REDINGTON TANZANIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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COMPANY INFORMATION

DIRECTORS	: Mr.Pallasena Vaidhyanathan Viswanath : Mr. Arun Srinivasan : Mr. Sriram Ganeshan
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	: Plot No 598, Shop No 11A : Swiss Tower, United Nations Road, Upanga : P. O. Box 38096 : Dar es Salaam : Tanzania.
INDEPENDENT AUDITOR	: Intellect Pro Partners : Certified Public Accountants : 1st Floor, Vijana Towers : Fire Station Road, Upanga : Dar es Salaam : Tanzania.
COMPANY SECRETARY	: Intellect Advisory Limited : 1st Floor, Vijana Towers : Fire Station Road, Upanga : Dar es Salaam : Tanzania.
PRINCIPAL BANKERS	: Diamond Trust Bank Tanzania Limited : Main Branch, Jamat/ Mosque Street : P.O.Box 115 : Dar es Salaam : Tanzania.
	: ABSA Bank Tanzania Limited : Barclays House, Ohio Street : P. O. Box 5137 : Dar es Salaam : Tanzania.
	: NCBA Bank Tanzania Limited : Sikukuu Street & Aggrey Street : P.O.Box 20268 : Dar es Salaam : Tanzania.
	: CRDB Bank Plc : Ali Hassan Mwinyi : P.O.Box 268 : Dar es Salaam : Tanzania.
	: National Bank of Commerce Limited : Muhimbili Health Centre : P.O.Box 11000 : Dar es Salaam : Tanzania.

COMPANY INFORMATION (CONTINUED)

PRINCIPAL BANKERS (C0ONTINUED)	:	Bank of Africa Tanzania Limited
	:	Big Bon Building, Msimbazi street
	:	P.O.Box 3054
	:	Dar es Salaam
	:	Tanzania.
	:	Stanbic Bank Tanzania Limited
	:	Plot Number 99A Corner
	:	Ali Hassan Mwinyi Road, Kinondoni
	:	P. O. Box 72647
	:	Dar es Salaam
	:	Tanzania.
	:	I and M Bank Tanzania Limited
	:	Main Branch Indira Gandhi / Mosque Street
	:	P. O. Box 1509
	:	Dar es Salaam
	:	Tanzania.
	:	United Bank of Africa (Tanzania) Limited
	:	Plot No 30C/30D, Nyerere road
	:	Dar es Salaam
	:	Tanzania.
PARENT COMPANY	:	Redington Gulf FZE
	:	R/A 8, Warehouse YC - 3
	:	P.O.Box 172666
	:	Jebel Ali Free Zone Dubai
	:	United Arab Emirates.

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 March 2024, which disclose the state of affairs of the company.

INCORPORATION

Redington Tanzania Limited was incorporated on 13 August 2009 under the Companies Act, 2002 as a private company limited by shares on 4 April 2014 through certificate of registration no 72431.

PRINCIPAL ACTIVITIES

The company is engaged in importation and distribution service of information technology and telecommunication products.

COMPANY'S VISION

To be the No.1 Value Added Distributor and service provider for all global brands in information technology and telecommunication for the Middle East, Africa, Turkey and CIS countries.

COMPANY'S MISSION

To provide the best value proposition to our vendors and reseller partners through innovation and responsiveness; and be the partner of choice for them.

COMPOSITION OF THE BOARD OF DIRECTORS

The directors of the company during the year and up to date of this report are as indicated on page 1.

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

	2024 TShs '000	2023 TShs '000
Profit before tax	1,658,625	1,423,259
Tax charge	(504,753)	(519,805)
Profit for the year	**1,153,873**	**903,454**

A summary of the key ratios is outlined below:

	2024	2023
Increase in income (%)	32.53%	26.00%
Growth/(decline) in profit before tax (%)	16.54%	-25.00%
Gross profit margin (%)	9.16%	5.08%
Net profit margin (%)	1.16%	1.21%
Inventory turnover days	28	46
Current ratio (times)	1	1

CORPORATE GOVERNANCE

The board consists of three directors of which none hold executive position in the company. The board takes overall responsibility for the company, including responsibility for identifying key risk areas, considering and monitoring significant investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The board delegates the day to day management of the business to the senior management. Senior management is invited to attend board meetings and facilitates the effective control of all the company’s operational activities, acting as a medium of communication and coordination between all the various business units.

