REDINGTON UGANDA LIMITED

ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2024

REDINGTON UGANDA LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

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CORPORATE INFORMATION

BOARD OF DIRECTORS	Viswanath Pallasena Vaidhyanathan* Sriram Ganeshan* Arun Srinivasan* *Indian
REGISTERED OFFICE	15 Mulwana Road, Industrial Area, Opposite Uganda Baati P.O. Box 33009 Kampala, Uganda
AUDITORS	Deloitte & Touche Certified Public Accountant of Uganda 3rd Floor Rwenzori House 1 Lumumba Avenue P.O. Box 10314 Kampala, Uganda
BANKERS	Diamond Trust Bank Uganda Limited Diamond Trust Building 17/19 Kampala Road P.O. Box 7155 Kampala, Uganda Stanbic Bank Uganda Limited Crested Towers Branch P.O. Box 7131 Kampala, Uganda NCBA Bank P.O. Box 28707 Kampala, Uganda

REDINGTON UGANDA LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2024

The Directors present their annual report together with the audited financial statements for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is trading in computers, related peripherals, and accessories. It also provides service to its customers.

FINANCIAL RESULTS

	2024 Ushs'000	2023 Ushs'000
Profit before tax	2,106,782	6,487,340
Taxation charge	(1,043,864)	(1,358,340)
	1,062,918	5,129,000

DIVIDENDS

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

DIRECTORS

The present membership of the board is as shown on page 2.

AUDITORS

The auditors, Deloitte & Touche, Certified Public Accountant of Uganda having been reappointed during the year, have expressed their willingness to continue in office in accordance with section 167 (2) of the Ugandan Companies Act, 2012.

BY ORDER OF THE BOARD

Director

24 June 2024

Kampala

REDINGTON UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Uganda Companies Act, 2012 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 period and of the operating results of the company for that period. It also requires the directors to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Uganda Companies Act, 2012 and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with applicable IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Uganda Companies Act 2012. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

The financial statements were approved by the Board of Directors on 24 June 2024 and signed on its behalf by:

Director	Director
24 June 2024	24 June 2024

Deloitte & Touche
Certified Public Accountant of Uganda
ICPAU Registration No: AF0001
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1 Lumumba Avenue
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF REDINGTON UGANDA LIMITED

OPINION

We have audited the accompanying financial statements of Redington Uganda Limited, set out on pages 8 to 39, which comprise the statement of financial position as of 31 March 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying 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 period then ended and are prepared, in accordance with International Financial Reporting Standards (IFRSs)and the requirements of the Uganda Companies Act, 2012.

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 Institute of Certified Public Accountants of Uganda Code of ethics (ICPAU Code of Ethics), which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants, together with other ethical requirements that are relevant to our audit of the financial statements in Uganda, 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.

Other Information

The Directors are responsible for the other information, which comprises the information included in the 'Report of the Directors'. 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.

Other Information (Continued)

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 auditor's 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.

Responsibilities of 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 for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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. 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 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 judgement and maintain professional scepticism throughout the audit. We are 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditor's Responsibilities for the audit of the financial statements (Continued)

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on legal and other regulatory requirements

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

i) 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.

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

iii) The company's statement of financial position (balance sheet) and the statement of profit or loss (profit and loss account) agree with the books of account.

The Engagement Partner responsible for the audit resulting in this independent auditor`s report is Paul Ssali, Practicing Number P0508.

Deloitte & Touche

Certified Public Accountant of Uganda

Paul Ssali
Partner

24 June 2024

Kampala

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

	Note	2024 Ushs'000	2023 Ushs'000
Revenue	4	160,147,920	150,948,332
Cost of sales	5	(136,252,619)	(140,466,640)
Gross profit		23,895,301	10,481,692
Other income	9	167,944	100,702
Employment costs	6	(660,881)	(666,510)
Depreciation and amortization expenses	7	(213,201)	(191,382)
Operating and administrative expenses	8	(21,041,888)	(3,186,260)
Finance costs	10	(40,493)	(50,902)
Profit before tax		**2,106,782**	**6,487,340**
Tax charge	11	(1,043,864)	(1,358,340)
Profit for the year		**1,062,918**	**5,129,000**

