REDINGTON KENYA LIMITED

REPORTS AND COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

REDINGTON KENYA LIMITED

REPORTS AND SEPARATE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

CONTENTS	PAGES

REDINGTON KENYA LIMITED

CORPORATE INFORMATION

DIRECTORS	Pallasena V Viswanath* Arun Srinivasan* Sriram Ganeshan* * Indian
SECRETARY	Adili Corporate Services Kenya Certified Public Secretaries (Kenya) ALN House, Eldama Ravine Close, Eldama Ravine Road Westlands P O Box 764 - 00606 Nairobi
REGISTERED OFFICE	Redington Kenya Ltd Whitefield Place, School Lane P.O. Box 383-00606 Westlands, Nairobi
PRINCIPAL PLACE OF BUSINESS	Incubator – G2 Athi River EPZ P O Box 383 - 00606 Nairobi
AUDITOR	Deloitte & Touche LLP Certified Public Accountants (Kenya) Deloitte Place Waiyaki Way, Muthangari P O Box 40092 - 00100 Nairobi
BANKERS	Standard Chartered Bank Kenya Plc Westlands Branch P O Box 30003 - 00100 Nairobi NCBA Bank Plc The Mall Branch, Westlands P O Box 44599 - 00100 Nairobi
LAWYER	Conrad Law Advocates LLP Crawford Business Park, 4th Floor state House Road, Arboretum.

REDINGTON KENYA LIMITED

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements of Redington Kenya Limited (the "Company") for the year ended 31 March 2024, which disclose the state of affairs of the Company.

ACTIVITIES

The Company imports and distributes information technology products.

RESULTS

	2024 Sh'000	2023 Sh'000
Profit before taxation	214,295	46,466
Taxation charge	(65,932)	(7,684)
Profit for the year	148,363	38,782

DIVIDEND

The Directors do not recommend the payment of a dividend for the year 2024 (2023: Sh Nil).

DIRECTORS

The current members of the board are shown on page 2.

DIRECTORS' STATEMENT AS TO THE INFORMATION GIVEN TO THE AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

BUSINESS REVIEW

Redington Kenya Ltd was incorporated in Kenya on 19 July 2004, the Company is into Distribution and Services of Information Technology and Telecommunication Equipment. Redington Kenya Limited is the leading distributor of IT and Telco Brands like HP, Dell, Lenovo, Cisco, Oracle, Apple, Nokia etc., in the market.

Company review

The Company had a solid performance and revenue with an increase from Shs.7.6 Billion in Financial Year (FY) 2023 to Shs 8.7 Billion in Financial Year (FY) 2024. The Company had a good performance and was able to maintain the market stand and the revenues. This was because of aggressive sales promotion activities.

Future Outlook

The company intends to form partnership with more international vendors in an attempt to provide related after sales services on various information technology and telecommunication brands to final consumers and thereby widening market share.

REDINGTON KENYA LIMITED

REPORT OF THE DIRECTORS (Continued)

AUDITORS

Deloitte & Touche LLP, having expressed their willingness, continue in office in accordance provisions of section 719 (2) of the Kenyan Companies Act, 2015. The Directors monitor the effectiveness, objectivity and independence of the auditors. The Directors also approve the annual audit engagement contract, which sets out the terms of the auditors' appointment and the related fees.

BY ORDER OF THE BOARD

Adili Corporate Services Kenya LLP

Secretary

Nairobi, Kenya

13 June 2024

REDINGTON KENYA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act 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 that are sufficient to show and explain the transactions of the Company, and which disclose, with reasonable accuracy at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company, and for taking reasonable steps for prevention and detection of fraud and error.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act.

They also accept responsibility for:

(i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

(ii) selecting suitable material accounting policies and applying them consistently; and

(iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of Directors on ....13 June......2024 and signed on its behalf by:

Pallasena V Viswanath
Director

Arun Srinivasan
Director

Deloitte.

Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Deloitte Place
Waiyaki Way, Muthangari
P.O. Box 40092 - GPO 00100
Nairobi
Kenya

Tel: (+254 20) 423 0000
Cell: (+254 20) 0719 039 000
Dropping Zone No. 92
Email: admin@deloitte.co.ke
www.deloitte.com

INDEPENDENT AUDITORS' REPORT
TO THE DIRECTORS OF REDINGTON KENYA LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Redington Kenya Limited (the "Company"), set out on pages 9 to 36, which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2024 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015.

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 Auditors' 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 Kenya, and 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.

Other information

The Directors are responsible for the other information, which comprises the Report of the Directors as required by the Kenyan Company's Act, 2015. The other information does not include the financial statements and our auditors' 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 we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REDINGTON KENYA LIMITED

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs and the requirements of the Kenyan Companies Act, 2015, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- 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 material 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 auditors' 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 auditors' 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.