The company is committed to the principles of effective corporate governance .The directors also recognize the importance of integrity, transparency and accountability to ensure high standards of corporate governance throughout the company.

REPORT OF THE DIRECTORS (CONTINUED)

CAPITAL STRUCTURE

The authorised share capital of the company is TZS 30,000,000 divided into 30,000 shares of Tanzanian Shillings 1,000 each. The issued and paid up share capital of the company is TZS 100,000 divided into 100 shares of 1,000 each.

SHAREHOLDERS OF THE COMPANY

The shareholders of the company with their respective shareholdings is as follows:

Name of shareholders	% shareholding	No of shares held
Redington Gulf FZE	99%	99
Cadensworth FZE	1%	1
	100%	100

RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with parties who are related to the Company are disclosed in note 15 of these financial statements.

FUTURE DEVELOPMENT PLANS

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.

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2023: NIL).

RISK MANAGEMENT AND INTERNAL CONTROL

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

- The effectiveness and efficiency of operations;
- The safeguarding of the company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company's system is designed to provide the board with reasonable assurance that the procedures in place are operating effectively.

The board assessed the internal control systems throughout the financial year ended 31 March 2024 and is of the opinion that they met the accepted criteria.

SOLVENCY

The board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The board of directors has reasonable expectation that Redington Tanzania Limited has adequate resources to continue in operational existence for the foreseeable future.

REPORT OF THE DIRECTORS (CONTINUED)

EMPLOYEES' WELFARE

There was continued good relationship between employees and management for the year ending 31 March 2024. There were no unresolved complaints received by management from the employees during the year.

The company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

Training facilities

Staff are trained on the job in order to improve employee's technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

Medical assistance

All members of staff with a maximum number of three beneficiaries (dependants) for each employee were availed medical insurance. Currently these services are provided by Jubilee Health Insurance Company of Tanzania Limited.

Health and safety

The company has a strong health and safety program which ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

Financial assistance to staff

Loans are available to all confirmed employees depending on the assessment of and the discretion of management as to the need and circumstances.

Persons with disabilities

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and appropriate training is arranged.

Employee benefit plan

The company's employment terms are reviewed annually to ensure that they meet statutory and market conditions. The company contributes 10% of the employee's salary to the National Social Security Fund (NSSF).

GENDER PARITY

The company had 19 employees, out of which 5 were female and 14 were male

MANAGEMENT

The management of the company is overseen by Redington Gulf FZE and is organized in the following departments:

- Sales and Business Development;
- Administration and Finance; and
- Customer Support.

REPORT OF THE DIRECTORS (CONTINUED)

CORPORATE SOCIAL RESPONSIBILITY

The company pays due respect to its macro and micro environment through ensuring the following:

- An equal opportunity employer aiming to ensure that everyone working for us is treated fairly and given the maximum opportunity to fulfill their potential and that all our workplaces are safe and healthy.
- Minimize the use of papers and and energy with consideration given to the effects of global warming.
- Ensuring that customers get value for money services by providing efficient and effective service.
- Improve the locality through fair and honest treatment towards all stakeholders in an effort to uphold economic and social standards of the country.

INDEPENDENT AUDITOR

Intellect Pro Partners were appointed during the year and has expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment as auditors of the company for the year ended 31 March 2025 will be tabled in the annual general meeting.

