

# TECHNOIMAGE

*Customer delight is our Business Prosperity*

ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31<sup>st</sup> DECEMBER, 2019



**TAX<sub>Pro</sub> & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

**TECHNO IMAGE LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**TECHNO IMAGE LIMITED**  
**CORPORATE INFORMATION**

<b>DIRECTORS:</b>	<b>NAME</b>	<b>NATIONALITY</b>
	MR. PETER NGANDAKU	TANZANIAN
	MR. MIKIDADI HAMZA	TANZANIAN
	MR. SALIM MONGI	TANZANIAN

<b>SHARE HOLDINGS</b>	<b>NAME</b>	<b>SHARES</b>
	MR. PETER NGANDAKU	38%
	MR. MIKIDADI HAMZA	35%
	MR. SALIM MONGI	22%
	MR. HAROLD MATEMU	4%
	MR. PATSON SAMBU	1%

**REGISTERED OFFICE AND  
PRINCIPAL PLACE OF  
BUSINESS:**

PLOT 17, BLOCK F, MSASANI VILLAGE,  
TANESCO STREET.  
P.O.BOX 13221  
DAR ES SALAAM

**AUDITORS:**

TAXPRO& ASSOCIATES  
NIC INVESTMENT HOUSE,  
AVENUE/MIRAMBO STREET,  
1ST FLOOR,  
POSTAL ADDRESS 7550  
DAR ES SALAAM.

**BANKERS:**

AZANIA BANCORP  
DAR ES SALAAM

STANBIC BANK TANZANIA LTD  
MAIN BRANCH  
P.O.BOX 73647  
DAR ES SALAAM

COMMERCIAL BANK OF AFRICA  
TANZANIA LIMITED  
OHIO BRANCH  
P.O.BOX 9640  
DAR ES SALAAM

BARCLAYS BANK TANZANIA LIMITED  
OHIO BRANCH  
P.O. BOX 5137  
DAR ES SALAAM



# TECHNO IMAGE LIMITED

## DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited financial statements for the year ended 31 December 2019, which disclose the state of affairs of Techno Image Limited (the "Company") and the result of operation for the year ended.

### 1 INCORPORATION

The company is incorporated in Tanzania and under the Tanzania Companies Act, 2002 and domiciled in Tanzania as a Limited liability private company whose shares are not publicly traded.

### 2 PRINCIPAL ACTIVITIES

The company's principal activities are importation, distribution, installation and maintenance of electronic and Telecommunication systems and devices.

### 3 RESULTS FOR THE YEAR

The company's operating results for the year ended 31 December 2019 are as shown on the statement of Profit or Loss and other comprehensive income set out on page 18 of these financial statements.

### 4 DIVIDENDS

The directors have proposed payment of dividend for the financial year 2019. Amounting to Tzs. 25,000,000/-

### 5 RELATED PARTY TRANSACTIONS

During the year ended 31<sup>st</sup> December 2019 there were no related party transactions.

### 6 BOARD OF DIRECTORS

The directors of the company at the date of this report and who held office since 1 January 2019 are as follows:

Name	Position	Nationality
Mr. Francis Kwimbere	Chairman	Tanzanian
Mr. Peter Ngandaku	Non Executive Director	Tanzanian
Mr. Mikidadi Hamza	Managing Director	Tanzanian
Mr. Salim Mongi	Director	Tanzanian
Mr. Mrisho Yassin	Non Executive Director	Tanzanian
Mr. Andrew Muga	Non Executive Director	Tanzanian





## TECHNO IMAGE LIMITED

### DIRECTORS' REPORT CONTINUED

During the year ended 31<sup>st</sup> December 2019, the company had the following management team in place to oversee the operations of the company:

Mr. Mikidadi Hamza	Chief Executive Officer
Mr. Harold Matemtu	Head -Finance & Administration
Mr. Salim Mongi	Director of Operations & Project Implementations

### 7 SHARE HOLDINGS

Name	Number of ordinary shares
Mr. Peter Ngandaku	38%
Mr. Mikidadi Hamza	35%
Mr. Salim Mongi	22%
Mr. Harold Matemtu	4%
Mr. Patson Sambu	1%

### 8. FUTURE DEVELOPMENT PLAN

No expansion is anticipated in the medium term, with management's focus being placed on investment performance.

### 9. REVIEW OF THE BUSINESS

The Company recorded decrease in revenue by 9% from TZS 5,907,237,627 during the year 2019 compared to TZS 6,513,486,616 in 2018.

### 10. RESULT OF THE YEAR

The results for the year are set out on page 10 of the financial statements and are summarized as follows:

	2019 TZS	2018 TZS
Profit/(loss) before tax	170,566,155	263,707,916
Tax expense	(94,063,160)	(184,207,754)
Profit/(loss) for the year	76,502,995	79,500,162

### 11. SOLVENCY EVALUATION

The directors have reviewed the current financial position of the Company. On the basis of this review together with the current business plan, the directors are satisfied that the Company is a solvent going concern within the meaning ascribed by the Companies Act, 2002 of the laws of Tanzania and internationally accepted accounting principles



## TECHNO IMAGE LIMITED

### DIRECTORS' REPORT CONTINUED

#### 12. GOING CONCERN CONSIDERATION

The Company reported a profit of TZS 76,502,995 (2018: Profit TZS 79,500,162) making the total accumulated profit of TZS 878,817,053 (2018: TZS 761,014,394). At 31 December 2019, the Company had a net current assets position of TZS 1,038,824,784 (2018: TZS 869,299,432). The directors consider the Company's solvency position as shown on the statement of financial position as set out on page 19 of the financial statements to be satisfactory. The financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future.

#### 13. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguard of the Company's assets;
- Compliance with applicable laws and regulations;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behavior towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff.

Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board of Directors assessed the internal control system throughout the financial year under review and is of the opinion that they met accepted criteria.

The Company's organization includes an audit committee which oversees the financial and internal controls of the organization. The Audit committee is responsible for establishing and implementing a yearly audit plan whereby compliance with policies and procedures, the adequacy of internal controls and risk management, and the potential for improvements are assessed. In addition, the Company benefits from regular visits by the audit committee function of the main shareholder.





## TECHNO IMAGE LIMITED

### DIRECTORS' REPORT CONTINUED

#### 14. RESERVES

As at 31 December 2019, the Company had accumulated profit of TZS 878,817,053 (2018: TZS 761,014,394) as set out on page 15 in the financial statements.

#### 15. POLITICAL AND CHARITABLE DONATIONS

The Company has not made any political or charitable donations during the year (2018: Nil)

#### 16. ENVIRONMENTAL MATTERS

The Company complied with standards of industrial safety and environmental regulations established by various authorities to the best of its knowledge.

#### 17. CORPORATE SOCIAL RESPONSIBILITY

The Company did not participate in any corporate social responsibility activities during the year (2018: NIL).

#### 18. EMPLOYEES WELFARE

- Relationship Between Management and Employees

Relationship between management and employees continued to be good and stable.

- Medical facilities

During the year 2019, the Company had an agreement with Strategy Insurance and all Company's staff and their dependents are being treated under this arrangement, remittance is effectively being remitted and the company is up to date.

- Training

The Company regards training as investment in human resources. The Company therefore, set aside sufficient resources in its annual budget and plans to meet training objectives. All employees are trained with the aim of equipping them with knowledge, skills attitude and abilities necessary to achieve Company strategic goals. Training is normally carried out with focus on core business of the Company academic and professional improvement and technical programs. Training is conducted in accordance with an annual training program drawn from training needs assessment, which takes into account identified skills gaps and exposure to new and ever changing working and business environment. This guarantees availability of high caliber employees capable of realizing the Company's vision and mission. TECHNO IMAGE has incurred training costs to employees TZS. 12,069,235 during the year ended December 31st, 2019.



## TECHNO IMAGE LIMITED

### DIRECTORS' REPORT CONTINUED

- **Persons with Disabilities**

The Company gives equal opportunities to persons with disabilities for vacancies they are able to fill. Under the Workman's Compensation Act, the Company compensates employees who became disabled while in the services of the Company accordingly. During the year TECHNO IMAGE has no employees with disabilities.

- **Employee benefits**

Employees are members of National Social Security Fund (NSSF) and Parastatals Pension Fund (PPF). The Company contributes 10% of basic salary of each employee to NSSF and PPF.

### 19. EVENTS AFTER THE REPORTING DATE

There were 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.

### 20. CORPORATE GOVERNANCE

The Directors believe that high standards of corporate governance directly influence the company's stakeholders' confidence and the management recognizes the importance of integrity, transparency, responsibility and accountability. In so doing the directors therefore confirm that:

- The Directors met regularly throughout the year;
- They retain full and effective control over the company and Monitor executive management
- The Directors accept and exercise responsibility for strategic and policy decisions, the approval of budgets and monitoring of performance;
- They bring skills and experience from their own spheres of business to complement the professional experience and skills of management; and
- They ensure that discussions on issues of performance, policy and strategy are informed and that debate is rigorous but constructive.

- **Performance Evaluation and Reward**

The Company has implemented an evaluation and bonus system for its managers and employees. Rewards in the form of yearly bonuses are linked to the Company's financial performance as well as individually set performance targets.





## TECHNO IMAGE LIMITED

### DIRECTORS' REPORT CONTINUED

- **Business Ethics and Organizational Integrity**

The issue of good governance and ethical conduct is critical to counterparty and investor perceptions of the Company. The Company strives to ensure that its integrity and professional conduct is beyond reproach at all times. The Company has developed ethical guidelines for its employees in order to limit the cost of unethical behavior to its stakeholders.

- **Management Reporting, Financial Reporting and Auditing**

The Company has established management reporting procedures which include the preparation of annual strategic plans and budgets. Financial reporting is done according to International Financial Reporting Standards (IFRSs). The financial statements for each financial year are audited by Tax Pro and Associates.

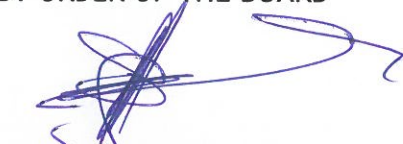
The Board takes overall responsibility for the company, including the responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant matters, and reviewing the performance of management business plan and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures are operative, and the Company complies with sound corporate governance principles.

The Board met four times during the year.

### 21. AUDITORS

Tax pro & Associates expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment of Tax & Pro as Auditors for the year 2019 will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



Peter Ngandaku  
Chairman of the Board of Directors

Date: 29<sup>th</sup> June 2020





## TECHNO IMAGE LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the operating results of the Company for that year. It also requires the directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company.

The directors are responsible for the preparation of 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.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by 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 and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

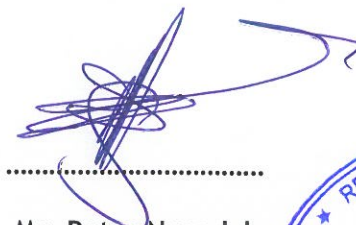
Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

#### Approval of the financial statements

The financial statements of Techno image Ltd were approved by board of directors on 29<sup>th</sup> June 2020 and Signed By



Mikidadi Hamza  
Chief Executive Officer



Mr. Peter Ngandaku  
Chairman



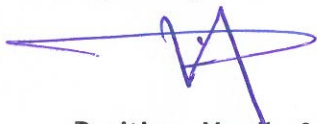
## TECHNO IMAGE LIMITED

### DECLARATION OF HEAD OF FINANCE

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

I **Harold Matemu** being the Head of Finance/Accounting of **TECHNO IMAGE LIMITED** hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31<sup>ST</sup> DECEMBER 2019 have been prepared in compliance with applicable accounting standards and statutory requirements. I thus confirm that the financial statements give a true and fair view position of **TECHNO IMAGE LIMITED** as on that date and that they have been prepared based on properly maintained financial records.