Report on other matters prescribed by the Kenya Companies Act, 2015

In our opinion the information given in the Report of the Directors on pages 3 to 4 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA David Waweru**, Practising certificate **No. 2204.**

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi

21 June **2024**

REDINGTON KENYA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 Sh'000	2023 Sh'000
REVENUE		8,779,035	7,578,649
COST OF SALES		(7,751,300)	(6,802,126)
GROSS PROFIT		1,027,735	776,523
OTHER INCOME		88,372	62,552
IMPAIRMENT PROVISION FOR FINANCIAL ASSETS	10(b)	(52,076)	(27,858)
OPERATING EXPENSES		(784,329)	(541,922)
FINANCE COSTS		(65,407)	(222,829)
PROFIT BEFORE TAXATION	3	214,295	46,466
TAXATION (CHARGE)	5(a)	(65,932)	(7,684)
PROFIT FOR THE YEAR		148,363	38,782
OTHER COMPREHENSIVE INCOME			
Re-measurement of retirement benefit obligation		5,395	4,419
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		153,758	43,201

REDINGTON KENYA LIMITED

STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2024

	Notes	2024 Sh'000	2023 Sh'000
ASSETS			
Non-current assets			
Investment in subsidiary	6	100	100
Property and equipment	7	18,736	26,354
Deferred tax asset	8	14,065	74,964
Right of use assets	15(a)	31,721	30,365
		64,622	131,783
Current assets			
Corporate tax recoverable	5(c)	147,462	56,243
Inventories	9	748,984	511,042
Trade and other receivables	10	1,911,693	1,856,027
Due from related parties	11(a)	177,006	156,616
Cash and bank balances	14(b)	582,829	250,502
		3,567,974	2,830,430
Total assets		3,632,596	2,962,213
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	1,000	1,000
Retained earnings		411,347	262,984
Re-measurement of retirement benefit obligation		9,814	4,419
Shareholders' funds		422,161	268,403
Non-current liabilities			
Provision for employees' end-of-service indemnity	13(b)	34,620	30,057
Lease Liability	15(b)	18,081	18,811
		52,701	**48,868**
Current liabilities			
Trade and other payables	13(a)	934,042	493,557
Due to related parties	11(b)	2,203,393	2,131,096
Lease liability	15(b)	20,300	20,289
		3,157,735	2,644,942
Total Liabilities		3,210,436	2,693,810
Total equity and liabilities		3,632,596	2,962,213

The financial statements on pages 9 to 36 were approved by the Board of Directors on 13 June 2024 and were signed on its behalf by:

Pallasena V Viswanath
Director

Arun Srinivasan
Director

REDINGTON KENYA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Share capital Sh'000	Retained earnings Sh'000	Remeasurement of net defined benefit asset Sh'000	Total Sh'000
At 1 April 2022	1,000	224,202	-	225,202
Profit for the year	-	38,782	-	38,782
Other comprehensive income				
Remeasurement of net defined benefit asset	-	-	4,419	4,419
At 31 March 2023	1,000	262,984	4,419	268,403
	=======	=======	=======	=======
At 1 April 2023	1,000	262,984	4,419	268,403
Profit for the year	-	148,363	-	148,363
Other comprehensive income	-	-	-	-
Remeasurement of net defined benefit asset	-	-	5,395	5,395
At 31 March 2024	1,000	411,347	9,814	422,161
	=======	=======	=======	=======

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 Sh'000	2023 Sh'000
Cash flows from operating activities			
Cash generated from/(used in) operations	14(a)	454,207	(106,885)
Corporate tax paid	5(c)	(96,252)	(78,298)
Net cash generated from operating activities		357,955	(185,183)
Cash flows from investing activities			
Purchase of equipment	7	(3,185)	(11,242)
Proceeds from sale of property and equipment		3,016	-
Net cash used in investing activities		(169)	(11,242)
Cash flows from financing activities			
Lease repayments	15(b)	(25,459)	(25,249)
Net cash used in financing activities		(25,459)	(25,249)
Net increase/(decrease) in cash and cash equivalents		332,327	(221,674)
Cash and cash equivalents at the beginning of the year		250,502	472,176
Cash and cash equivalents at the end of the year	14(b)	582,829	250,502

1 MATERIAL ACCOUNTING POLICIES

General information
Redington Kenya Limited is incorporated in Kenya under the Kenyan Companies Act, 2015 as a private company limited by shares and is domiciled in Kenya.

The Company operates in Nairobi and is into Distribution and Services of Information Technology and Telecommunication Equipment. Redington Kenya Limited is the leading distributor of IT and Telco Brands like HP, Dell, Lenovo, Cisco, Oracle, Apple, Nokia etc., in the market.

The address of the Company's registered office is as indicated on Page 2.

Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015.
For the Kenyan companies Act,2015 reporting purposes, in these financial statements the balance Sheet is represented by/is equivalent to the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

Application of new and revised IFRS Accounting Standards (IFRS)

i) New standards and interpretations effective in the current period

The amendments and interpretations listed below apply for the first time in 2023, but do not have an impact on the financial statements of the company. Effective for annual periods beginning on or after 1 January 2023;
• Reference to the Conceptual Framework – Amendments to IFRS 3
• Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
• Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
• AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
• AIP IFRS 16 – Leases

ii) New and revised standards and interpretations in issue but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and amendments to Standards	Effective date on annual periods beginning on or after
Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback	Annual periods beginning on or after 1 January 2024.
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	Annual periods beginning on or after 1 January 2024.
Amendments to IAS 1 - Non-current Liabilities with Covenants	Annual periods beginning on or after 1 January 2024
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	Annual periods beginning on or after 1 January 2024
IFRS S2 — Climate-related Disclosures	Annual periods beginning on or after 1 January 2024
Amendments to IAS 1 - Classification of liabilities as current or non-current	Annual periods beginning on or after 1 January 2024
Amendments to IAS 21 - Lack of exchangeability	Annual periods beginning on or after 1 January 2025

1 MATERIAL ACCOUNTING POLICIES (Continued)

Application of new and revised IFRS Accounting Standards (IFRS) (Continued)

i) New and amended IFRS Standards in issue but noy yet effective for the current year ended 31 March 2024 (Continued)

Amendment to IFRS 16 -Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease.

Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16.This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The Directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

Amendments to IAS 7

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and the entity's exposure to liquidity risk.

Supplier finance arrangements are characterised by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid.

These arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date. Supplier finance arrangements are often referred to as supply chain finance, payables finance or reverse factoring arrangements.

Arrangements that are solely credit enhancements for the entity (for example, financial guarantees including letters of credit used as guarantees) or instruments used to settle directly with a supplier the amounts owed (for example, credit cards) are not supplier finance arrangements.

1 MATERIAL ACCOUNTING POLICIES (Continued)

Application of new and revised IFRS Accounting Standards (IFRS) (continued)

ii) New and revised IFRS Standards in issue but not yet effective for the year ended 31 March 2024 (Continued)

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements (Continued)

Amendments to IAS 7 (Continued)

To meet the disclosure objective set out above, an entity is required to disclose in aggregate for its supplier finance arrangements:

a) The terms and conditions of the arrangements (for example, extended payment terms and security or guarantees provided). However, an entity is required to disclose separately the terms and conditions of arrangements that have dissimilar terms and conditions.

b) As at the beginning and end of the reporting period:

(i) The carrying amounts, and associated line items presented in the entity's statement of financial position, of the financial liabilities that are part of a supplier finance arrangement.

(ii) The carrying amounts, and associated line items, of the financial liabilities disclosed under for which suppliers have already received payment from the finance providers.

(iii) The range of payment due dates (for example, 30-40 days after the invoice date) for both the financial liabilities disclosed under (i) and comparable trade payables that are not part of a supplier finance arrangement. Comparable trade payables are, for example, trade payables of the entity within the same line of business or jurisdiction as the financial liabilities disclosed under (i). If ranges of payment due dates are wide, an entity is required to disclose explanatory information about those ranges or disclose additional ranges (for example, stratified ranges).

c) The type and effect of non-cash changes in the carrying amounts of the financial liabilities disclosed under (b)(i). Examples of non-cash changes include the effect of business combinations, exchange differences or other transactions that do not require the use of cash or cash equivalent.

Amendments to IFRS 7

The amendments include as an additional factor whether the entity has accessed, or has access to, supplier finance arrangements that provide the entity with extended payment terms or the entity's suppliers with early payment terms. The amendments add that concentrations of liquidity risk and market risk may arise from supplier finance arrangements resulting in the entity concentrating with finance providers a portion of its financial liabilities originally owed to suppliers.

The Directors of the Company anticipate that the application of these amendments will have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IAS 1- Non-current Liabilities with Covenants

In 2020, the IASB issued amendments to IAS 1 titled Classification of Liabilities as Current or Non-current. In the 2020 amendments, among other changes, the IASB clarified that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. The 2020 amendments specified how an entity assesses whether it has the right to defer settlement of a liability when that right is subject to compliance with specified conditions (in the amendments referred to as 'covenants') within twelve months after the reporting period. Stakeholders have since expressed concerns about the outcome of applying the 2020 amendments to such covenants. The IASB decided to address these stakeholder concerns.

1 MATERIAL ACCOUNTING POLICIES (Continued)

Application of new and revised IFRS Accounting Standards (IFRS) (continued)

ii) New and revised IFRS Standards in issue but not yet effective for the year ended 31 March 2024 (Continued)

Amendments to IAS 1- Non-current Liabilities with Covenants (Continued)

The 2023 amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g., a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

As a reminder, the key changes introduced by the 2020 amendments that are unaffected by the most recent amendments include:

- A clarification was added in both IAS 1:69 and 73 to emphasise that for a liability to be classified as non-current, the entity's right to defer settlement must exist 'at the end of the reporting period'
- The IASB specified that for a liability to be non-current an assessment is required of whether an entity has the right to defer settlement of a liability and not whether the entity will exercise that right. The reference to an entity's expectations in IAS 1:73 was deleted and a new paragraph was added to state explicitly that classification is unaffected by management intentions or expectations
- The word 'unconditional' was removed from IAS 1:69 and a new paragraph was added to clarify that if the right to defer settlement is conditional on the compliance with covenants the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date
- A definition of the word 'settlement' was added and states "For the purpose of classifying a liability as current or non-current, settlement refers to a transfer to the counterparty that results in the extinguishment of the liability." This transfer could be of cash, goods and services or the entity's own equity instruments.
- The circumstances when counterparty conversion options affect classification as current or non-current were clarified

The 2023 amendments are applied retrospectively in accordance with IAS 8 for annual reporting periods beginning on or after 1 January 2024. Earlier application of the 2023 amendments is permitted. If an entity applies the 2023 amendments for an earlier period, it is also required to apply the 2020 amendments early. At the same time, the IASB aligns the effective date of the 2020 amendments to 1 January 2024. An entity that applies the 2020 amendments after the publication of the 2023 amendments is required to also apply the 2023 amendments for that period.

The Directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

1 MATERIAL ACCOUNTING POLICIES (Continued)

ii) New and revised IFRS Standards in issue but not yet effective for the year ended 31 March 2024 (Continued)

Application of new and revised IFRS Accounting Standards (IFRS) (continued)

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. The standard refers to these risks and opportunities as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects.

