

MS THE FUSTAR FRIENDS INVESTMENT CO. LTD

DIRECTOR'S REPORT

AND

REPORT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st DECEMBER, 2019

MARTEC & CO.

CERTIFIED PUBLIC ACCOUNTANTS IN PUBLIC PRACTICE

Certified as a True copy of the Original

AMP 10.4.2024

ARETAS STEPHEN KYARA

Advocate, Notary Public & Commissioner for Oaths

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M/S THE FUSTAR FRIENDS INVESTMENT CO. LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

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M/S THE FUSTAR FRIENDS INVESTMENT CO. LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

M/S FUSTAR FRIENDS INVESTMENT CO. LIMITED

REGISTRATION

The Fustar Friends Investment Co. Limited is a company limited by shares, registered under Companies Act of 2002 with certificate of Incorporation Number 138162583 The Company is registered with Tanzania Revenue Authority vide Certificate of Registration No. TIN.138-162-583 issued in Dar es Salaam.

CONTACT ADDRESS

THE FUSTAR FRIENDS INVESTMENT CO. LIMITED

P.O. Box 38621

Dar Es Salaam

Plot #. 5 Block D

Mwanambaya Village - Mkuranga

Mkuranga - Pawni.

Company Auditors

MARTEC & Co. (Certified Public Accountants)

P.O. Box 71914

Dar es Salaam.

M/S THE FUSTAR FRIENDS INVESTMENT CO. LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2019

1. INTRODUCTION

The directors present their report and audited Financial Statements for the year ended 31st December, 2019.

2. STATEMENT OF DIRECTORS RESPONSIBILITIES

The directors are required under the Companies Act of 2002 to prepare financial statements of the company for each financial year, that show a true and fair view of the state of affairs of the company as at the end of the financial year, the operating results, statement of cash flows and statement of changes in equity for the year then ended.

The Directors confirm that suitable accounting policies have been used and applied consistently. Reasonable and prudent judgment has been exercised where estimates were used in the preparation of Financial Statements for year ended 31st December, 2019. The directors also confirm that the International Financial Reporting Standards for SME's have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with Companies Act of 2002. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

3. PRINCIPAL ACTIVITY

The principal activity of the company is manufacturing of electronic components and boards.

4. DIRECTORS

The name of the director of the company who have served the board for the whole year are as follows;

	NAME	NATIONALITY
i)	Yong Yan	Chinese
ii)	Jianglong Weng	Chinese

5. SHAREHOLDERS OF THE COMPANY

The total number of shareholders during the year 2019 is 2. Shareholders are the same as the previous year. Directors holding shares are listed below:

	NAME	NATIONALITY	NUMBER OF SHARES
i)	Yong Yan	Chinese	100
ii)	Jianglong Weng	Chinese	900
	Total		1000

M/S THE FUSTAR FRIENDS INVESTMENT CO. LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2019 (continued)

6. RESULTS

The results for the year are set out on page 7.


7. SOLVENCY

The company's Financial Position as at 31st December, 2019 is as shown on page 6 of the Financial Statements.

8. AUDITORS

The auditors MARTEC & Co. were appointed as auditors of the company for the year ended 31st December, 2019 and are eligible for re-appointment.

BY ORDER OF THE BOARD,

X 

Yong Yan
Director

Date 24/11/2020

Certified as a True copy of the Original

Aug 10.4.2021
ARETAS STEPHEN KYARA
Advocate, Notary Public & Commissioner for Oaths

M/S THE FUSTAR FRIENDS INVESTMENT CO. LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

INDEPENDENT AUDITORS' REPORT

To the members of
THE FUSTAR FRIENDS INVESTMENT CO. LIMITED

We have audited the accompanying financial statements of The Fustar Friends Investment Co. Limited, which comprises the statement of financial position as at 31st December, 2019 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with International Financial Reporting Standards for SME'S This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of The Fustar Friends Investment Co. Limited as at 31st December, 2019, and of its financial performance and its cash flows for the year then ended; in accordance with International Financial Reporting Standards for SME'S and comply with the Companies Act, 2002.

MARTEC & Co. (Certified Public Accountants)




M/S THE FUSTAR FRIENDS INVESTMENT CO. LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2019

ASSETS	NOTE	2019 Tshs
Non-Current Assets		
Property, Plant & Equipment's & Furniture's		
Current Asset	2	223,552,031
Stock in trade		
Trade and Other Receivable	3	11,919,150
Cash & Bank balances	4	26,630,097
Taxation account	6	3,000,000
Total Current Assets	5	4,000,000
TOTAL ASSETS		45,549,247
SHAREHOLDERS EQUITY		269,101,278
Share Capital		
Retained Earnings	7	150,000,000
Total Shareholders' Equity		(11,968,563)
CURRENT LIABILITIES		138,031,437
Trade and other payables		
Tax payable	8	131,069,841
Total Liabilities	5	131,069,841
TOTAL EQUITY AND LIABILITIES		269,101,278

Notes on pages 10 to 15 form an integral part of these financial statements.
 Auditors' report on page 4.

