

RWENZORI SUSTAINABLE TRADE CENTER LIMITED
Annual Financial Statements
for the year ended 30 June 2019

Audited Financial Statements
in compliance with Companies Act 2012, Uganda

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Annual Financial Statements for the year ended 30 June 2019

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RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Annual Financial Statements for the year ended 30 June 2019

General Information

Country of Incorporation and Domicile

Uganda

DirectorsYorokamu Abainenamar
Francis Gimara
Pauline Tiffen**Business Address**Plot 6 Acacia Avenue
3 floor Acacia
P.O BOX 7131 Kampala**Level of Assurance**

These financial statements have been audited in compliance with the applicable requirements of the Companies Act 2012, Uganda.

Certified Public AccountantsPaks and Co Certified Public Accountants
Plot 7 Rashid Khamis Road
Old Kampala - Uganda**Auditor**Paks and Co Certified Public Accountants
Plot 7 Rashid Khamis Road
Old Kampala - Uganda

Directors' Responsibilities and Approval

The directors are required by the Companies Act 2012, Uganda to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

The annual financial statements have been audited by the independent auditing firm, Paks and Co Certified Public Accountants, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 5 to 7.

The annual financial statements set out on pages 8 to 21 which have been prepared on the going concern basis, were approved by the directors and were signed on 20 November 2019 on the company's behalf by:

Yorokamu Abainenamar

Francis Gimara

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Annual Financial Statements for the year ended 30 June 2019

Directors' Report

The directors present their report for the year ended 30 June 2019.

1. Review of financial results and activities

Main business and operations

The principal activity of the company is . There were no major changes herein during the year.

The company generated a profit after tax for the year ended 30 June 2019 of Sh 6,335,373 (2018: Sh 31,145,188).

Company revenue increased from Sh 850,522,103 in the prior year to Sh 1,413,349,609 for the year ended 30 June 2019.

Company cash flows from operating activities changed from an inflow of Sh 77,840,907 in the prior year to an inflow of Sh 617,083,463 for the year ended 30 June 2019.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

4. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

5. Directors

The directors of the company during the year and up to the date of this report are as follows:

Yorokamu Abainenamar

Francis Gimara

Pauline Tiffen

6. Independent Auditors

Paks and Co Certified Public Accountants were the independent auditors for the year under review.

Paks and Co Certified Public Accountants were reappointed as independent auditors of RWENZORI SUSTAINABLE TRADE CENTER LIMITED.

Independent Auditor's Report

To the Shareholder of RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of RWENZORI SUSTAINABLE TRADE CENTER LIMITED set out on pages 8 to 21, which comprise the statement of financial position as at 30 June 2019, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the company as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act 2012, Uganda.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. 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 our professional judgement, were of most significance in our 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, 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 an 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Statements

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 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 Requirements

As required by the Ugandan Companies Act, 2012 we report to you, based on our audit, that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- proper returns adequate for the purposes of our audit have been received from branches which we have not visited
- the company's statement of financial position and statement of comprehensive income are in agreement with the books of account and returns.

Paks and Co Certified Public Accountants

Per:

Director / Partner

Certified Public Accountant

Plot 7 Rashid Khamis Road

Old Kampala - Uganda

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Financial Statements for the year ended 30 June 2019

Statement of Financial Position

Figures in Sh

	Notes	2019	2018
Assets			
Non-current assets			
Property, plant and equipment	4	22,436,840	29,684,802
Intangible assets		930,417	1,315,417
Total non-current assets		23,367,257	31,000,219
Current assets			
Trade and other receivables	5	1,352,556,925	1,371,235,895
Prepayments		1,440,000	-
Cash and cash equivalents	8	889,070,292	271,986,829
Total current assets		2,243,067,217	1,643,222,724
Total assets		2,266,434,474	1,674,222,943
Equity and liabilities			
Equity			
Retained income		30,573,891	24,238,518
Liabilities			
Non-current liabilities			
Deferred tax liabilities	6	1,982,457	-
Current liabilities			
Trade and other payables	9	2,232,641,721	1,649,984,425
Current tax liabilities	7	1,236,405	-
Total current liabilities		2,233,878,126	1,649,984,425
Total liabilities		2,235,860,583	1,649,984,425
Total equity and liabilities		2,266,434,474	1,674,222,943