An entity whose sustainability-related financial disclosures comply with all the requirements of IFRS Sustainability Disclosure Standards is required to make an explicit and unreserved statement of compliance. An entity is not permitted to describe sustainability-related financial disclosures as complying with IFRS Sustainability Disclosure Standards unless they comply with all the requirements of IFRS Sustainability Disclosure Standards; that is:

(i) Conceptual foundation – the usefulness of related financial information is enhanced if the information is comparable, verifiable, timely and understandable.

(ii) Fair presentation - requires disclosure of relevant information about sustainability related risks and opportunities that could reasonably be expected to affect the entity's prospects, and their faithful representation in accordance with the principles set out in IFRS S1. To achieve this an entity is required to provide a complete, neutral, and accurate depiction of those sustainability-related risks and opportunities.

(i) Materiality - information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity.

(ii) Reporting entity and connected information - an entity is required to provide information in a manner that enables users of general purpose financial reports to understand:

- The connections between the items to which the information relates - such as connections between various sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects; and

- The connections between disclosures provided by the entity-Within its sustainability related financial disclosures such as connections between disclosures on governance, strategy, risk management, and metrics and targets or: across its sustainability-related financial disclosures and other general purpose financial reports published by the entity such as its related financial statements.

An entity is required to identify the financial statements to which the sustainability-related financial disclosures relate.

1 MATERIAL ACCOUNTING POLICIES (Continued)

ii) New and revised IFRS Standards in issue but not yet effective for the year ended 31 March 2024 (Continued)

Application of new and revised IFRS Accounting Standards (IFRS) (continued)

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (Continued)

(iii) Core content - an entity is required to make disclosures about:

- Governance - the governance processes, controls and procedures the entity uses to monitor and manage sustainability-related risks and opportunities.

- Strategy - the approach the entity uses to manage sustainability-related risks and opportunities, including:

  - Business model and value chain.
  - Strategy and decision making.
  - Financial position, financial performance and cash flows.
  - Resilience of the entity's strategy and its business model.

- Risk management - the processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities.

- Metrics and targets - the entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set, or is required to meet by law or regulation.

The Directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

IFRS S2 - Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

The Directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IAS 1 - Classification of liabilities as current or non-current

The amendment was to clarify the classification criteria for liabilities as current or non-current. The most significant changes are listed below.

(i) A clarification has been added to both IAS 1:69 and 73 to emphasise that for a liability to be classified as non-current, the entity's right to defer settlement must exist 'at the end of the reporting period'. This was previously illustrated in the examples but not explicitly stated.

(ii) The IASB specifies that for a liability to be non-current an assessment is required of whether an entity has the right to defer settlement of a liability and not whether the entity will exercise that right. The reference to an entity's expectations in IAS 1:73 has been deleted and a new paragraph has been added to state explicitly that classification is unaffected by Management intentions or expectations.

ii) New and revised IFRS Standards in issue but not yet effective for the year ended 31 March 2024 (Continued)

Application of new and revised IFRS Accounting Standards (IFRS) (continued)

Amendments to IAS 1 - Classification of liabilities as current or non-current (Continued)

(i) The word 'unconditional' has been removed from IAS 1:69 and a new paragraph has been added to clarify that if the right to defer settlement is conditional on the compliance with covenants the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date.

(ii) A definition of the word 'settlement' has been added that states "For the purpose of classifying a liability as current or noncurrent, settlement refers to a transfer to the counterparty that results in the extinguishment of the liability." This transfer could be of cash, goods and services or the entity's own equity instruments.

(iii) The IASB also clarifies the scope of when counterparty conversion options affect classification as current or non-current. Applying the amendment, if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current if the entity recognises the option separately as an equity instrument applying IAS 32 Financial Instruments: Presentation.

The Directors of the Company anticipate that the application of these amendments may not have a material impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IAS 21: Lack of exchangeability

The IASB published amendments to IAS 21 that specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not.

- Applying the amendments, a currency is exchangeable when an entity is able to exchange that currency for the other currency through market or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose. However, a currency is not exchangeable into the other currency if an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose.
- When a currency is not exchangeable at the measurement date, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction at the measurement date between market participants under prevailing economic conditions. In that case, an entity is required to disclose information that enables users of its financial statements to evaluate how the currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.
- Entities are required to apply the amendments for annual reporting periods beginning on or after 1 January 2025 with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The Directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

iii) Early adoption of standards

The Company did not early-adopt any new or amended standards in 2024.

1 MATERIAL ACCOUNTING POLICIES (Continued)

Basis of preparation

The Company prepares its financial statements under the historical cost convention. The material accounting policies adopted in the preparation of these financial statements, remain unchanged from the previous year and are set out below:

Revenue recognition

Revenue is recognised upon the delivery and acceptance of products by customers and represents the value of goods invoiced to customers during the year net of value added tax, sales returns and trade discounts.

Direct costs

For reporting purposes Redington Kenya Limited deems all costs directly attributed to revenue generation to be direct costs and are recognized in profit or loss when accrued.

Other expenses

Other expenses are recognised in the profit or loss when incurred on an accrual basis.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into Kenya Shillings at the rates of exchange ruling at year end. Transactions during the period are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are dealt with in profit or loss.

Taxation

The income tax expense represents the sum of the current tax payable and the deferred taxation. Current taxation is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Investment in subsidiaries

Investment in subsidiaries is stated at cost less any impairment losses in the Company's separate financial statements. The holding Company accounts for dividends from subsidiary companies when its right to receive dividend as a shareholder has been established.