BY ORDER OF THE BOARD

Mr.Pallasena Vaidhyanathan Viswanath
Director

______ **2024**

Mr. Arun Srinivasan
Director

21/05/ **2024**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required in terms of the Companies Act of 2002 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards and the requirements of the Companies Act of 2002. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of 2002, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 board sets 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 minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors aknowledge that they are responsible for establishing approporiate policies and procedures to prevent non - compliance with laws and regulations (NOCLAR), including whistleblowing procedures as a necessary part of good internal governance.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 8(a), 8(b) and 8(c)

The financial statements set out on pages 11 to 37 were authorised and approved by the board of directors on 21/05/ 2024 and were signed on its behalf by:

Mr.Pallasena Vaidhyanathan Viswanath	**Mr. Arun Srinivasan**
Director	**Director**

DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power confered under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility Statement on an earlier page.

I, Vitalis Bosha being given to review the financial statements of Redington Tanzania Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 March 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Redington Tanzania Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by:

Position: Financial Consultant

NBAA Membership No: ACPA PP 3923

Date: 23 May 2024

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF REDINGTON TANZANIA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Redington Tanzania Limited, which comprise the statement of financial position as at 31 March, 2024, and the statement of comprehensive income, statement of changes in equity and 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 present fairly, in all material respects, the financial position of the Company as at 31 March, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Tanzanian Companies Act 2002.

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 ethical requirements that are relevant to our audit of the financial statements in Tanzania and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and the Tanzanian Companies Act 2002, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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.

A further description of the auditor's responsibilities for the audit of the financial is given in the Appendix to Independent Auditor's report. This description forms part of our auditor's report.

1st Floor, Vijana Towers, Fire Station Road, Upanga East
P.O. Box 325
Dar es salaam Tanzania

info@intellect.co.tz

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF REDINGTON TANZANIA LIMITED

Report on the Audit of the Financial Statements (continued)

Report on Other Legal and Regulatory Requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with Tanzanian Companies Act and for no other purpose.

As required by the Companies Act 2002, we report to you, based on our audit, that:

(a) 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;

(b) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and

(c) the company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Intellect Pro Partners
Certified Public Accountants
1st Floor, Vijana Building, Tower A
Fire Station Road, Upanga East
P. O. Box 325, Dar es Salaam, Tanzania.

Yagna Solanki
Engagement Partner
NBAA registration number: ACPA 2853
Dar es Salaam
Ref: IPP/03/2024

Date: 23rd **May 2024**

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF REDINGTON TANZANIA LIMITED

Report on the Audit of the Financial Statements (continued)

Appendix to Independent Auditor's Report

As part of an audit in accordance with ISAs, we exercise professional judgment 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 management.

- Conclude on the appropriateness of management's 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.

We communicate with those charged with governance 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.

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024 TShs '000	2023 TShs '000
Revenue	1.	99,316,391	74,936,463
Cost of sales		(90,215,692)	(71,133,036)
Gross profit		**9,100,699**	**3,803,427**
Other operating income		4,399	29,351
Selling and distribution expenses		(364,264)	(263,975)
Administrative expenses		(5,337,231)	(1,716,967)
Other operating expenses		(131,970)	(105,164)
Operating Profit	2.	**3,271,634**	**1,746,671**
Finance costs	3.	(1,613,008)	(323,412)
Profit before tax		**1,658,625**	**1,423,259**
Tax charge	4.	(504,753)	(519,805)
Profit for the year		**1,153,873**	**903,454**
Total comprehensive income for the year		**1,153,873**	**903,454**

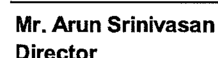
The significant accounting policies on pages 13 to 26 and the notes on pages 27 to 37 form an integral part of these financial statements.

Report of the independent auditor - pages 8(a), 8(b) and 8(C).