Signed by:



Position: Head of Finance and Administration

NBAA Membership No.: 1857

Date: 30<sup>th</sup> June 2020







## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECHNO IMAGE LIMITED

### Report On the Financial Statements

In our opinion the financial statements present fairly, in all material respects, the financial position of **TECHNO IMAGE LIMITED** as at 31<sup>ST</sup> DECEMBER 2019 its financial performance and its cash flows for twelve months period then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Companies Act 2002.

### What we have audited

We have audited the annual financial statements of **TECHNO IMAGE LIMITED** for the year ended 31<sup>ST</sup> DECEMBER 2019 set out on pages 14 to 17. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

### Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free from material misstatements. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by the management, and
- Evaluating the overall financial statements presentation.

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

### Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Opinion section we have determined the matters described below to be the key audit matters to be communicated in my report. We have determined that there are no key audit matters to communicate in this report



## **INDEPENDENT AUDITORS' REPORT (Continued)**

### **Independence**

We are independent of the Institution in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA

### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises of the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and our auditor's report thereon.

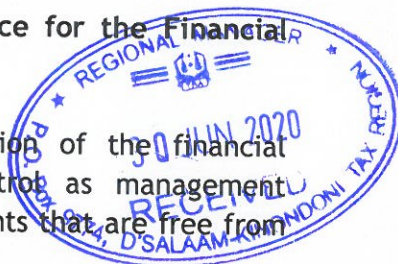
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information 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 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 Management and Those charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the entity's financial reporting process.





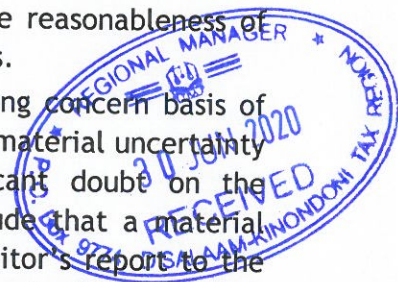
## INDEPENDENT AUDITORS' REPORT (Continued)

### *Auditors' Responsibility for the audit of the Company Financial Statements*

Our objectives are to obtain reasonable assurance about whether the company 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 the company financial statements.

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

- Identify and assess the risks of material misstatement of the company 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.
- 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 company 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 company financial statements, including the disclosures, and whether the company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





## INDEPENDENT AUDITORS' REPORT (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the Company financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely 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 deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes. As required by the Companies Act, No. 12 of 2002, we are also required to report to you if, in our opinion, the Director's Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, If we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.



JERRY E. MASSAGA (ACPA-PP 1107)

**TAXPRO & ASSOCIATES** (Certified Public Accountants)  
**DAR ES SALAAM**

20.06  
.....2020.



**TECHNO IMAGE LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 TZS	2018 TZS
Revenue	7	5,907,237,627	6,513,486,616
Cost of Sales	9	(3,720,026,964)	(3,593,169,922)
Other Income	8	2,519,302	52,767,551
<b>Gross Profit</b>		<b>2,189,729,965</b>	<b>2,973,084,245</b>
General and Administration expenses	10	(1,967,275,928)	(2,648,090,137)
Financial costs	11	(51,887,882)	(61,286,192)
Profit/(loss) before tax	6	170,566,155	263,707,916
Income tax charge	22	(94,063,160)	(184,207,754)
<b>Profit/(loss) for the year</b>		<b>76,502,995</b>	<b>79,500,162</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>76,502,995</b>	<b>79,500,162</b>

Notes on page 18 to 44 form part of these financial statements. The Auditors report on page 10 to 13.





**TECHNO IMAGE LIMITED**
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	Notes	2019 TZS	2018 TZS
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	19	756,082,516	897,603,757
		756,082,516	897,603,757
<b>Current assets</b>			
Trade and other receivables	17	725,392,420	661,296,330
Taxation	13	360,065,122	41,593,217
Inventory		595,320,542	561,681,129
Cash and bank balances	12	524,221,462	167,197,392
		2,204,999,547	1,431,768,066
<b>Total assets</b>		<b>2,961,082,063</b>	<b>2,329,371,823</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	20	400,000,000	400,000,000
Revaluation		392,557,374	392,557,374
Retained earnings		878,817,053	761,014,394
		1,671,374,427	1,553,571,768
<b>Non-Current Liabilities</b>			
Long Term Loan		84,623,133	129,751,504
Deferred Tax	15	38,909,738	35,579,916
		123,532,872	165,331,420
<b>Current liabilities</b>			
Trade and Other Payables	18	859,006,498	527,886,805
Bank Overdraft	14	282,168,265	46,581,830
Dividend payable		25,000,000	36,000,000
		1,166,174,763	610,468,635
<b>Total equity and liabilities</b>		<b>2,961,082,062</b>	<b>2,329,371,823</b>

The financial statements set out on pages 14 to 17 were approved and authorized for issue by the Board of Directors on 30/6 2020 and were signed on its behalf by:

  
Mikidadi Hamza  
Chief Executive Officer

  
Peter Ngandaku  
Chairman



**TECHNO IMAGE LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018**

	SHARE CAPITAL	REVALUATION	RETAINED EARNINGS	TOTAL
Balance at 1 January 2018	400,000,000	392,557,374	947,125,218	1,739,682,592
Adjustment	-		1,650,186	1,650,186
Additional Tax assessment 2016			(231,261,171)	(231,261,171)
Proposed Dividend			(36,000,000)	(36,000,000)
Profit/(loss) for the year	-		79,500,162	79,500,162
Balance at 31 December 2018	400,000,000	392,557,374	761,014,395	1,553,571,769
Balance at 1 January 2019	400,000,000	392,557,374	761,014,395	1,553,571,769
Tax Waived/Saved 2015-16	-		93,449,587	93,449,587
Adjustment			(12,714,009)	(12,714,009)
Depreciation Adjustment on Prior Years			(14,435,915)	(14,435,915)
Proposed Dividend				
Profit/(loss) for the year	-		79,832,817 (25,000,000)	79,832,817
Balance at 31 December 2019	400,000,000	392,557,374	878,817,053	1,671,374,427

Notes on page 18 to 44 form part of these financial statements. The Auditors report on page 10 to 13.



**TECHNO IMAGE LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 TZS	2018 TZS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before tax	170,566,155	263,707,916
<i>Adjustments for:</i>		
Depreciation of property and equipment	161,276,650	184,225,399
During the year Adjustments	(12,714,009)	-
Prior year adjustments	-	(24,789,104)
	319,128,796	423,144,211
<i>Movements in working capital:</i>		
(Increase)/ Decrease in Trade and other receivables	(33,639,415)	512,734,558
(Increase)/ Decrease in Inventories	(64,096,091)	261,190,359
(Decrease)/increase in Trade and other payables	331,119,693	(256,667,528)
<b>Total Change in working capital movements</b>	<b>233,384,187</b>	<b>517,257,389</b>
<b>Cash Flows generated in Operating Activities</b>	<b>552,512,984</b>	<b>940,401,598</b>
Tax paid	(166,441,977)	(220,587,349)
Additional Tax paid 2012 - 2015	(149,313,678)	(65,309,433)
<b>Net cash flows generated by operating activities</b>	<b>236,757,328</b>	<b>654,504,817</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of property, plant and equipment	-	53,000,000
Purchase for property and equipment	(34,191,323)	(198,618,296)
<b>Net cash used in investing activities</b>	<b>(34,191,323)</b>	<b>(145,618,296)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan	(45,128,371)	(14,997,930)
Dividend Paid	(36,000,000)	82,530,254
<b>Net cash generated by financing activities</b>	<b>(81,128,371)</b>	<b>67,532,324</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>121,437,634</b>	<b>576,418,845</b>
Cash and cash equivalents at the beginning of the year	120,615,562	(455,803,282)
<b>Cash and cash equivalents at the end of the year</b>	<b>242,053,198</b>	<b>120,615,562</b>

Notes on page 18 to 44 form part of these financial statements. The Auditors report on pages 10 to 13.





# TECHNO IMAGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

TECHNO IMAGE LIMITED is a limited liability Company incorporated in United Republic of Tanzania under the Companies Act, 2002. The principal activity of the Company is disclosed in the Directors' report.

### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

#### New accounting pronouncements to be adopted on 1 April 2018

The Company has not yet adopted the following pronouncements, which have been issued by the IASB. The Company does not currently believe the adoption of these pronouncements will have a material impact on its results, financial position or cash flows:

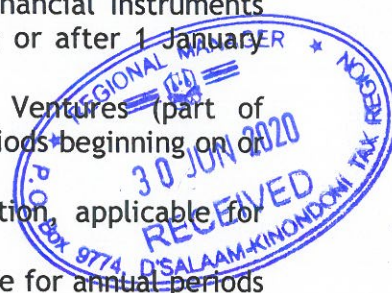
- Amendments to IAS 12: Income Taxes, recognition of deferred tax assets for unrealized losses, effective for annual periods beginning on or after 1 January 2018;
- Amendments to IAS 7: Statement of Cash Flows, disclosure initiative, effective for annual periods beginning on or after 1 January 2018; and
- Amendments to IFRS 12: Disclosure of Interests in other entities (part of Improvements to IFRS 2014 to 2017 Cycle).

#### New accounting pronouncements to be adopted on or after 1 April 2018

The Company is currently assessing the impact of the following new pronouncements, which have been issued by the IASB. Unless otherwise stated, the Company does not currently believe the adoption of these pronouncements will have a material impact on its results, financial position or cash flows:

- Amendments to IFRS 2: Share-based Payment, classification and measurement of Share-based Payment transactions;
- Amendments to IFRS 4: Insurance Contracts, applying IFRS 9: Financial Instruments with IFRS 4: Insurance Contracts for annual periods beginning on or after 1 January 2018;
- Amendment to IAS 28: Investments in Associates and Joint Ventures (part of Improvements to IFRS 2014-2017 Cycle), applicable for annual periods beginning on or after 1 January 2018;
- IFRIC 22: Foreign Currency Transactions and Advance Consideration, applicable for annual periods beginning on or after 1 January 2018;
- IFRS 15: Revenue from Contracts with Customers, which is effective for annual periods beginning on or after 1 January 2018.

IFRS 15 will have a material impact on the Company's reporting of revenue and costs as follows: IFRS 15 will require the Company to identify deliverables in contracts with customers that qualify as separate "performance obligations". The performance obligations identified will depend on the nature of individual customer contracts, but might typically be identified for mobile handsets, other equipment provided to customers and for services provided to customers such as mobile and fixed line communications services. The transaction price receivable from customers must be allocated between the Company's performance obligations under the contracts on a relative stand-alone selling price basis.





NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**New accounting pronouncements to be adopted on or after 1 April 2018**

Revenue will then be recognized either at a point in time or over time when the respective performance obligations in a contract are delivered to the customer.