Motor vehicles, leasehold improvements, furniture and equipment

Motor vehicles, leasehold improvements, furniture and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

1 MATERIAL ACCOUNTING POLICIES (Continued)

Depreciation

Depreciation is calculated to write off the cost of the equipment in equal annual instalments over their estimated useful lives. The annual rates in use are:

Motor vehicles	33.33%
Furniture and fittings	20.00%
Computers	33.33%
Office equipment	20.00%
Leasehold improvements	5.00%
Networking equipment	33.33%

Inventories

Inventories are stated at the lower of purchase cost and net realisable value. Cost is determined by the weighted average method. The cost of inventories comprises direct purchase cost, insurance, freight and other incidental costs. Net realisable value is the estimate of the selling price in the ordinary course of business. Specific provision is made for obsolete, slow moving and defective inventories.

Leases

Since April 1, 2022, the Company assesses at inception of a contract whether it contains a lease under IFRS 16 and accordingly recognizes a right-of use asset and a lease liability if it meets the definition of a lease, with the exception of short-term leases and leases of low value assets.

The lease liability is measured at commencement date at the present value of the future lease payments, discounted with the interest rate implicit in the lease or, if not readily determinable, with the lessee's respective incremental borrowing rate. Future lease payments include in-substance fixed payments, variable lease payments depending on an index or rate and payments under termination and extension options when these are reflected in the lease term. The lease term comprises the noncancellable lease term together with the period covered by extension options, if assessed as reasonably certain to be exercised, and termination options, if assessed as reasonably certain not to be exercised. Non-lease components in contracts are separated from lease components and accordingly accounted for in operating profit on a cost incurred basis.

The right-of-use asset is recognized at the commencement date at cost, which includes the amount of the lease liability recognized, any lease payments made at or before the commencement date of the lease, initial direct costs incurred and an estimate of costs to be incurred in dismantling and removing the underlying asset or restoring the asset to the condition agreed with the lessor. Unless the Company is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term. Right-of- use assets are subject to the impairment requirements under IAS 36

Impairments of Assets.

In the event that the tax base of a right-of-use asset is not the same as its carrying amount for IFRS purposes on initial recognition of a lease contract, the Company recognizes the deferred tax impact arising on the temporary difference between the carrying amount of the right-of-use asset and its tax base. The same treatment as above also applies to the initial recognition of the lease liability.

Financial instruments

Classification of financial instruments

The Company classifies its financial assets as subsequently measured at either amortised cost or fair value on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

1 MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

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) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on the review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps to recover them have failed.

Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. The company uses the simplified approach in determining the expected credit losses on trade receivables.

Trade payables

Trade payables are stated at their nominal value.

Intercompany loan (Due to and Due from related parties)

Intercompany loans (due to and due from related parties) are recognized upon receipt of the funds.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Offsetting

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

Provisions for liabilities and charges

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Share capital

Ordinary shares are classified as equity.

1 MATERIAL ACCOUNTING POLICIES (Continued)

Employee entitlements

Employee entitlements to annual leave and service gratuity are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to year end.

Retirement benefits obligations

The Company and its employees contribute to the National Social Security Fund, which is a defined contribution scheme. Contributions are determined by local statute. The Company's contributions are charged to the profit or loss account in the year to which they relate. The Company has no further obligation once the contributions have been paid.

Equity-settled share-based payments.

Share Purchase options granted by the holding Company to employees under the Group's Employee Stock Option Plan are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the management's estimate of equity instruments that will eventually vest. At each period end, management revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss over the remaining vesting period, with a corresponding adjustment to the equity-settled employee benefits reserve.

The accounting policy described above is applied to all equity settled share-based payments that were granted after 29 February 2008 by the board of the Parent Company. As at reporting date, there are no options outstanding.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAININTY

In the process of applying the Company's MATERIAL ACCOUNTING POLICIES, the Directors have made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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.

The key areas of judgment in applying the Company's material accounting policies are dealt with below:

i) Critical judgments in applying material accounting policies.

Impairment losses on trade and other receivables

The Company reviews its trade and other receivables to assess impairment regularly. In determining whether an impairment loss should be recognised through profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the receivables, before a decrease can be identified.

This evidence may include observable data indicating that there has been an adverse change in the payment status of customers or local economic conditions that correlate with defaults on assets in the Company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment when scheduling its future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINITY (Continued)

Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 PROFIT BEFORE TAX

.	2024 Sh'000	2023 Sh'000
The profit before tax is arrived at after charging/(crediting):		
Staff costs (note (4))	393,808	215,431
Depreciation of equipment (note (7))	7,786	10,618
Auditors' remuneration	3,259	5,254
Amortisation of intangible assets	-	113
Depreciation of right of use asset	18,256	19,274
	=======	======

4 STAFF COSTS

Salaries and wages	392,562	210,531
National Social Security Fund (NSSF)	1,246	356
Other staff costs	-	4,544
	393,808	215,431
	=======	======

5 TAXATION

(a) Taxation charge

Current tax charge	5,033	50,035
Deferred tax (credit)/ charge (note (9))	61,419	(32,539)
Prior year deferred tax under provision	(520)	(9,812)
	65,932	7,684
	======	======

(b) Reconciliation of tax based on accounting profit to tax charge

Accounting profit before taxation	214,295	46,466
Tax at the applicable rate of 30%	64,289	13,940
Tax effect of expenses that are not deductible	2,163	3,556
Prior year deferred tax under provision	(520)	(9,812)
	65,932	7,684
	======	======

5 TAXATION (Continued)

.	2024	2023
	Sh'000	Sh'000
(c) Corporate tax (recoverable)		
At the beginning of the year – (recoverable)	(56,243)	(27,980)
Charge for the year	5,033	50,035
Paid during the year	(96,252)	(78,298)
At the end of the year – recoverable	(147,462)	(56,243)
	======	======

6 INVESTMENT IN SUBSIDIARY

At cost		
Investment in subsidiary	100	100
	====	====

The investment in subsidiary represents an investment in Redington Kenya (EPZ) Limited, which was incorporated in December 2008. The principal activity of the Company is the import and subsequent export of information technology products. The subsidiary is wholly owned by Redington Kenya Limited.