REDINGTON UGANDA LIMITED

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 Ushs'000	2023 Ushs'000
Assets			
Non-current assets			
Property and equipment	12(a)	123,550	186,224
Intangible Assets	12(b)	-	64,283
Right of use assets	13	255,175	352,077
Deferred tax asset	14	424,342	189,239
Total non-current assets		**803,067**	**791,823**
Current assets			
Due from related parties	15	-	122,344
Inventories	16	10,633,714	14,071,985
Trade and other receivables	17	10,625,832	17,128,143
Cash and cash equivalents	18	6,754,180	3,859,325
Current tax recoverable	11(c)	98,527	112,213
Total current assets		**28,112,253**	**35,294,010**
Total assets		**28,915,320**	**36,085,833**
Equity & Liabilities			
Equity			
Share capital	19	15,000	15,000
Retained earnings		8,587,781	7,509,863
Total Equity		**8,587,781**	**7,524,863**
Liabilities			
Non-current liabilities			
Lease Liability	20	206,431	304,664
Total non-current liabilities		**206,431**	**304,664**
Current liabilities			
Lease Liability	20	112,518	112,430
Due to Related parties	15	15,947,608	26,064,868
Trade and other payables	21	4,060,982	2,079,008
Current tax payable		-	-
Total current liabilities		**20,121,108**	**28,256,306**
Total liabilities		**20,327,539**	**28,560,970**
Total equity and liabilities		**28,915,320**	**36,085,833**

The financial statements on pages 8 to 39 were approved and authorized for issue by the Board of Directors on ....24 June. 2024 and signed on its behalf by:

Director

Director

REDINGTON UGANDA LIMITED

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

	Share capital Ushs'000	Retained earnings Ushs'000	Total Ushs'000
At 1 April 2022	15,000	2,380,863	2,395,863
Profit for the year	-	5,129,000	5,129,000
At 31 March 2023	**15,000**	**7,509,863**	**7,524,863**
At 1 April 2023	15,000	7,509,863	7,524,863
Profit for the year	-	1,062,918	1,062,918
At 31 March 2024	**15,000**	**8,572,781**	**8,587,781**

REDINGTON UGANDA LIMITED

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 Ushs'000	2023 Ushs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,106,782	6,487,340
Adjustments for:			
Depreciation of property and equipment	12(a)	80,946	72,300
Depreciation of right-of-use assets	13	110,206	111,096
Amortization of intangible assets	12(b)	22,049	7,986
Allowance for slow-moving inventories	17	574,110	(118,585)
Impairment losses on financial assets	17	(124,698)	94,092
Interest expense on lease liabilities	10	40,493	50,902
Write off of intangible assets		42,234	-
Loss on foreign exchange		532,977	1,493,829
Operating cash flows before movements in working capital		**3,385,099**	**8,198,960**
Decrease/(increase) in inventories		2,864,161	(142,183)
Decrease in trade and other receivables		6,627,009	3,437,101
Decrease/(increase) in due from related parties		122,344	(122,344)
Decrease in due to related parties		(10,117,260)	(14,729,724)
Increase in trade and other payables		1,981,973	1,075,715
Cash generated from/(used in) operations		**4,863,326**	**(2,282,475)**
Tax paid	11(c)	(1,265,281)	(2,029,096)
Net cash generated from/(used in) operating activities		**3,598,045**	**(4,311,571)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(18,272)	(224,428)
Effect of foreign exchange on the right of use assets		(13,304)	(85,457)
Purchase of Intangible assets		-	(72,269)
Proceeds from sale of property and equipment		-	12
Net cash used in investing activities		**(31,576)**	**(382,142)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(158,108)	(151,929)
Effect of foreign exchange on the lease liabilities		19,471	44,313
Net cash used in financing activities		**(138,637)**	**(107,616)**
Net increase/(decrease) in cash and cash equivalents		**3,427,832**	**(4,801,329)**
Effect of foreign exchange rate changes on cash and cash equivalents		(532,977)	(1,493,829)
Cash and cash equivalents at the beginning of the year		**3,859,325**	**10,154,483**
Cash and cash equivalents at the end of the year	18	**6,754,180**	**3,859,325**

1. GENERAL INFORMATION

Redington Uganda Limited is a limited liability company incorporated and domiciled in Uganda under the Ugandan Companies Act. It is a subsidiary of Redington Gulf FZE U.A.E, a company incorporated in Dubai, United Arab Emirates. The ultimate holding company is Redington (India) Limited, a company incorporated in India.