Approved by the directors on 20 November 2019 and signed on its behalf by:

Yorokamu Abainenamar

Francis Gimara

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Financial Statements for the year ended 30 June 2019

Statement of Comprehensive Income**Figures in Sh**

	Notes	2019	2018
Revenue	10	1,413,349,609	850,522,103
Cost of sales	11	<u>(667,928,174)</u>	<u>(146,196,510)</u>
Gross profit		745,421,435	704,325,593
Distribution costs	13	-	(5,101,349)
Administrative expenses	14	(171,041,167)	(240,776,797)
Other expenses	15	<u>(438,133,281)</u>	<u>(402,369,485)</u>
Profit from operating activities		136,246,987	56,077,962
Finance costs	16	<u>(123,092,752)</u>	<u>(18,129,466)</u>
Profit before tax		13,154,235	37,948,496
Income tax expense		<u>(6,818,862)</u>	<u>(6,803,308)</u>
Profit for the year		6,335,373	31,145,188

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Financial Statements for the year ended 30 June 2019

Statement of Changes in Equity

Figures in Sh	Retained income	Total
Balance at 1 March 2017 as previously reported	-	-
Increase (decrease) due to corrections of prior period errors	(6,906,670)	(6,906,670)
Balance at 1 March 2017 as restated	(6,906,670)	(6,906,670)
Changes in equity		
Profit for the year	31,145,188	31,145,188
Total comprehensive income	31,145,188	31,145,188
Balance at 30 June 2018 as restated	24,238,518	24,238,518
Balance at 1 July 2018 as previously reported		-
Increase (decrease) due to corrections of prior period errors	24,238,517	24,238,517
Balance at 1 July 2018 as restated	24,238,518	24,238,518
Changes in equity		
Profit for the year	6,335,373	6,335,373
Total comprehensive income	6,335,373	6,335,373
Balance at 30 June 2019 as restated	30,573,891	30,573,891

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Financial Statements for the year ended 30 June 2019

Statement of Cash Flows

Figures in Sh

	Notes	2019	2018
Cash flows from operations			
Profit for the year		6,335,373	31,145,188
Adjustments to reconcile profit			
Adjustments for income tax expense		6,818,862	6,803,308
Adjustments for finance costs		123,092,752	
Adjustments for increase in trade accounts receivable		(46,015,350)	(1,027,450,610)
Adjustments for increase in prepayments		(1,440,000)	-
Adjustments for decrease in other operating receivables		64,694,320	
Adjustments for (decrease) / increase in trade accounts payable		(1,892,213)	1,060,640,018
Adjustments for increase in other operating payables		584,549,509	
Adjustments for depreciation and amortisation expense		385,000	8,423,003
Total adjustments to reconcile profit		737,440,842	48,415,719
Net cash flows from operations		743,776,215	79,560,907
Interest paid		(123,092,752)	
Income taxes refunded	17	(3,600,000)	
Net cash flows from operating activities		617,083,463	79,560,907
Cash flows used in investing activities			
Purchase of property, plant and equipment		(890,000)	-
Purchases of non-cash assets pledged as collateral			(1,720,000)
Cash flows used in investing activities		(890,000)	(1,720,000)
Cash flows from financing activities			
Cash flows from financing activities		890,000	-
Net increase in cash and cash equivalents		617,083,463	77,840,907
Cash and cash equivalents at beginning of the year		271,986,829	194,145,922
Cash and cash equivalents at end of the year	8	889,070,292	271,986,829

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Financial Statements for the year ended 30 June 2019

Accounting Policies

1. General information

Rwenzori Sustainable Trade Center Limited ("the Company") is a company limited by Guarantee incorporated in Uganda. Rwenzori Sustainable Trade Center Limited (RSTC) is a not for profit organization incorporated on November 30th, 2015.