The ultimate holding company Redington Gulf FZE UAE prepares consolidated financial statements that comply with the requirements of 1FRS 10: *Consolidated Financial Statements*. The Company has therefore elected not to prepare consolidated financial statements as per the exemptions provided in IFRS 10 and the Kenya Companies Act, 2015.

7 PROPERTY AND EQUIPMENT

	Computers Sh'000	Motor vehicles Sh'000	Furniture equipment Sh'000	Leasehold improvements Sh'000	Networking equipment Sh'000	Total Sh'000
Cost						
At 1 April 2022	17,591	23,654	33,697	14,926	36,088	125,956
Additions	2,404	6,050	1,652	250	886	11,242
Transfer	(211)	-	(202)	-	(21)	(434)
At 31 March 2023	19,784	29,704	35,147	15,176	36,953	136,764
At 1 April 2023	19,784	29,704	35,147	15,176	36,953	136,764
Additions	1,744	-	997	-	444	3,185
Disposals	(6,377)	(24,000)	(7,271)	-	(108)	(37,756)
At 31 March 2024	15,152	5,704	28,872	15,176	37,289	102,193
Depreciation						
At 1 April 2022	14,538	22,425	27,405	2,705	32,932	100,006
Charge for the year	2,027	1,669	3,031	755	3,136	10,618
Transfer	(184)	-	(30)	-	-	(214)
At 31 March 2023	16,381	24,094	30,406	3,460	36,068	110,410
At 1 April 2023	16,382	24,094	30,406	3,460	36,068	110,410
Charge for the year	1,974	1,735	2,771	759	548	7,786
Disposals	(6,377)	(20,984)	(7,271)		(108)	(34,740)
						-
At 31 March 2024	11,979	4,845	25,906	4,219	36,508	83,457
Net Book Value						
At 31 March 2024	3,173	859	2,967	10,957	782	18,736
At 31 March 2023	3,403	5,610	4,741	11,716	885	26,354

8 DEFERRED TAX ASSET

Deferred taxation is calculated on all temporary differences under the liability method using the enacted tax rate of 30%.

	2024 Sh'000	2023 Sh'000
The net deferred taxation asset is attributable to the following items:		
Deferred tax assets:		
Leave pay provision	3,073	2,906
Provision for gratuity	10,386	8,497
Accelerated capital allowances	6,733	8,191
Bonus provision	4,522	3,276
General stock provision	18,678	9,124
Other provision	17,446	10,093
Unrealised foreign exchange loss	(76,338)	18,313
Provision for bad debts	27,566	11,944
Rights of use asset	(9,516)	(9,110)
Lease liability	11,514	11,730
Net deferred tax asset	14,065	74,964

The movement in the deferred tax asset during the year is as follows:

	2024 Sh'000	2023 Sh'000
At 1 April	74,964	32,613
Credit/ (charge) for the year (note 5 (a))	(61,419)	32,539
Prior year deferred tax under provision	520	9,812
At 31 March	14,065	74,964

9 INVENTORIES

Goods held for sale	810,987	541,275
Stock in transit	258	182
	811,245	541,457
Provision for obsolete inventories	(62,261)	(30,415)
	748,984	511,042

10 TRADE AND OTHER RECEIVABLES

Trade receivables	1,882,978	1,729,305
Prepayments	12,011	10,716
Other receivables	16,704	116,006
	1,911,693	1,856,027
	=======	========

a) Analysis of trade receivables

Total trade receivables	1,974,863	1,769,115
Provisions for doubtful debts	(91,885)	(39,810)
Net trade receivables	1,882,978	1,729,305
	=======	========

b) Movement in the provision for doubtful debts

At 1 April	39,810	11,952
Charge for the year	52,076	27,858
At 31 March	91,885	39,810
	=======	=======

11 RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability to control one party or exercise significant influence over the other party in making financial or operational decisions.

	2024 Sh'000	2023 Sh'000
(a) Due from related parties		
Redington Kenya EPZ	-	10,105
Ensure Gulf FZE	62,911	146,280
Redington South Africa Pty ltd	-	37
RNDC Alliance West Africa Ltd	-	194
Redington Rwanda Limited	5	-
Redington Tanzania Limited	113,985	-
Redington Senegal Limited	1	-
Redington Green Energy Ltd	104	-
	177,006	156,616
	=======	=======

11 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(b) Due to related parties

	2024 Sh'000	2023 Sh'000
Redington Gulf FZE UAE	2,168,040	2,126,735
Ensure Middle East Technology Solutions Ltd	1,932	78
Cadensworth FZE	24,085	3,010
Redington Ghana Limited	527	525
Redington Middle East LLC	1,388	721
Redington Uganda Ltd	-	27
Redington Kenya EPZ	6,516	-
RNDC Alliance West Africa Ventures	397	-
Redington Limited	507	-
	2,203,393	2,131,096
	=======	=======