Currently, revenue allocated to deliverables is restricted to the amount that is receivable without the delivery of additional goods or services; this restriction will no longer be applied under IFRS 15. The primary impact on revenue reporting will be that when the Company sells subsidized devices together with other service agreements to customers, revenue allocated to equipment and recognized at contract inception, when control of the device typically passes to the customer, will increase and revenue subsequently recognized as services are delivered during the contract period will reduce. Where additional up-front unbilled revenue is recorded for the sale of devices, this will be reflected in the statement of financial position as a contract asset.

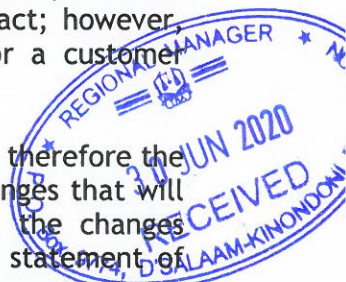
Under IFRS 15, certain incremental costs incurred in acquiring a contract with a customer will be deferred on the statement of financial position and amortized as revenue is recognized under the related contract; this will generally lead to the later recognition of charges for some commissions payable to third party dealers and employees; and

Certain costs incurred in fulfilling customer contracts will be deferred on the statement of financial position under IFRS 15 and recognized as related revenue is recognized under the contract. Such deferred costs are likely to relate to the provision of deliverables to customers that do not qualify as performance obligations and for which revenue is not recognized; currently such costs are generally expensed as incurred.

The combined impact of the changes above is expected to increase the gross profit, or reduce the gross loss, recorded at inception on many customer contracts; in such cases, this will typically reduce the gross profit reported during the remainder of the contract; however, these timing differences will not impact the total gross profit reported for a customer contract over the contract term.

The transactions impacted by IFRS 15 are high in volume, value and complexity, therefore the Company is continuing to assess the impact of these and other accounting changes that will arise under IFRS 15 and cannot reasonably estimate the impact; however, the changes highlighted above will have a material impact on the income statement and statement of financial position after the Company adopts IFRS 15 on 1 April 2018. The Company expects to be in a position to estimate the impact of IFRS 15 early in the first quarter of the year commencing 1 April 2018.

When IFRS 15 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of IFRS 15 applied as an adjustment to equity on the date of adoption; when the latter approach is applied it is necessary to disclose the impact of IFRS 15 on each line item in the financial statements in the reporting period. The Company will reflect the cumulative impact of IFRS 15 in equity on the date of adoption.





NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**New accounting pronouncements to be adopted on or after 1 April 2018**

IFRS 9: Financial Instruments was issued in July 2014 to replace IAS 39: Financial Instruments: Recognition and Measurement.

The standard is effective for accounting periods beginning on or after 1 January 2018 and will be adopted by the Company on 1 April 2018.

IFRS 9 will impact the classification and measurement of the Company's financial instruments and will require certain additional disclosures. The primary changes relate to the assessment of hedging arrangements and provisioning for potential future credit losses on financial assets; the Company is continuing to analyze the impact of these changes which are not currently considered likely to have any major impact on the Company's current accounting treatment or hedging activities.

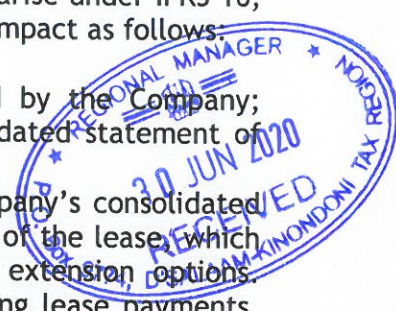
**New accounting pronouncements to be adopted on or after 1 April 2019**

IFRS 16: Leases was issued in January 2017 to replace IAS 17: Leases. The standard is effective for accounting periods beginning on or after 1 January 2019 and will be adopted by the Company on 1 April 2019.

IFRS 16 will primarily change lease accounting for lessees; lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recognized in the form of depreciation of the right to use asset and interest on the lease liability. Lessee accounting under IFRS 16 will be similar in many respects to existing IAS 17 accounting for finance leases, but will be substantively different to existing accounting for operating leases where rental charges are currently recognized on a straight-line basis and no lease asset or lease loan obligation is recognized. Less or accounting under IFRS 16 is similar to existing IAS 17 accounting and is not expected to have a material impact for the Company.

The Company is assessing the impact of the accounting changes that will arise under IFRS 16; however, the following changes to lessee accounting will have a material impact as follows:

- Right-of-use assets will be recorded for assets that are leased by the Company; currently no lease assets are included on the Company's consolidated statement of financial position for operating leases.
- Liabilities will be recorded for future lease payments in the Company's consolidated statement of financial position for the 'reasonably certain' period of the lease, which may include future lease periods for which the Company has extension options. Currently liabilities are generally not recorded for future operating lease payments, which are disclosed as commitments. The amount of lease liabilities will not equal the lease commitments reported on 31 March 2018 but may not be dissimilar.
- Lease expenses will be for depreciation of right-of-use assets and interest on lease liabilities; interest will typically be higher in the early stages of a lease and reduce over the term. Currently operating lease rentals are expensed on a straight-line basis over the lease term within operating expenses.
- Operating lease cash flows are currently included within operating cash flows in the consolidated statement of cash flows; under IFRS 16 these will be recorded as cash flows from financing activities reflecting the repayment of lease liabilities (borrowings) and related interest.





NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**New accounting pronouncements to be adopted on or after 1 April 2019 continued**

A high volume of transactions will be impacted by IFRS 16 and material judgments are required in identifying and accounting for leases. Therefore, the Company is continuing to assess the impact of these and other accounting changes that will arise under IFRS 16 and cannot reasonably estimate the impact; however, the changes highlighted above will have a material impact on the consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows after the Company's adoption on 1 April 2019.