2. Basis of preparation and summary of significant accounting policies

The financial statements of RWENZORI SUSTAINABLE TRADE CENTER LIMITED have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act 2012, Uganda. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value. They are presented in Ugandan Shilling.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the entity operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the entity. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

Accounting Policies

Revenue from the sale of goods is recognised when:

- significant risks and rewards of ownership of the goods have been transferred to the buyer;
- the entity 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 measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of transactions involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

The stage of completion of a transaction may be determined by a variety of methods, depending on the nature of the transaction:

- surveys of work performed;
- services performed to date as a percentage of total services to be performed;
- the proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

Interest income is recognised using the effective interest method.

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term and is included in 'other income'.

Dividend income is recognised when the company's right to receive payment has been established and is shown as 'other income'.

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Property, plant and equipment**4.1 Accounting policies**

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the directors.

The company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Asset class	Useful life / depreciation rate
Motor vehicles	25.00%
Fixtures and fittings	12.50%
Office equipment	12.50%
Computer equipment	33.30%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains / (losses)' in the statement of comprehensive income.

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements**Figures in Sh****4.2 Balances at year end and movements for the year**

	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Total
Reconciliation for the year ended 30 June 2019					
Balance at 1 July 2018					
At cost	25,355,100	8,996,000	4,155,000	7,052,000	45,558,100
Accumulated depreciation	(10,142,040)	(2,249,000)	(736,458)	(2,745,800)	(15,873,298)
Net book value	15,213,060	6,747,000	3,418,542	4,306,200	29,684,802
Movements for the year ended 30 June 2019					
Additions	-	-	510,000	380,000	890,000
Depreciation	(5,071,020)	(1,124,500)	(519,375)	(1,423,067)	(8,137,962)
Property, plant and equipment at end of year	10,142,040	5,622,500	3,409,167	3,263,133	22,436,840
Closing balance at 30 June 2019					
At cost	25,355,100	8,996,000	4,665,000	7,432,000	46,448,100
Accumulated depreciation	(15,213,060)	(3,373,500)	(1,255,833)	(4,168,867)	(24,011,260)
Net book value	10,142,040	5,622,500	3,409,167	3,263,133	22,436,840

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

Figures in Sh

2019**2018****5. Trade and other receivables****5.1 Accounting policies**

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

5.2 Trade and other receivables comprise:

Trade receivables	86,146,885	40,131,535
Loans revolving fund loans	37,608,400	-
Loans & Advances	1,044,114,763	1,315,921,100
Accrued income	184,686,877	15,183,260
Total trade and other receivables	1,352,556,925	1,371,235,895

6. Deferred tax**6.1 Accounting policies**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the entity. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

6.2 The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax liabilities:

- Deferred tax liability to be recovered after more than 12 months

(1,982,457) -

(1,982,457) -**Net deferred tax liabilities****(1,982,457)** -

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

Figures in Sh

2019**2018****7. Current tax assets and liabilities****7.1 Accounting policies**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the entity operates and generates taxable income.

7.2 Current tax assets and liabilities comprise the following balances

Net current tax liability from all items being set off	(4,836,405)	-
Current tax liabilities that cannot be set off	3,600,000	-
Total current tax liability per the statement of financial position	(1,236,405)	-

8. Cash and cash equivalents**8.1 Accounting policies****Measurement**

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Cash and cash equivalents comprise cash held at bank. The carrying amount of these assets approximates their fair value.