(c) Related party transactions

The Company transacts with the Parent company.
During the year, the following transactions were entered into with related parties:

	2024 Sh'000	2023 Sh'000
Redington Gulf FZE		
Purchases	2,372,259	1,567,550
Sales	30,248	2,237
	========	========
Ensure Gulf Fze		
Purchases	990	-
	========	========
Ensure Technical Services UAE		
Purchases	1,928	241
	========	========
Cadensworth FZE		
Purchases	26,550	20,933
	========	========
Redington Middle East		
Purchases	972	1,332
Sales	297	7,829
	========	========
		-
Redington Tanzania		
Sales	119,127	-
	========	========
Redington Ghana		
Purchases	-	643
	========	========
Redington Nigeria Distribution company		
Purchases	1,525	-
	========	========

11 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

	2024 Sh'000	2023 Sh'000
(d) Key management compensation		
Salaries	17,028	15,480
	========	========

12 SHARE CAPITAL

	2024	2023
Authorised, issued and fully paid:		
10,000 ordinary shares of Sh 100 each	1,000	1,000
	=====	=====

13(a) TRADE AND OTHER PAYABLES

	2024 Sh'000	2023 Sh'000
Trade payables	744,252	231,401
Accruals	69,484	62,829
Leave provision	10,245	9,688
Bonus provision	15,074	10,920
Output VAT	(11,642)	148,583
Other payables	106,629	30,136
	934,042	493,557
	=======	=======

13(b) GRATUITY PROVISION

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump-sum payment to eligible employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The Company's obligation towards gratuity is a defined benefit plan and the details of actuarial valuation at the reporting date are as follows:

	2024 Sh'000	2023 Sh'000
As at 1 April	30,057	25,869
Charge for the year	7,544	4,689
Payments during the year	(1,971)	(2,785)
Net interest cost	4,385	6,703
Actuarial gain on obligation	(5,395)	(4,419)
As at 31 March	34,620	30,057
	=======	=======

13(b) GRATUITY PROVISION (Continued)

	2024 Sh'000	2023 Sh'000
Principal assumptions used for purposes of the actuarial valuation:		
Discount rate	13.7%	14.70%
Salary escalation rate	13.7%	14.70%
Mortality rate	Per AM (80) Table	Per AM (80) Table
Withdrawal rate	14%	13.00%
Increase of 1% in assumptions		
Discount rate	32,028	27,771
Salary escalation rate	38,004	32,797
Decrease of 1% in assumptions		
Discount rate	37,879	32,683
Salary escalation rate	31,866	27,635

The Company has had an actuarial valuation for the first time during the year by Badri Management consultants.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rates, expected salary increase and mortality. The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

14 NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of profit before taxation to cash generated from operating activities.

	2024 Sh'000	2023 Sh'000
Profit before taxation	214,295	46,466
Adjustments:		
Depreciation of equipment (note (7))	7,786	10,618
Interest on lease liability	4,044	5,732
Depreciation of right of use asset (note 15(a))	18,256	19,274
Amortisation of intangible assets	-	113
Loss on disposal	1,085	889
Actuarial loss on obligation	5,395	4,419
Working capital changes:	249,776	87,511
(Increase)/Decrease in inventories	(237,942)	(45,518)
(Increase)/ Decrease in trade and other receivables	(55,666)	(293,677)
Increase in trade and other payables	440,485	61,608
Net movement in related party balances	51,907	79,003
Increase in gratuity provision	4,563	4,188
Net cash from/used in operations	454,207	(106,885)

14 NOTES TO THE CASH FLOW STATEMENT (Continued)

	2024 Sh'000	2023 Sh'000
b) Bank and cash balances		
Cash at bank	582,829	250,502
Cash in hand	-	-
Bank and cash balances	582,829	250,502

15(a) RIGHT-OF-USE ASSET

The Company leases office space for its use. Information about the leases in which the Company is a lessee is presented below:

	2024 Sh'000	2023 Sh'000
COST		
At start of year	115,432	113,257
Additions/lease asset recognised	19,612	2,175
At the end of the year	135,044	115,432
DEPRECIATION		
At start of year	85,067	65,793
Charge for the year	18,256	19,274
At the end of the year	103,323	85,067
NET BOOK VALUE		
At end of year	31,721	30,365

Amounts recognised in profit and loss.

	2024	2023
COST		
Depreciation expense on right-of-use assets	18,256	19,274
Interest expense on lease liabilities	4,044	5,732
At the end of the year	22,300	25,006

All of the property leases in which the Company is the lessee contain only fixed payments.

The total cash outflow for leases amount to Sh18,857,114 (2022: Sh 25,249,000).

There are no extension or termination options on the leases.

There are no restrictions or covenants imposed by leases and the Company did not enter into any sale and leaseback transactions during the year (2022: Nil)

15(b) LEASE LIABILITIES

	2024 Sh'000	2023 Sh'000
The movement in the lease liabilities is as follows:		
At April	39,100	55,783
Additional lease liability	20,696	2,834
Interest on lease liabilities	4,044	5,732
Payment of lease liabilities	(25,459)	(25,249)
At 31 March 2024	38,381	39,100
Amounts due for settlement within 12 months	20,300	20,289
Amounts due for settlement after 12 months	18,081	18,811
	38,381	39,100
Maturity Analysis (Undiscounted)		
Year 1	24,253	29,000
Year 2	9,682	18,227
Year 3	6,696	3,105
Year 4	5,022	-
Onwards	-	-
	45,653	50,332

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The major types of financial risks faced by the Company are:

- Market Risk – Foreign exchange risk
- Credit Risk
- Liquidity Risk

a) Market Risk – Foreign Exchange Risk

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The Company manages its exchange risk by consistently monitoring the market to determine suitable rates. The intercompany foreign exchange is determined by the parent Company. The Company maintains a dollar account whereby the debtors in foreign currency pay in so as to minimise translation gains and losses.