For the reporting purposes under the Ugandan Companies Act, in these financial statements, the balance sheet is equivalent to the statement of financial position while profit and loss account is presented as statement of profit or loss.

2. MATERIAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

(i) Basis of accounting and statement of compliance

The financial statements of Redington Uganda Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2012 of the Laws of Uganda. The financial statements are presented in Uganda Shillings and all values are rounded to the nearest thousands.

For purposes of reporting under the Companies Act, 2012 of the Laws of Uganda, the Balance Sheet in these financial statements is represented by the statement of financial position and the profit and loss account is represented by the statement of profit or loss.

The accounting policies adopted are consistent with those used in the previous year.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for goods and services.

Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold, or the price paid to transfer a liability, in an orderly transaction between market participants.

The Company is required to classify the fair valuation method of the financial/non-financial assets and liabilities, either measured or disclosed at fair value in the Financial Statements, using a three-level fair-value hierarchy (which reflects the significance of inputs used in the measurement of fair value). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued

(ii) Basis of measurement (Continued)

Fair value measurement (Continued)

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.

(iii) Use of estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

During the year, the areas involving a higher degree of judgment or complexity or where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(iv) Functional and presentation currency

The financial statements are presented in Uganda Shillings (Ushs), which is also the company's functional currency.

Adoption of new and revised International Financial Reporting Standards

a) New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued

a) New and amended IFRS Accounting Standards that are effective for the current year (Continued)

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	The Company has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It considers market interest rates, and the impact of policyholders' options and guarantees. The Company does not have any contracts that meet the definition of an insurance contract under IFRS 17.
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies	The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events, or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

a) New and amended IFRS Accounting Standards that are effective for the current year (Continued)

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12 The Company has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	Following the amendments, the Company is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes. Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates. The Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

b) New and revised IFRS Accounting Standards in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	▪ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	▪ Classification of Liabilities as Current or Non-current ▪ Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	▪ Supplier Finance Arrangements
Amendments to IFRS 16	▪ Lease Liability in a Sale and Leaseback

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except if indicated below.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the parent company anticipate that the application of these amendments may have an impact on the Bank's consolidated financial statements in future periods should such transactions arise.
Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current	The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify 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, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

b) New and revised IFRS Accounting Standards in issue but not yet effective (Continued)

	The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early. The directors of the parent company anticipate that the application of these amendments may have an impact on the Bank's consolidated financial statements in future periods.
Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants	The 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 of a liability for at least twelve months after the reporting date 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. The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early. The directors of the parent company anticipate that the application of these amendments may have an impact on the Company's consolidated financial statements in future periods.
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements	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. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

b) New and revised IFRS Accounting Standards in issue but not yet effective (Continued)

	The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements: ▪ The terms and conditions of the arrangements ▪ The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
	▪ The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers ▪ Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement ▪ Liquidity risk information The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted
Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback	The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 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. 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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recorded net of Value Added Tax (VAT). Revenue is recognized upon delivery of products to customers and accepted thereon.

The company accounts for a contract with a customer when the contract has been approved in writing with Redington Uganda Limited and the respective parties are committed to perform their respective obligations, the rights, including payment terms, regarding the goods and services to be transferred can be identified, the contract has commercial substance, and collection of the consideration to which the company expects to be entitled is probable. In accordance with IFRS 15, management considers only legally enforceable rights in evaluating the accounting for contracts with customers. As such, frame agreements that do not create legally enforceable rights and obligations are accounted for based on the issuance of subsequent legally binding purchase orders under the frame agreements.

The company’s core business is computers, related peripherals, and accessories.