8.2 Cash and cash equivalents comprise:**Cash**

Balances with banks	889,070,292	271,986,829
Total cash	889,070,292	271,986,829

Total cash equivalents

-

9. Trade and other payables**9.1 Accounting policies**

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements**Figures in Sh****2019****2018****9.2 Trade and other payables comprise:**

Trade creditors	89,820,982	91,713,195
Tax payable	-	6,803,308
NSSF Payable	2,938,050	2,938,050
Payee Payable	5,312,200	5,312,200
WHT payable	357,600	1,231,057
External loans	1,700,163,216	922,105,796
Bundibugyo Diversification Prog	358,933,000	-
Advance customer payment	-	68,177,888
Other payables	72,756,673	551,702,931
Audit fees payable	2,360,000	-
Total trade and other payables	2,232,641,721	1,649,984,425

10. Revenue**10.1 Accounting policies**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

Revenue from the sale of goods is recognised when:

- significant risks and rewards of ownership of the goods have been transferred to the buyer;
- the entity 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 measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of transactions involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements**Figures in Sh****2019****2018**

The stage of completion of a transaction may be determined by a variety of methods, depending on the nature of the transaction:

- surveys of work performed;
- services performed to date as a percentage of total services to be performed;
- the proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

Interest income is recognised using the effective interest method.

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term and is included in 'other income'.

Dividend income is recognised when the company's right to receive payment has been established and is shown as 'other income'.

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

10.2 Revenue comprises:

Donations	494,915,919	735,320,260
Craft sales:Raffia Sales	25,378,000	11,494,300
Craft sales	433,072,711	88,906,616
Packaing income	261,783,320	-
Operating lease income - rental	25,182,032	-
Interest income	168,705,627	14,800,927
Sponsorship	2,990,000	-
Fees received	1,322,000	-
Total revenue	1,413,349,609	850,522,103

11. Cost of sales**11.1 Cost of sales comprise:**

Transport and transhipment	6,996,530	9,584,050
Product Sample expenses	534,000	210,000
Purchases-Resale items	528,588,194	93,703,720
Packaging costs	131,809,450	42,698,740
Total cost of sales	667,928,174	146,196,510

12. Employee benefits expense**12.1 Accounting policies**

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements**Figures in Sh****2019****2018****12.2 Employee benefits expense comprises:**

Salaries	159,545,400	48,643,800
Nssf employers cost	23,504,400	7,166,800
Nssf employee contribution	11,752,200	3,583,400
PAYE	63,746,400	19,440,800
Total employee benefits expense	258,548,400	78,834,800

13. Distribution costs**13.1 Distribution costs comprise:**

Processing expenses	-	5,101,349
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14. Administrative expenses**14.1 Administrative expenses comprise:**

Office expenses	11,858,000	38,263,209
Freight and shipping costs	-	85,379,893
Internet	4,465,000	995,000
Project subsistence	-	14,406,000
Auditors remuneration	2,360,000	1,770,000
Bank charges	14,022,913	8,817,586
Work shop and Forums	35,649,790	16,427,735
Board expenses	21,953,565	3,500,000
Field expenses	78,001,899	70,087,374
Telephone and fax	2,730,000	1,130,000
Total administrative expenses	171,041,167	240,776,797

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements**Figures in Sh****2019****2018****15. Other expenses****15.1 Other expenses comprise:**

Advertising	-	50,788,500
Amortisation	385,000	385,000
Depreciation	8,137,962	8,038,003
Dues and subscription	2,880,000	-
Employee benefit expenses	258,548,400	78,834,800
Exchange loss	17,603,549	-
Fines and penalties	1,224,595	-
Legal fees	-	5,302,000
Marketing Commission	-	4,945,290
Other expenses	15,725,000	-
Printing and stationery	3,948,900	-
Professional fees	96,467,875	193,346,178
Rent expenses	20,400,000	24,072,000
Repairs and maintenance	949,000	-
Sales and marketing	2,780,000	25,713,114
Tax	-	474,000
Training	7,285,000	9,611,000
Travel - local	1,798,000	859,600
Total other expenses	438,133,281	402,369,485

16. Finance costs**16.1 Accounting policies**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

16.2 Finance costs included in profit or loss:

Interest expenses	123,092,752	18,129,466
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17. Income tax paid

Amounts (receivable) / payable at the end of the year	1,236,405	-
Taxation expense (credit)	(6,818,862)	(6,803,308)
Less deferred tax included in taxation expense	1,982,457	-
	<u>(3,600,000)</u>	<u>(6,803,308)</u>