The carrying amounts of the Company's financial assets and liabilities denominated in foreign currencies at the reporting date are as follows:

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a) Market Risk – Foreign Exchange Risk (Continued)

	2024	2023
	Sh'000	Sh'000
Foreign Exchange risk		
Financial Assets		
Trade receivables	1,590,743	23,316
Due from related parties	177,006	164,079
Bank balances	446,120	48,456
	2,213,869	235,851
Trade creditors	798,744	230,862
Due to related parties	2,203,393	2,046,004
Total	3,002,136	2,276,866
Currency gap	(788,267)	(2,041,015)

The following table details the Company's sensitivity to a 10% increase and decrease in the exchange rate of Kenya Shilling (Sh) against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates:

	31 March 2024		31 March 2023	
	10% increase	10% decrease	10% increase	10% decrease
	Sh'000	Sh'000	Sh'000	Sh'000
Effect on profit	(78,827)	78,827	(204,102)	204,102

b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining payments before delivery of goods and bank guarantees, where appropriate, as a means of mitigating the risk of financial loss from default. Credit information about customers is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management regularly.

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Credit risk (Continued)

The table below shows the firms maximum exposure to credit risk.

	Fully performing Sh'000	Past due Sh'000	Impaired Sh'000	Total Sh'000
31 March 2024				
Trade receivables	1,882,978	-	91,885	1,974,863
Due from related parties	177,006	-	-	177,006
Bank balances	582,829	-	-	582,829
Total	2,642,813	-	91,885	2,734,698
31 March 2023				
Trade receivables	1,729,305	-	39,810	1,769,115
Due from related parties	156,616	-	-	156,616
Bank balances	250,502	-	-	250,502
Total	2,136,423	-	39,810	2,176,233

The customers under the fully performing category are paying their debts as they continue trading.

Past due debt is the debt that is overdue but is not impaired and continues to be paid.

c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company has access to subordinated interest free loans from related parties at its disposal to further reduce liquidity risk.

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

c) Liquidity risk (Continued)

The table below shows the maturity analysis of the financial liabilities that affect liquidity.

	Less than 1 Month Sh'000	Between 1 – 3 Months Sh'000	Over 3 Months Sh'000	Total Sh'000
31 March 2024				
Financial liabilities				
Trade and other payables	394,620	283,035	256,387	934,042
Due to related parties	354,625	805,742	1,043,026	2,203,393
Total	749,245	1,088,777	1,299,413	3,137,435
31 March 2023				
Financial liabilities				
Trade and other payables	307,094	101,178	85,285	493,557
Due to related parties	344,131	949,447	837,518	2,131,096
Total	651,225	1,050,625	922,803	2,624,653

17 CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company was not geared as at 31 March 2024 (2023 – nil).

18 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2024 and 31 March 2023.

19 CAPITAL COMMITMENTS

The Company had no capital commitments as at 31 March 2024 (2023 - Sh Nil).

20 EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any matters or circumstances arising since the end of the financial period which significantly affect the financial position of the Company or the results of its operations.

21 INCORPORATIONS

The Company is domiciled and incorporated in Kenya under the Companies Act. The parent Company is Redington Gulf FZE incorporated in The United Arab Emirates.

22 CURRENCY

These financial statements are presented in Kenya Shillings rounded to the nearest thousands (Sh'000), which is also the functional currency.

APPENDIX

REDINGTON KENYA LIMITED

DETAILED EXTRACT OF STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2024

	2024 Sh'000	2023 Sh'000
Revenue	8,779,035	7,578,649
Cost of sales	(7,751,300)	(6,802,126)
Gross profit	1,027,735	776,523
OPERATING EXPENSES		
Staff salaries	392,561	210,887
Rebates	39,536	2,160
Other sales expenses	50,759	50,831
Advertising	125,905	121,194
Depreciation of right of use assets	18,256	19,274
Allowance for doubtful debts	52,076	27,858
Depreciation of equipment	7,786	10,618
Insurance	7,098	7,397
Auditors' remuneration	3,259	7,133
Communication expenses	3,154	2,700
Other expenses	36,627	29,629
Amortisation of lease liabilities	4,044	5,732
Repairs and maintenance	27	546
Bank charges	3,483	6,104
Local conveyance	3,613	5,522
Allowance for slow moving stock	31,846	12,983
Legal and professional fees	9,573	11,594
Warehouse expenses	1,492	1,654
Utilities	-	30
Traveling	41,602	26,039
Staff welfare	1,246	4,544
Printing and stationery	1,248	1,471
Bad debts written off	1,214	1,964
Amortisation	-	113
Inventory written off	-	1,803
	836,405	569,780
OPERATING PROFIT	191,330	206,743
FINANCE COSTS	(65,407)	(222,829)
OTHER INCOME	88,372	62,552
PROFIT BEFORE TAXATION	214,295	46,466
TAXATION CHARGE	(5,033)	(7,684)
PROFIT AFTER TAX	209,262	38,782
	========	========