Director's Name: YAN YONG
 Date: 24/11/2020

Signature: 

M/S THE FUSTAR FRIENDS INVESTMENT CO. LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2019

	NOTE	2019 Tshs
Revenue		
Cost of Sales	9	379,102,190
GROSS PROFIT		228,722,363
LESS:		150,379,827
Administrative Expenses	15	
Financial charges	16	63,967,185
Staff Expenses	14	-
Total Expenses		98,381,205
Profit / (Loss) Before Tax		162,348,390
Taxation for the year		(11,968,563)
Profit / (Loss) After Tax		(11,968,563)

Notes on pages 9 to 15 form an integral part of these financial statements.
 Auditors' report on page 4.

M/S THE FUSTAR FRIENDS INVESTMENT CO. LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

STATEMENT OF CHANGE IN OWNERS EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2019

Particulars	Share Capital	Retained Earning	Total Equity
	Tshs	Tshs	Tshs
Balance at 1st Jan, 2019	150,000,000	-	150,000,000
Profit/(Loss)	-	(11,968,563)	(11,968,563)
Balance at 31st December, 2019	150,000,000	(11,968,563)	138,031,437

*Notes on pages 10 to 15 form an integral part of these financial statements.
Auditors' report on page 4.*

M/S THE FUSTAR FRIENDS INVESTMENT CO. LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2019

	2019
	Tshs
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit / (Loss) Before Taxation	
Adjustment For:	(11,968,563)
Depreciation	
Tax Paid	35,650,290
Operating Profit / (loss) Before working Capital	(4,000,000)
Changes in Stock in Trade	19,681,727
Change in Debtors and Prepayments	(11,919,150)
Changes in Creditors and Accruals	(26,630,097)
Net Cash Flows From Operation	131,069,841
Injection of capital	112,202,321
Purchase of fixed Assets	150,000,000
Adjustment at the beginning of the year	(259,202,321)
Net Cash Flows From Financing Activities	-
Increase in Cash and Cash Equivalents	(109,202,321)
Cash and Cash Equivalents at the Beginning of the year	3,000,000
Cash and Cash Equivalent at the end of the Year	3,000,000

Notes on pages 10 to 15 form an integral part of these financial statements.
 Auditors' report on page 5.

M/S THE FUSTAR FRIENDS INVESTMENT CO. LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Fustar friends Investment Co. limited is a limited liability Company incorporated in Tanzania with certificate of registration number 13812583 Address of registered office of the Company is Mwanambaya Village, Plot No. 5 Block D and P.O. Box 38621, Dar Es Salaam.

The Company's principal activities are manufacturing of electronic components and boards.

2. BASIC OF PREPARATION

The financial statements have been prepared on a historical cost basis. These financial statements are presented in Tanzanian Shillings (Tzs).

Statement of compliance

The financial statements have prepared in accordance with International Financial Reporting Standards (IFRSs).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

3.2 Trade and other receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible 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.

3.3 Cash and cash equivalents

Cash and bank balances in the balance sheet comprise cash in hand and at banks. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3.4 Property, plant and equipment

Plant and equipment is stated at cost. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met. Depreciation is calculated on a Straight-line method so as to write off the cost the asset over their useful lives. The annual rates of depreciation are:

Description	Rate (%)
Furniture & Fittings	12.5
Motor Vehicles/Equip.	25
Plant & Machinerics	12.5
Tools & Equipment's	12.5
Development	12.5

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

3.5 Inventory

Inventories are valued at the lower of cost and net realizable value. Cost is determined on First in First out (FIFO) Method.

3.6 Impairment of assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3.7 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 an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.8 Employee benefits

The company's employees are members of state-owned pension scheme, the National Social Security Fund (NSSF). The company contributes to the scheme 10% of gross salary for each employee, and the employee contributes 10%. The company's contributions to the fund are charged to the income statement.

3.9 Non-interest-bearing loans and borrowings

Non-interest-bearing loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

3.10 De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3.11 Taxes

i) Current tax

Current tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. The current tax rate is 30%.

ii) Value added tax

Revenues, expenses and assets are recognized net of the amount of value added tax except where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

M/S THE FUSTAR FRIENDS INVESTMENT CO. LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2: Property, Plant and Equipment

Particulars	Furniture & Fitting	Motor Vehicles	Plant & Machineryes	Computer & Printing	Air Condition	Generator	Total
Cost	12.50%	25%	12.50%	37.50%	12.50%	12.50%	
As at 01/01/2019	-	-	-	-	-	-	-
Additions	17,000,000	20,000,000	206,202,321	3,000,000	7,000,000	6,000,000	259,202,321
As at 31/12/2019	17,000,000	20,000,000	206,202,321	3,000,000	7,000,000	6,000,000	259,202,321
Depreciation							
As at 01/01/2019	-	-	-	-	-	-	-
Charge for the Year	2,125,000	5,000,000	25,775,290	1,125,000	875,000	750,000	35,650,290
as at 31/12/2019	2,125,000	5,000,000	25,775,290	1,125,000	875,000	750,000	35,650,290
CARRYING AMOUNT							
As at 31/12/2019	14,875,000	15,000,000	180,427,031	1,875,000	6,125,000	5,250,000	223,552,031
As at 31/12/2018	-	-	-	-	-	-	-