When IFRS 16 is adopted, it can be applied either on a fully retrospective basis, requiring the restatement of the comparative periods presented in the financial statements, or with the cumulative retrospective impact of IFRS 16 applied as an adjustment to equity on the date of adoption; when the latter approach is applied it is necessary to disclose the impact of IFRS 16 on each line item in the financial statements in the reporting period. Depending on the adoption method that is utilized, certain practical expedients may be applied on adoption. The Company has not yet determined which adoption method will be adopted or which expedients will be applied on adoption.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2002. For Companies Act, 2002 reporting purposes, in these financial statements the balance sheet is represented by/equivalent to the statement of financial position and the profit and loss account is included in the statement of profit or loss and other comprehensive income.

**Basis of preparation**

The financial statements are prepared under the historical cost convention except for certain financial instruments that are measured at fair value as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are stated in TZS (Tanzanian Shillings).

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

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Cash and settlement discounts, rebates, sales taxes and other indirect taxes are excluded from revenue.





NOTES TO THE FINANCIAL STATEMENTS

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue from sale of goods is recognized when the company has transferred the significant risks and rewards of ownership of the goods, the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the company, and the costs of the transaction can be measured reliably. The recognition date usually coincides with when the title of the goods has passed to the customer and the goods have been delivered.

**Taxation**

The tax expense represents the sum of tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probably i.e that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Inventories**

Inventories are stated at the average price value which is contrary to the requirements of IAS 2, stating that Inventory should be reported at the lower of cost and net realizable value. Cost of raw materials and consumable stores are determined by the weighted average cost method. Cost of finished goods and work in progress are valued at direct raw material cost and include a portion of manufacturing overhead expenses, determined on a weighted average basis. Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to be incurred in marketing, selling and distribution.





NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Dividends**

Dividends on ordinary shares are charged to retained earnings in the period in which they are declared and approved. Dividends declared after the end of the reporting period are not recognized as liabilities at the end of the reporting period. Proposed dividends are not accrued for until ratified in an annual general meeting.

**Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss, if any) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss, if any, are recognized immediately in profit or loss.

**Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. At the end of the reporting period the Company had only loans and receivables in its statement of financial position.

**Effective interest method**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

**Financial instruments (continued)**

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including certain items of trade and other receivables, loans receivable, cash and bank balances) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.





NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

***De-recognition of financial assets***

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

***Financial liabilities***

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. At the end of the reporting period the Company had only other financial liabilities in its statement of financial position.

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

***Property and equipment***

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.





# TECHNO IMAGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Depreciation

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method at the following annual rates:

Description	Percentage
Building	5%
Office Machinery& Equipment	25%
Motor Vehicles	25%
Computers and Software	25%
Furniture, Fittings and Fixtures	12.5%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

#### Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment property is treated as a longterm investment and is carried at cost less accumulated depreciation.

An investment property is de-recognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss in the period in which the property is de-recognized.

#### Investment in associate

An associate is an entity over which the Company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5, if any. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate. When the Company's shares of losses of an associate exceed the Company's interest in that associate, the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive legal obligation or made the payments on behalf of the associate. An investment in associate is accounted for using equity method from the date on which the investee becomes an associate. On acquisition of investment in associate, any excess of the cost of the investment over the Company's share of the net fair value of identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of an investment.





NOTES TO THE FINANCIAL STATEMENTS

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of investment after reassessment is recognized immediately in profit or loss in the period in which the investment is acquired.

Requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in associate. When necessary, the entire carrying amount of investment in associate is tested for impairment in accordance with the requirements of IAS 36.

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale.

**Foreign currencies**

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

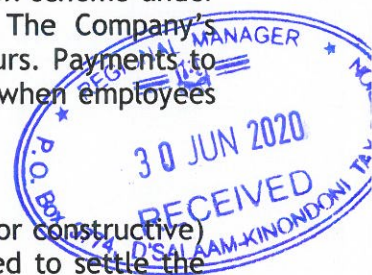
**Retirement benefit costs**

The Company contributes to the statutory retirement benefit scheme established under the National Social Security Fund (NSSF) Act, 1997. This is a defined contribution scheme under which the Company contributes 10% of the employees' gross salaries. The Company's contribution during the year is charged to profit or loss in the period it occurs. Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

**Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).





## TECHNO IMAGE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### **Comparatives**

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

#### CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY

In the application of the Company's accounting policies, management under oversight of the Board of directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

#### CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY (Continued)

The areas of critical judgments and key sources of estimation uncertainty are as set out below:

##### ***Useful life of property and equipment***

Critical estimates are made by management in determining the useful lives and residual values to property and equipment based on the intended use of the assets and the economic lives of those assets.

##### ***Impairment provision of tangible assets***

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

##### ***Taxes***

The Company is subjected to a number of taxes and levies by various government and quasi-government regulations bodies. As a rule of thumb, the Company recognizes liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of managements in one way or other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.



#### 4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and the effects of foreign currency exchange rates and interest rates. The Company's overall risk management program seeks to minimize potential adverse effects on its financial performance. The directors have overall responsibility of the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, and services offered. The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees and stakeholders understand their roles and obligations.

The most important types of risks are:

- Credit risk;
- Liquidity risk; and
- Market risk which is mainly due to foreign exchange risk and interest rate risk

A description of the significant risk factors is given below together with the risk management policies applicable. Further quantitative disclosures are included throughout these financial statements.

##### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Potential concentration of credit risk consists principally of deposit with banks and trade and other receivables.

The Company's management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors.

The Company does not consider there to be any significant concentration of credit risk which has not been insured or adequately provided for at the end of the reporting period.