Revenue is recognized when services are provided to and accepted by the customers. It is stated net of Value Added Tax (VAT) and discounts. Revenue is recognized in the period in which it is earned.

The company recognizes revenue from contracts with customers to reflect the transfer of promised services to customers for amounts that reflect the consideration to which the company expects to be entitled in exchange for those services.

2.3 Property and equipment

All equipment is initially recorded at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the assets original cost is transferred from revaluation surplus to retained earnings.

Depreciation

Depreciation is calculated to write off the cost of plant and equipment on a reducing balance basis using the following annual rates:

Furniture and fixtures	20.00%
Motor vehicles	33.33%
Office equipment	20.00%
Computers	33.33%
Network Equipment	33.33%

Gains and losses on disposal of equipment are determined by reference to their carrying amount and are considered in determining operating profit/ (loss).

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Equity Instruments

Debt and equity instruments are classified, as either financial liabilities, or as equity in accordance with the substance of the contractual agreement. In determining the classification, the company evaluates whether there is any obligation to deliver cash or another financial asset to the holder of the instrument.

2.5 Borrowings

Interest bearing borrowings are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

2.6 Impairment of Assets

The company uses the simplified approach instead of the general approach given the nature of its financial assets. Under the simplified approach, the company does not monitor for significant increases in credit risk but instead measures lifetime expected credit losses at all times.
An impairment loss recognized in prior years should be reversed if and only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized.

However, an impairment loss is reversed only to the extent that it does not increase the carrying amount that would have been determined for the asset (net of amortization or depreciation) had no impairment loss been recognized in prior years.

2.7 Provisions

Provisions are recognized 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.

2.8 Retirement benefit obligations

The company makes contributions to the National Social Security Fund (NSSF) which is a statutory retirement benefit scheme established under the NSSF Act. This is a defined contribution scheme into which the company contributes 10% of the employees' gross cash emoluments. The company's contribution is charged to profit or loss as it falls due.

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the end of the reporting period.

2.9 Translation of foreign currencies

Assets and liabilities at the end of the reporting period which are expressed in foreign currencies are translated into Uganda Shillings at the rate of exchange ruling at the end of the reporting period. Foreign currency transactions during the year are translated into Uganda Shillings at the rates ruling at the transaction dates. The resulting differences are dealt with in the profit or loss in the year in which they arise.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Taxation

Current tax assets and liabilities

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Uganda Income Tax Act.

Deferred tax assets and liabilities

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Tax expenses

Taxation expense is the aggregate of the charge to the statement of comprehensive income in respect of current income tax and deferred income tax.

2.11 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

2.12 Financial instruments

Initial measurement

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

Subsequent measurement of financial assets

All financial assets that were previously under the scope of IAS 39 are categorized into two classifications those measured at amortized cost and those measured at fair value.

Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss (fair value through profit or loss, FVTPL), or recognized in other comprehensive income (fair value through other comprehensive income, FVTOCI).

The classification of a financial asset is made at the time it is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

All financial liabilities are measured at amortized cost since the company does not hold financial liabilities for trading.

Impairment

The company uses the simplified approach instead of the general approach given the nature of its financial assets. Under the simplified approach, the company does not monitor for significant increases in credit risk but instead measures lifetime expected credit losses at all times.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments (Continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at cost appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired.

Trade receivables party relates to the portion to the insurance companies and the commission element due to the company.

Trade and other payables

Trade payables are initially measured at fair value and are subsequently measured at the cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the company’s accounting policy for borrowing costs.

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 recorded at the proceeds received, net of direct issue costs. Where necessary, comparative figures have been adjusted to conform to changes in presentation in current year.

2.13 Borrowing costs

Borrowing costs, net of any temporary investment income on those borrowings, that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset.