Note 3: Stock summaries

	2019
Raw materials	Tshs
Finished Goods	5,835,500
WIP	3,166,150
Total	2,917,500
	11,919,150

Note 4: Trade and Other Receivable

	2019
	Tshs
Trade debtors	
Tax repayable	
VAT Repayable	
Total	26,630,097
	26,630,097

M/S THE FUSTAR FRIENDS INVESTMENT CO. LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5:	Taxation	
		2019
		Tshs
	Profit /loss as per accounts	
	Add: Depreciation	(11,968,563)
	Tax liability(after assessment)	35,650,290
		<u>23,681,727</u>
	Less: Wear & Tear Deduction	35,650,290
	Tax liability(after assessment)	-
	Profit/ Loss for the year	-
	Corporation Tax -30%	(11,968,563)
	Opening balance	
	Less: provisional tax paid	(4,000,000)
	Tax (Overpaid)/Under paid	<u>(4,000,000)</u>

Note 6:	Cash and Cash equivalent	
		2019
		Tshs
	Cash at Bank	
	Cash on Hand	
	Total	<u>3,000,000</u>

Note 7:	Share capital	
		2019
		TZS
	Authorized	
	1000 shares of Tshs 150000	150,000,000
	Issued and fully paid	150,000,000
	1000 shares of Tshs 150000	150,000,000

Note 8:	Trade and Other Payable	
		2019
		Tshs
	Sundry Creditors	103,657,636
	Accountancy fees	5,000,000
	PAYE payable	11,396,700
	SDL payable	3,418,605
	NSSF Contribution payable	7,596,900
	WCF payable	-
	Total	<u>131,069,841</u>

Note 9:	Cost of sales	
		2019
		Tshs
	Production cost	
	Cost of goods Available for Sale	231,888,513
	Opening stock - Finished goods	231,888,513
	Less: Closing Stock - Finished goods	(3,166,150)
	Cost of Goods sold	<u>228,722,363</u>

M/S THE FUSTAR FRIENDS INVESTMENT CO. LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)
 Note 10: Production Cost

		2019
		Tshs
Opening Stock		
Purchases		
Less: Closing Stock	11	153,461,723
Direct Cost		(5,835,500)
Cost of production	12	87,179,790
Factory Overhead		234,806,013
Opening Stock (WIP)	13	-
Closing Stock (WIP)		-
Total Cost of Production	3	(2,917,500)
		231,888,513

Note 11: Purchases

		2019
		Tshs
Agency fee		
FOB		
Freight		91,801,558
Insurance		24,155,250
local purchase		345,068
Import duty		
Cpf		14,155,523
Rdl		1,407,925
Port charges		5,147,468
Total		16,448,931
		153,461,723

Note 12: Direct Cost

		2019
		Tshs
Labour Charges		
Motor Vehicles running expenses		
Depreciation charges		2,850,000
Electricity & Water		31,525,290
Clearing agency fee		51,304,500
Total		1,500,000
		87,179,790

Note 13: Factory Overhead

		2019
		Tshs
Rejected Products		
Total		

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Amy 10.11.2021

ARETAS STEPHEN KYARA
 Advocate, Notary Public & Commissioner for Oaths

M/S THE FUSTAR FRIENDS INVESTMENT CO. LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 14: Staff cost

	2019
	Tshs
Nssf contribution	7,596,900
Salary & Wages	21,969,000
Directors emoluments	54,000,000
Skill Development levy	3,418,605
PAYE	11,396,700
WCF	-
Total	98,381,205

Note 15: Administrative Expenses

	2019
	Tshs
Accountancy & Audit fees	5,000,000
Depreciation charges	4,125,000
Telephone, internet & Postages	590,000
Waste Collection & Garbage	180,000
City Service levy	1,137,307
Stationary and printing	220,000
Industries License	800,000
Security charges	3,000,000
Business License	600,000
Rent	19,200,000
Stamp duty	192,000
Fire extinguisher acquisition	300,000
Fire extinguisher services	500,000
Car parking	200,000
Office repair & Maintenance	1,390,000
Entertainment	8,640,000
Residence permit	9,149,909
Work permit	2,999,970
TBS	4,040,000
GCLC	1,703,000
Total	63,967,185

Note 16: Financial Charges

	2019
	Tshs
Bank charges	-
Total	-

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Steph
 10.4.2021
 ALETAS STEPHEN KYANA
 Advocate, Notary Public & Commissioner for Oaths