## NOTES TO THE FINANCIAL STATEMENTS

## 4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The amount that best represents the Company's maximum exposure to credit risk as at 31 December 2019 is made up as follows:

	Total TZS	Fully performing TZS	Past due TZS	Impaired TZS
Trade and other receivables	725,392,420	725,392,420	-	-
Total credit exposure	725,392,420	725,392,420	-	-

The customers included in trade and other receivables under the fully performing category are slightly paying their debts as they continue trading. The default rate is minimal.

The amount that best represents the Company's maximum exposure to credit risk as at 31 December 2018 is made up as follows:

	Total TZS	Fully performing TZS	Past due TZS	Impaired TZS
Trade and other receivables	661,296,330	661,296,330	-	-
Total credit exposure	661,296,330	661,296,330	-	-

The Company does not establish an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of the allowance is a specific loss component that relates to individually significant exposures.

The normal payment days for trade receivables are 15 to 30 days, the Company makes follow up of all trade receivables over 30 days to find out if specific loss components exist for the purpose of establishing impairment allowances.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.



# TECHNO IMAGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Market risk

#### a) Foreign exchange risk

Currency risk is the possibility that the Company may suffer financial loss as a consequence of the depreciation in the measurement currency relative to the foreign currency prior to payment of a commitment in that foreign currency or the measurement currency strengthening prior to receiving payment in that foreign currency.

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollars (USD), GBP and EURO. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

#### Foreign currency sensitivity analysis

At 31 December 2019, if the TZS had weakened/strengthened against the USD with all other variables held constant, the impact on pre-tax profit for the year would have been an increased by Tzs.8,898,288(2019: Increase in profit by 179,464,443), mainly as a result of foreign currency denominated bank balances. The carrying amounts of the Company's material monetary assets and liabilities held in USD, that will have an impact on profit or loss when exchange rates change, as at 31 December 2019 are as follows:

	Total TZS
<b>Financial assets</b>	
Trade and other receivables	725,392,420
Cash and bank balance	524,221,462
	<b>1,249,613,883</b>
<b>Financial liabilities</b>	
Trade and other payables	859,006,498
<b>Open position</b>	<b>390,607,385</b>

The carrying amounts of the Company's material foreign currency denominated monetary assets and liabilities that will have an impact on profit or loss when exchange rates change, as at 31 December 2018 were as follows:

	Total TZS
<b>Financial assets</b>	
Trade and other receivables	661,296,330
Cash and bank balance	167,197,392
	<b>828,493,722</b>
<b>Financial liabilities</b>	
Trade and other payables	(527,751,504)
<b>Open position</b>	<b>300,742,218</b>





# TECHNO IMAGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### b) Interest rate risk

Interest rate exposure arises from borrowing on floating interest rate. The Company is not exposed to the risk as it borrows on fixed rate.

### Categories of financial instruments

As at 31 December 2019	Total TZS	Loans and receivables TZS	Financial liabilities at amortised cost TZS	Non-financial assets and liabilities TZS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	756,082,516	-	-	756,082,516
Total non-current assets	756,082,516	-	-	756,082,516
<b>Current assets</b>				
Trade and other receivables	725,392,420	725,392,420	-	-
Trade receivables	471,357,487	471,357,487	-	-
Other receivables	254,034,933	254,034,933	-	-
Inventory	595,320,542	-	-	595,320,542
Taxation	450,798,460	450,798,460	-	-
Cash and bank balances	524,221,462	524,221,462	-	-
Total current assets	2,295,732,884	975,019,922	-	595,320,542
<b>Total assets</b>	<b>3,051,815,400</b>	<b>1,700,412,342</b>		<b>1,351,403,058</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share Capital	400,000,000	-	-	400,000,000
Revaluation	392,557,374	-	-	392,557,374
Retained earnings	997,880,213	-	-	997,880,213
Total equity	1,790,437,587	-	-	1,790,437,587
<b>Current liabilities</b>				
Long Term Loan	84,623,133	84,623,133	-	-
Deferred Tax	35,579,916	-	-	35,579,916
Trade and other payables	859,006,498	-	859,006,498	-
Trade payables	336,047,601	-	336,047,601	-
Other payables	522,958,898	-	522,958,898	-
Bank Overdraft	-	282,168,265	-	-
Dividend payable	-	-	-	-
Total liabilities	1,261,377,812	366,791,398	859,006,498	35,579,916
<b>Total equity and liabilities</b>	<b>3,051,815,400</b>	<b>366,791,398</b>	<b>859,006,498</b>	<b>1,826,017,503</b>

**TECHNO IMAGE LIMITED**
**NOTES ON THE FINANCIAL STATEMENTS (Continued)**
**10 GENERAL AND ADMINISTRATION EXPENSES**

	2019 TZS	2018 TZS
Accounting & Audit Fees	-	12,689,600
Bids & Tendering Expense	2,948,000	2,232,900
Security Services	16,119,627	14,244,500
Trading License	10,095,000	1,900,000
Board Expenses	39,000,000	44,580,000
Advertising & Promotions	1,200,000	2,590,000
Sales Commission	40,000	1,500,000
Bad Debts	-	-
Bank Charges	74,681,512	127,534,501
Cleaning	4,820,000	3,550,000
Computer Expenses	1,546,202	2,459,378
Consulting Fees	28,883,600	36,549,020
Courier & Postage	171,793	70,923
Depreciation	161,276,650	184,225,399
Donations & charity	2,100,000	2,000,000
Electricity & Water	17,453,295	16,554,654
Entertainment Expenses	9,889,254	9,063,986
General Expenses	8,584,207	8,530,500
Insurance	103,500,646	112,916,831
Lease charges	48,350,000	48,000,000
Legal Fees	115,000	34,099,500
Land Rent Fees and Others Levies	22,650,248	18,631,020
Fuel Expenses	54,495,104	50,013,500
M/Vehicle-Repair & maintenance	28,442,460	64,476,669
Printing & Stationery	18,286,119	21,872,227
Profit/Loss on foreign exchange	8,898,28894	51,946,730
Rent Paid	657,80094,	99,600,000
Repairs & Maintenance	36,378,326	6,568,502
Salaries & Wages	597,799,100	656,442,661
NSSF Coy. Contribution	59,779,100	65,644,266
SDL 4.5% Levies	26,900,960	29,539,920
Workers Compensation Fund	5,906,971	6,287,702
Management Bonus	150,000,000	260,000,000
Obsolete	-	198,778,894
Staff Training	12,069,235	2,938,105
Staff Welfare	58,971,211	52,076,262
Subscriptions	3,602,500	750,000
Telephone & Fax	34,507,336	39,320,188
Transport Expenses	75,500,804	81,665,858
Travel & Accommodation	147,654,769	202,710,348
VAT Expenses	-	73,535,593
Obsolete/Disposal Items	-	198,778,894
	<b>1,967,275,928</b>	<b>2,648,090,137</b>