The net borrowing cost capitalised is either the actual borrowing cost incurred on the amount borrowed specifically to finance the asset; or in the case of general borrowings, the borrowing cost is determined using the overall weighted average cost of the borrowings on all outstanding borrowings during the year less any specific borrowings directly attributable to the asset and applying this rate to the borrowing attributable to the asset. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgment in applying the Company's accounting policies

In the process of applying the Company's accounting policies, management has made the following judgments that have significant effect on the amounts recognized in the financial statements (apart from those involving estimations, which are dealt with separately below):

Warranties

The Company's Original Equipment Manufacturer ("OEM") generally warrants the products distributed by the Company. The Company does not independently warrant the products it distributes, and management does not consider that any provisions for warranties or claims are required. Warranty liability is therefore deemed to be resident on the OEM.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Allowance for doubtful debts

Allowance for doubtful debts is determined based using a combination of factors to ensure that the trade receivables are not overstated due to collectability. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality, and aging of the receivables, continuing credit evaluation of the customers' financial conditions and collateral requirements from customers in certain circumstances.

In particular, specific provisions for individual accounts are recorded when the Company becomes aware of the customer's inability to meet its financial obligations such as in the case of deterioration in the customer's operating results or financial position.

Inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made at the product group level for estimated excess, obsolescence, or impaired balances. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle, product pricing, physical deterioration, and quality issues.

Based on the above factors, the Company has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

E*quipment*

The cost of equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

3 CRITICAL JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Leasehold improvements

Management determined the estimated useful life and related depreciation charges for its leasehold improvements. The estimate is based on the assumption that the company will renew its annual lease over the estimated useful life. Depreciation charge would change significantly should the annual lease not be renewed. Management will increase the depreciation charge when the useful life is less than the previously estimated useful life.

4 REVENUE

	2024 Ushs'000	2023 Ushs'000
Revenue from IT Value	15,554,523	13,192,103
Revenue from IT Volume	38,272,706	63,262,036
Revenue from Telecom equipment	106,690,557	74,323,703
Revenue from IT_ Related Party	353,404	3,583,330
Sales — FI entry	-	1,261
Revenue reversals	1,494,078	(2,278,219)
Sales (Net accounting) — FI entry	(2,070,737)	(1,004,690)
Other charges IT	(146,611)	(131,192)
	160,147,920	**150,948,332**

5 COST OF SALES

Inventories at beginning of year	14,071,985	13,811,217
Purchases	132,814,348	140,727,408
Inventories at end of year (Note 16)	(10,633,714)	(14,071,985)
	136,252,619	**140,466,640**

6 EMPLOYMENT COSTS

Salaries and wages	494,113	535,072
Other benefits	166,768	131,438
	660,881	**666,510**

7 DEPRECIATION AND AMORTISATION EXPENSES

Depreciation of property and equipment	80,946	72,300
Depreciation of right-of-use assets (Note 13)	110,206	111,096
Amortization of intangible assets	22,049	7,986
	213,201	**191,382**

8 OPERATING AND ADMINISTRATIVE EXPENSES

	2024 Ushs'000	2023 Ushs'000
Allowance (reversal of allowance) for slow-moving inventories	574,110	(118,585)
Advertising costs	465,674	503,365
Audit fees	50,079	44,971
Bank charges	19,332	25,088
Repairs and maintenance	30	4,275
Impairment losses on financial assets	(124,698)	94,092
Bad debt written off	141,427	33,624
Communication	46,755	53,070
Consultancy fees	47,733	36,453
Freight outwards	783,789	89,956
Insurance expense	49,172	53,242
Operating expenses*	18,878,902	2,276,280
CSR and scrap costs	1,130	1,384
Transportation expense	98,184	88,805
Consultancy	10,269	240
	21,041,888	**3,186,260**

* Included in operating expenses are service fees charged by M-Kopa amounting to Ugx 18billion. This is a new charge based on the consignment business with the customer that is charged at USD 24.5 per unit sold.