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31.03.2024 TShs '000	As at 31.03.2023 TShs '000
CAPITAL EMPLOYED			
Share capital	5.	100	100
Retained earnings		3,131,325	1,977,452
Equity attributable to owners of the company		3,131,425	1,977,552
Non current liabilities			
Lease liabilities	8.	-	119,612
		3,131,425	**2,097,164**
REPRESENTED BY:			
Non current assets			
Equipment	7.	77,033	143,677
Right of use assets	10.	114,434	226,478
Deferred tax	6.	662,620	176,019
		854,088	546,174
Current assets			
Inventories	11.	6,825,144	8,919,920
Financial asset	9.	29,887	(56,127)
Tax recoverable	4.	354,610	149,968
Trade and other receivables	12.	19,859,583	12,904,558
Cash and cash equivalents	13.	3,530,163	6,005,487
		30,599,387	27,923,806
Current liabilities			
Trade and other payables	14.	28,219,082	26,280,847
Lease liabilities	8.	102,968	91,969
		28,322,050	26,372,816
Net current asset		2,277,337	1,550,990
		3,131,425	**2,097,164**

The financial statements on pages 11 to 37 were authorised and approved for issue by the Board of Directors on ....21/05/.2024 and were signed on its behalf by:



Mr.Pallasena Vaidhyanathan Viswanath
Director

Mr. Arun Srinivasan
Director

The significant accounting policies on pages 13 to 26 and the notes on pages 27 to 37 form an integral part of these financial statements.

Report of the independent auditor - pages 8(a), 8(b) and 8(C).

STATEMENT OF CHANGES IN EQUITY

	Share capital TShs '000	Retained earnings TShs '000	Total TShs '000
Year ended 31 March 2024			
At start of year	100	1,977,452	1,977,552
Total comprehensive income for the year	-	1,153,873	1,153,873
At end of year	**100**	**3,131,325**	**3,131,425**
Year ended 31 March 2023			
At start of year	100	1,073,998	1,074,098
Total comprehensive income for the year	-	903,454	903,454
At end of year	**100**	**1,977,452**	**1,977,552**

The significant accounting policies on pages 13 to 26 and the notes on pages 27 to 37 form an integral part of these financial statements.

Report of the independent auditor - pages 8(a), 8(b) and 8(C).

STATEMENT OF CASH FLOWS

	Notes	2024 TShs '000	2023 TShs '000
Operating activities			
Cash (used in)/generated from operations	15.	(1,143,696)	5,401,477
Interest paid on lease liabilities	8.	(26,433)	(20,448)
Income tax paid	4.	(1,195,996)	(718,841)
Net cash (used in)/generated from operations		(2,366,125)	4,662,188
Investing activities			
Purchase of equipment	7.	(5,311)	(139,175)
Proceeds from sale of asset	7.	-	10,157
Net cash used in investing activities		(5,311)	(129,018)
Financing activities			
Repayment of lease liabilities	8.	(103,888)	(102,178)
(Decrease)/ Increase in cash and cash equivalents		**(2,475,324)**	**4,430,992**
Movement in cash and cash equivalents			
At start of year		6,005,487	1,574,495
(Decrease)/increase in cash and cash equivalents		(2,475,324)	4,430,992
At end of year	**13.**	**3,530,163**	**6,005,487**

The significant accounting policies on pages 13 to 26 and the notes on pages 27 to 37 form an integral part of these financial statements.

Report of the independent auditor - pages 8(a), 8(b) and 8(C).

SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

These financial statements comply with the requirements of the Tanzania Companies Act 2002. The statement of comprehensive income represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1 inputs** are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2 inputs** are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3 inputs** are unobservable inputs for the asset or liability.

Transfer between levels of the fair value hierarchy are recognised by the directors at the end of the reporting period during which the change occurred.

Going concern

The financial performance of the company is set out in the report of the directors and in the statement of comprehensive income. The financial position of the company is set out in the statement of financial position. Disclosures in respect of principal risks and uncertainties are included within the Director's Report and disclosures with respect to risk management and capital management are set out in notes 16 and 17 respectively.