# TECHNO IMAGE LIMITED

## NOTES ON THE FINANCIAL STATEMENTS (Continued)

### 11 FINANCE COSTS

	2019 TZS	2018 TZS
Interest Paid	51,887,882	61,286,192

### 12 CASH AT BANK

	2019 TZS	2018 TZS
BARCLAYS BANK TZS	485,800,717	117,785,799
PETTY CASH	-	-
STANBIC BANK(T) LTD-USD	13,510,235	13,451,382
BARCLAYS BANK(T) LTD-USD	-	-
BARCLAYS BANK(T) LTD-EURO	1,520,387	1,077,435
AZANIA BANCORP-TZS	20,272,677	20,272,677
CBA-TZS	377,533	11,881,786
CBA-EURO	10,236	10,545
CBA-USD	2,729,677	2,717,768
	524,221,462	167,197,392

### 13 TAX (CREDIT)/ LIABILITY

	2019 TZS	2018 TZS
Opening balance	41,593,217	184,530,739
Withholding Tax paid during the year 2018/2019	143,515,087	199,563,079
withholding Tax payable during the year 2018/2019	(10,823,110)	(17,975,730)
Corporate tax paid during the year 2018/2019	33,750,000	39,000,000
Corporate tax paid for the prior year 2012-2016	242,763,265	65,309,433
Additional Corporate Tax 2016		(231,261,171)
Corporate tax charge 30% -2017		(36,123,538)
Deferred Tax charged		16,312,827
Additional corporate & Interest 2013		-
Additional corporate Tax 2012		-
Corporate tax charge 30%	(90,733,338)	(177,762,421)
	360,065,122	41,593,217



# TECHNO IMAGE LIMITED

## NOTES ON THE FINANCIAL STATEMENTS (Continued)

### 14 BANK OVERDRAFT

	2019 TZS	2018 TZS
CBA-EUR		-
BARCLAYS BANK(T) LTD-TZS		-
CBA-TZS		-
CBA-USD		-
BARCLAYS BANK(T) LTD-USD	282,168,264	46,581,829
BARCLAYS BANK (T) LTD-EUR		-
TRANSFER ACCOUNT		1
	<b>282,168,264</b>	<b>46,581,830</b>

The company had an overdraft facility with Barclays Bank Limited up to a limit of TZS 1,150,000,000/= US DOLLAR 190,000 AND EURO 25,000 in order to meet its working capital requirements. Interest rates for all currencies were (EUR) 7.58% p.a above the prime rate as well as USD was 7.8% and interest rate for TZS was 18.5% p.a above the prime rate.

- The facility is secured by a guarantee from joint several guarantee and indemnity for TZS 1,511,000,000 issued by Harold Epimack Matem, Patson Alex Sambu, Peter Matem Ngandaku, Salim Abeid Mongi and Mikidadi Mwambeleko Hamza.
- Fixed and Floating charge by the way of a debenture over the borrower's fixed and floating assets stamped to cover TZS 1,890,000,000
- First priority legal mortgage over the property located on Plot No. 17, Block "F" Msasani Village Area, Kinondoni Municipality, Dar es Salaam City and comprised under Certificate of title No. 24063 Stamped to cover TZS 1,456,250,000
- Specific Debenture over 5 Vehicles (2 Toyota Noah, 1 Toyota Prado Land cruiser, 1 Ford Ranger double cab pickup 3.2 diesel 4x4 XL and 1 Ford Ranger double cab pickup 3.2 diesel 4x4) financed by the Bank to be registered and stamped to cover USD 189,375
- Specific Debenture over vehicles Ford Everest Limited 3.2 diesel 4x4 financed by the bank to be registered and stamped to cover TZS 142,600,000

As at 31 December 2019 and the date of this report, the amount utilized from this overdraft facility was Tzs 282,168,265 (2018: 46,581,829 and TZS 2017:296,263,928).





# TECHNO IMAGE LIMITED

## 18 TRADE AND OTHER PAYABLES

	2019	2018
	TZS	TZS
Sundry Supplies	55,330,001	77,860,001
Trade Payables	280,717,600	97,365,958
GRN Accrual Account		-
PAYE & SDL Payable	27,999,915	34,995,453
NSSF & PPF Payable	8,098,577	13,579,228
Vat / Tax Control Account	27,116,840	-
Directors Current A/C	108,167,760	6,155,000
Deposit from customer	340,887,607	217,325,243
Salary & wages Payable	168,119	(13,520)
Bonus Payable	10,520,080	80,619,442
	859,006,498	527,886,805



## TECHNO IMAGE LIMITED

### 25 EVENTS AFTER THE REPORTING PERIOD

At the time of signing these accounts, the directors are not aware of any other matter or circumstance arising since the end of the reporting period, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Company and results of its operations.

### 26 CURRENCY

The financial statements are prepared in Tanzania Shillings.