9 OTHER INCOME

Gain on disposals of property and equipment	-	32,300
Other income	167,944	68,402
	167,944	100,702

10 FINANCE COSTS

Interest on lease liabilities	40,493	50,902
	40,493	50,902

11 TAXATION

(a) Tax charge:

Current income tax charge:		
In respect of current year	1,278,967	1,477,658
In respect of prior years	-	70,369
Deferred tax credit	(235,103)	(189,687)
	1,043,864	**1,358,340**

11 TAXATION (CONTINUED)	2024 Ushs'000	2023 Ushs'000
(b) Reconciliation of tax charge:		
Accounting profit before tax	**2,106,784**	**6,487,340**
Tax at applicable rate of 30% (2023: 30%)	632,034	1,946,202
Tax effect of non-deductible expenses:		
Amortisation of Intangible Assets	6,615	-
Staff welfare	2,016	1,642
Work permit Renewal	2,916	2,722
Payment Differences- Rounding off	-	105
Bad debts written off	42,428	10,087
Inventory Written-off	6,943	3,432
Sales promotion	-	6,099
Group life insurance	1,021	928
Prior year under/(over) provisions	349,891	(612,877)
	1,043,864	**1,358,340**

c) The movement in the tax account is as follows:

As at 1 April	112,213	(439,224)
Current year tax charge	(1,278,967)	(1,477,658)
Tax deposits paid-in respect of current year	1,265,281	2,029,095
At 31 March	**98,527**	**112,213**

Deferred income taxes are calculated on all temporary differences under the liability method using the applicable tax rate of 30% (2023: 30%). The deferred income tax liability at 31 March comprises the items on note 14.

12 (a) PROPERTY, PLANT AND EQUIPMENT

	Network Equipment Ushs'000	Office Equipment Ushs'000	Furniture and fittings Ushs'000	Computers Ushs'000	Motor vehicles Ushs'000	Total Ushs'000
COST						
Balance as at 1 April 2022	28,140	168,952	146,714	94,150	162,282	600,238
Additions during the year		82,509	40,415	10,004	91,500	224,428
Disposals	-	(60,383)	(1,869)	(33,458)	(100,250)	(195,960)
Balance as at 31 March 2023	**28,140**	**191,078**	**185,260**	**70,696**	**153,532**	**628,706**
Additions	-	12,305	-	5,967	-	**18,272**
As at 31 March 2024	**28,140**	**203,383**	**185,260**	**76,663**	**153,532**	**646,978**
ACCUMULATED DEPRECIATION						
Balance as at 1 April 2022	28,140	166,431	146,714	82,941	141,904	566,130
Depreciation charge for the year	-	18,886	5,687	7,489	40,238	72,300
Disposals	-	(60,371)	(1,869)	(33,458)	(100,250)	(195,948)
As at 31 March 2023	**28,140**	**124,946**	**150,532**	**56,972**	**81,892**	**442,482**
Depreciation charge for the year	**-**	26,555	8,083	8,678	37,630	**80,946**
As at 31 March 2024	**28,140**	**151,501**	**158,615**	**65,650**	**119,522**	**523,428**
Carrying amount						
As at 31 March 2024	**-**	**51,882**	**26,645**	**11,013**	**34,010**	**123,550**
At 31 March 2023	**-**	**66,132**	**34,728**	**13,724**	**71,640**	**186,224**

12 (b) INTANGIBLE ASSETS

	2024 Ushs'000	2023 Ushs'000
Cost		
Balance as at 1 April	72,269	-
Additions during the year	-	72,269
Elimination due to write offs	(72,269)	-
As at 31 March	-	72,269
Accumulated depreciation		
Balance as at 1 April	7,986	-
Amortization for the year	22,049	7,986
Elimination due to write offs	(30,035)	-
As at 31 March	-	7,986
Carrying amount		
As at 31 March	**-**	**64,283**

13 RIGHT OF USE ASSETS

	2024 Ushs'000	2023 Ushs'000
Cost		
At 1 April	645,960	566,573
Addition	-	96,165
Effect of translation difference	30,295	(16,778)
At 31 March	**676,255**	**645,960**
Accumulated depreciation		
At 1 April	293,883	188,858
Charge for the year	110,206	111,096
Effect of translation differences	16,991	(6,071)
At 31 March	421,080	293,883
Carrying amount		
At 31 March	**255,175**	**352,077**

14 DEFERRED TAX ASSETS

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2023: 30%). The movement on the deferred tax account is as follows:

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

	2024 Ushs'000	2023 Ushs'000
At 1 April	(189,239)	448
Charge for the year	(235,103)	(189,687)
At 31 March	**(424,342)**	**(189,239)**

Deferred tax asset, deferred tax asset credit in the statement of comprehensive income are attributable to the following items:

	At start of year UShs'000	Charge/(credit) to profit or loss) Ushs'000	At end of year UShs'000
Year ended 31 March 2024			
Deferred tax liabilities			
Accelerated capital allowances	6,081	(23,594)	(17,513)
Right of use assets	-	76,553	76,553
Unrealised exchange gains	(248,246)	249,880	1,634
	(242,165)	**302,839**	**60,674**
Deferred tax assets			
Lease liabilities	45,579	(141,263)	(95,686)
Unrealised exchange losses	-	(193,299)	(193,299)
Provisions for impairment on assets	(28,228)	23,542	(4,686)
Provisions for impairment on stock	35,575	(226,921)	(191,345)
	52,926	**(537,942)**	**(485,016)**
Net deferred tax asset	**(189,239)**	**(235,103)**	**(424,342)**
Year ended 31 March 2023			
Deferred tax liabilities			
Accelerated capital allowances	14,158	(8,077)	6,081
Unrealised exchange gains	-	(248,246)	(248,246)
	14,158	**(256,323)**	**(242,165)**
Deferred tax assets			
Lease liabilities	38,317	7,262	45,579
Provisions for impairment on assets	(9,181)	(19,047)	(28,228)
Provisions for impairment on stock	(42,846)	78,421	35,575
	(13,710)	**66,636**	**52,926**
Net deferred tax (asset)/liability	**448**	**(189,687)**	**(189,239)**

15 RELATED PARTY BALANCES AND TRANSACTIONS

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 Related Party Disclosures. Related parties comprise the Parent Company, companies, and entities under common ownership and/or common management and control and key management personnel.

The management decides on the terms and conditions of the transactions and of services received/rendered from/to related parties as well as on other charges.

At the reporting date, balances with related parties were as follows:

	2024 Ushs'000	2023 Ushs'000
(a) Due from related parties		
Entities under common control/ownership	-	122,344
(b) Due to related parties		
Parent company		
Entities under common control/ownership	15,947,608	26,064,868
	15,947,608	**26,064,868**

Balances with related parties are all current, interest-free, unsecured and have no fixed repayment terms.

The following is a summary of transactions with related parties, which are included in the separate financial statements:

a) Rebates relate to the backend income allocated by the Parent Company. Backend income is centralized at the Parent Company, as it receives the backend income directly from third party suppliers.

b) The Company has determined that the amounts due from related parties do not carry a credit risk and hence no expected or specific loss allowance is required on these balances. In the process of making this determination, the Company has considered the terms underlying these balances, historical default rate, the ability of the related parties to settle these balances when due and the right of set-off on a group basis. The balances due from related parties are repayable on demand and there is no historical default rate. The settlement of the related party balances is managed by the ultimate controlling party.

Compensation of key management personnel

The Company is managed by the key management personnel of the Parent Company. The remuneration of the key management personnel is not recharged to the Company.

16 INVENTORIES

	2024 Ushs'000	2023 Ushs'000
Goods held for sale	10,790,919	14,135,693
Allowance for slow-moving inventories	(637,818)	(63,708)
Goods in transit	480,613	-
	10,633,714	**14,071,985**
Movement in the allowance for slow-moving inventories:		
Balance at the beginning of the year	63,708	182,293
Charged during the year (Note 8)	574,110	(118,585)
Balance at the end of the year	**637,818**	**63,708**

17 TRADE AND OTHER RECEIVABLES

	2024 Ushs'000	2023 Ushs'000
Trade receivables	10,432,736	12,642,779
Expected credit losses	(15,620)	(140,318)
	10,417,116	12,502,461
Advance to suppliers	-	1,856
Other receivables	88,391	4,595,440
Prepayments	120,325	28,386
	10,625,832	**17,128,143**