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

New standards, amendments and interpretations adopted by the company

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New and amended standards adopted by the company (continued)

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

New standards, amendments and interpretations issued but not effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current (issued in January 2020), effective for annual periods beginning or after 1 January 2023, clarify a criterion for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date.
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (issued in February 2021). The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Amendments to IAS 8 'Definition of Accounting Estimates' (issued in February 2021), effective for annual reporting periods beginning on or after 1 January 2023, introduce a definition of ‘accounting estimates’ and clarify the distinction between changes in accounting estimates and change in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.
- Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

New standards, amendments and interpretations issued but not effective (continued)

- Amendments to IAS 37 'Onerous Contracts – Costs of Fulfilling a Contract' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022, specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.
- Amendment to IFRS 9 Financial Instruments 'Fees in the '10 per cent' test for derecognition of financial liabilities' (issued in May 2020), effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted, clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the and the lender, including fees paid or received by either the borrower or lender on the other's
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (issued in September 2014), applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

The directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The company plans to apply the changes above, if applicable, from their effective dates.

b) Significant accounting judgements, estimates and assumptions.

In the application of the accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Useful lives, depreciation methods and residual values of equipment, intangible assets and right-of-use assets

Management reviews the useful lives, depreciation methods and residual values of the items of equipment, intangible assets and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of equipment and right-of-use assets are disclosed in notes 7 and 9 respectively.

(ii) Measurement of expected credit losses (ECL):

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing company's of similar financial assets for the purposes of measuring ECL

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Significant accounting judgements, estimates and assumptions (continued).

(ii) Measurement of expected credit losses (ECL): (continued)

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to twelve month expected credit losses is recorded.

- **Stage 2** - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- **Stage 3 -** When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The company uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

For trade receivables, the company has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

(iii) Income taxes

Significant judgement is required in determining the company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

(iv) Accounting for leases under IFRS 16

Management has made various judgements and estimates under IFRS 16 as detailed below:

- Incremental borrowing rate: To determine the incremental borrowing rate, the company:
- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g.. term, country, currency and security.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Significant accounting judgements, estimates and assumptions (continued)

(iv) Accounting for leases under IFRS 16 (continued)

Lease term/period: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of office space and warehouse, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(v) Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The carrying amounts of equipment and right-of-use assets are disclosed in notes 7 and 9 respectively.

(vi) Warranties

The Company's Original Equipment Manufacturer ("OEM") generally warrants the products distributed by the Company and these are assurance warranties provided in the normal course of business relating to product performance. The Company generally does not independently warrant the products it distributes and therefore management does not consider that any provisions for warranties or claims are required.

(vii) Provision for inventories

The Company provides impairment for its inventories on an annual basis. The management makes judgement on the recoverability of the cost of inventory items based on the ageing of these items and provisions are made as per company's policy.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent and has concluded that it is acting as a principal in all of its revenue arrangements, except for revenue from renewal of service packs and revenue from professional services.

- **Revenue from renewal of service packs**

  Revenue from renewal of service packs is recorded as net as there is no inventory risk. Any subsequent purchase or possession of the same service pack by the Company is considered transitory as it is definite that the inventory will ultimately be transferred and there is no meaningful period that the Company holds the inventory before it is transferred to the end user.

- **Revenue from professional services**

  Revenue from professional services is recorded as net as the main responsibility of the Company is to arrange for the services to be performed by the vendor.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition (continued)

- **Revenue from sale of computers and related accessories**

  Sales of computers and related accessories are recognised upon delivery to, and acceptance by, the customer.

d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Tanzanian Shillings (the functional currency), at the rates ruling at the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not translated using the exchange rate at the date of transaction.

The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

e) Equipment

Equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Leasehold improvements are depreciated as per the remaining period of lease.

Depreciation is calculated on the straight- line method to write down the cost of each asset over its estimated useful life using the following annual rates:

Item	Rate %
Furniture, fixtures and office equipment	20.00
Leasehold improvements	20.00
Computer and networking equipment	33.33
Motor vehicles	33.33
Low value asset	100.00

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

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.

'The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.