v) Insurance

14. Taxation

As at 1 January	4,386,193	6,763,812
Prior year adjustment	-	64,523,056
Current year	<u>55,455,864</u>	<u>25,717,122</u>
	59,842,056	97,003,989
Less: Provisional tax paid	(4,650,000)	(6,200,000)
Withholding tax	(36,913,756)	(15,130,928)
Prior year's final corporate tax paid	(7,150,127)	(6,763,812)
Prior year's tax paid	-	(64,523,056)
	<u>11,128,173</u>	<u>4,386,193</u>

Reni International Company Limited

Notes to the Financial Statements
for the year ended 31 December 2019

	2019 TZS	2018 TZS
15. Cash used in operation		
Reconciliation of profit before tax to cash used in operation:		
Profit before tax	196,987,128	104,982,326
Adjustments for:		
Depreciation	56,574,640	61,993,949
Prior year VAT adjustment	16,916,993	-
Prior year expense	-	(13,743,425)
Changes in working capital:		
Decrease in inventories	8,744,256	13,345,078
Decrease in trade and other receivables	529,556,932	5,501,543
Decrease in trade and other payables	(1,020,716,178)	(194,782,685)
Cash used in operation	<u>(211,936,229)</u>	<u>(22,703,214)</u>



Reni International Company Limited

Appendix to the financial statements
for the year ended 31 December 2019

	2019 TZS	2018 TZS
A. Selling and distribution cost		
Advertisement and business promotion	68,394,928	9,308,000
B. Administrative expenses		
Accountancy fees	5,000,000	4,950,000
Bank charges	11,277,136	12,231,449
Business license	-	565,833
City service levy	12,808,393	7,329,710
Directors' remuneration	133,000,000	84,000,000
Donation	310,000	-
Employment cost	379,290,650	289,501,707
Entertainment	6,506,983	4,271,000
Electricity and water	30,415,107	10,690,270
Fines and penalties	150,000	890,000
Fire certificate	3,000,000	226,700
Insurance	63,094,731	31,664,084
Land rent	471,900	-
Legal and professional fees	18,467,509	11,331,000
License and registration fees	8,041,200	-
Office and general expenses	59,006,340	58,878,335
Office and godown rent and service fee	194,669,544	140,130,883
Permit fees	11,255,500	11,070,186
Printing and stationery	18,735,389	14,733,302
Postage, telephone and internet	19,901,040	10,562,357
Repairs and maintenance	44,472,500	16,650,716
Security	44,326,500	20,470,000
Stamp duty	3,635,000	60,000
Subscription and membership fee	3,260,000	2,414,144
Unclaimed VAT	3,749,873	32,996,745
Travelling, transport and accomodation	59,290,847	23,479,651
Tender fees	7,471,000	1,035,000
Vehicle running	75,918,765	50,699,094
Other expenses	-	1,325,667
	<u>1,217,525,907</u>	<u>842,157,832</u>

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Reni International Company Limited

Appendix to the financial statements
for the year ended 31 December 2019

	2019 TZS	2018 TZS
B.1 Employment cost		
Salaries and wages	294,580,000	226,605,000
Overtime	4,553,000	23,900
Medical	3,290,000	592,500
N.S.S.F	28,958,000	5,124,000
PPF	-	25,936,500
NHIF	9,487,800	8,193,700
Skills and development levy	19,241,100	13,977,225
Advance and other allowance	-	1,436,900
Staff welfare	16,284,950	4,505,932
Workmens compensation funds	2,895,800	3,106,050
	<u>379,290,650</u>	<u>289,501,707</u>

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Reni International Company Limited

Tax computation
for the year ended 31 December 2019

		TZS
Profit as per accounts		196,987,128
Add: <u>Non-allowable expenses</u>		
Depreciation	56,574,640	
Donation	310,000	
Fines and penalty	150,000	
		<u>57,034,640</u>
		254,021,768
Less: Depreciation allowance		<u>(69,168,890)</u>
Taxable income		<u>184,852,878</u>
Corporate tax at 30%		55,455,864
Less: Provisional tax paid	(4,650,000)	
Withholding tax	<u>(36,913,756)</u>	<u>(41,563,756)</u>
Balance payable		<u>13,892,107</u>

Schedule of depreciation allowance

	Class 1 TZS 37.5%	Class 2 TZS 25%	Class 3 TZS 12.5%	Class 6 TZS 5.0% Cost	Total TZS
W.D.V as at 1 January 2019	20,459,793	10,015,480	32,897,437	953,876,974	1,017,249,685
Additions	18,963,250	-	602,799	-	19,566,049
	<u>39,423,043</u>	<u>10,015,480</u>	<u>33,500,236</u>	<u>953,876,974</u>	<u>1,036,815,734</u>
Less: Depreciation allowance	(14,783,641)	(2,503,870)	(4,187,530)	(47,693,849)	(69,168,890)
Claimed upto 2018	-	-	-	(159,269,671)	(159,269,671)
W.D.V as at 31 December 2019	<u>24,639,402</u>	<u>7,511,610</u>	<u>29,312,707</u>	<u>746,913,455</u>	<u>808,377,174</u>

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