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Annual Financial Statements for the year ended 30 June 2019

Income Tax Computation

Figures in Sh

	Note	2019	2018
Profit before tax		13,154,235	37,948,496
Wear and tear		(6,780,442)	(10,095,725)
Depreciation per statement of comprehensive income		8,137,962	8,038,003
Amortisation		385,000	385,000
Fines and penalties		1,224,595	
		<u>2,967,115</u>	<u>(1,672,722)</u>
Computed income for the year		16,121,350	36,275,774
Assessed loss brought forward		-	(13,598,077)
Taxable income		<u>16,121,350</u>	<u>22,677,697</u>
Normal tax		4,836,405	6,803,309
Deferred tax		1,982,457	-
Total per statement of comprehensive income		<u>6,818,862</u>	<u>6,803,309</u>
Provisional tax	- 1st payment	(3,600,000)	-
Deferred tax		(1,982,457)	-
Total per statement of financial position - (Asset)/Liability		<u>1,236,405</u>	<u>6,803,309</u>

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Annual Financial Statements for the year ended 30 June 2019

Income Tax Computation**Figures in Sh**

Deferred tax

	Note	2019	2018		
		Book value	Tax value	Difference	30 %
Motor vehicles		10,142,040	6,936,145	3,205,895	961,769
Office Furniture		9,031,667	6,953,472	2,078,195	623,459
Computer equipment		3,263,133	1,939,032	1,324,101	397,230
		<u>22,436,840</u>	<u>15,828,649</u>	<u>6,608,191</u>	<u>1,982,457</u>

Deferred tax Liability/Asset at 30 % of the difference in book to tax values:

1,982,457

RWENZORI SUSTAINABLE TRADE CENTER LIMITED

Annual Financial Statements for the year ended 30 June 2019

Income Tax Computation

Figures in Sh

WEAR AND TEAR ALLOWANCE FOR YEAR ENDING 30 JUNE 2019

	Note	2019	2018			
		Class 1 40% Ushs	Class II 35% Ushs	ClassIII 30% Ushs	ClassIV 20% Ushs	Total Ushs
WDV as at 01 July 2016		8,977,000	25,355,100	-	11,431,000	45,763,100
Total		8,977,000	25,355,100	-	11,431,000	45,763,100
Qualifying assets		8,977,000	25,355,100	-	11,431,000	45,763,100
Wear & tear allowance		<u>3,590,800</u>	<u>8,874,285</u>	-	<u>2,286,200</u>	<u>14,751,285</u>
WDV as at 30 June 2017		<u>5,386,200</u>	<u>16,480,815</u>	-	<u>9,144,800</u>	<u>31,011,815</u>
WDV as at 01 July 2017		5,386,200	16,480,815	-	9,144,800	31,011,815
Additions					1,720,000	1,720,000
Total		5,386,200	16,480,815	-	10,864,800	32,731,815
Qualifying assets		5,386,200	16,480,815	-	10,864,800	32,731,815
Wear & tear allowance		<u>2,154,480</u>	<u>5,768,285</u>	-	<u>2,172,960</u>	<u>10,095,725</u>
WDV as at 30 June 2018		<u>3,231,720</u>	<u>10,712,530</u>	-	<u>8,691,840</u>	<u>22,636,090</u>
WDV as at 01 July 2018		3,231,720	10,712,530	-	8,691,840	22,636,090
Additions		-	-	-	-	-
Total		3,231,720	10,712,530	-	8,691,840	22,636,090
Qualifying assets		3,231,720	10,712,530	-	8,691,840	22,636,090
Wear & tear allowance		<u>1,292,688</u>	<u>3,749,386</u>	-	<u>1,738,368</u>	<u>6,780,442</u>
WDV as at 30 June 2019		<u>1,939,032</u>	<u>6,963,145</u>	-	<u>6,953,472</u>	<u>15,855,649</u>