31 March 2024	Gross amount Ushs'000	ECL Allowance Ushs'000	Carrying Amount Ushs'000
Trade receivables	10,432,736	(15,620)	10,417,116
Prepayments	120,325	-	120,325
Other receivables	88,391	-	88,391
	10,641,452	**(15,620)**	**10,625,832**

31 March 2023	Gross amount Shs'000	ECL allowance Shs'000	Carrying amount Shs'000
Trade receivables	12,642,779	(140,318)	12,502,461
Prepayments	28,386	-	28,386
Other receivables	4,595,440	-	4,595,440
Advance to suppliers	1,856	-	1,856
	17,268,461	**(140,318)**	**17,128,143**

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

	2024 Ushs'000	2023 Ushs'000
US Dollar	10,636,696	14,079,750
Uganda Shilling	(10,864)	3,048,393

At 31 March 2024, the Company measured the estimated credit losses at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the expected credit losses based on past due status is not further distinguished between the Company's different customer base:

	2024 Ushs'000	2023 Ushs'000
Movement in the expected credit losses		
Balance at the beginning of the year	140,318	46,226
ECL provision for the year	(124,698)	94,092
Balance at the end of the year	**15,620**	**140,318**

18 CASH AND CASH EQUIVALENTS

Cash on hand	-	-
Bank balances - current accounts	6,754,180	3,859,325
	6,754,180	**3,859,325**

For the purpose of the statement of cash flows, the year-end cash and cash equivalents comprise the above.

	2024 Ushs'000	2023 Ushs'000
Cash and bank balances	**6,754,180**	**3,859,325**

The carrying amounts of the company's cash and cash equivalents are all denominated in the following currencies.

	2024 Ushs'000	2023 Ushs'000
Uganda Shillings	1,332,856	1,134,546
US Dollar	5,421,324	2,724,779
	6,754,180	**3,859,325**

18 CASH AND CASH EQUIVALENTS (CONTINUED)

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank of U.A.E. Accordingly, the management of the Company estimates the loss allowance on balances with bank at the reporting date at an amount equal to lifetime ECL. None of the balances with the banks at the reporting date are past due and considering the historical default experience and the current credit ratings of the banks, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

19 SHARE CAPITAL

	2024	2023
	Ushs'000	Ushs'000
Authorized, issue and paid-up share capital		
1,000 (2023: 1,000) ordinary shares at Shs 15,000 each	15,000	15,000
	15,000	**15,000**

20 LEASES LIABILITIES

The Company leases several assets involving office premises. The average lease term is 6 years.

Lease	2024	2023
	Ushs'000	Ushs'000
Non-current	206,431	304,664
Current	112,518	112,430
Total Lease Liabilities	318,949	417,094
At 1 April	417,093	473,807
Interest charged to profit or loss	40,493	50,902
Foreign exchange loss	19,471	44,313
Payments under lease	(158,108)	(151,929)
	318,949	417,093
Weighted average effective interest rates at the reporting date was:	%	%
	12%	12%

21 TRADE AND OTHER PAYABLES

	2024	2023
	Ushs'000	Ushs'000
Trade payables	208,203	493,565
Accrued expenses	2,715,488	427,983
Other payable	884,064	1,155,387
Output VAT	253,227	2,073
	4,060,982	**2,079,008**

21 TRADE AND OTHER PAYABLES (CONTINUED)

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value. The carrying amounts of the company's trade and other payables are denominated in the following currencies.

	2024 Ushs'000	2023 Ushs'000
Uganda Shillings	2,942,391	1,559,751
US Dollar	1,118,591	519,257
	4,060,982	2,079,008

In the opinion of the directors, it is impracticable to assign fair values to the company's long-term trade and other payables due to inability to forecast interest rate and foreign exchange rate change

The maturity analysis of company's trade and other payables is as follows:

Year ended 31 March 2024

	0 to 1 month Ushs'000	2 to 3 months Ushs'000	Over 3 months Ushs'000	Total Ushs'000
Trade payables	1,309,050	98,628	(1,199,475)	208,203
Accruals	2,580,863	71,365	63,260	2,715,488
Other payables	445,110	41,551	650,630	1,137,291
	4,335,023	211,544	(485,585)	4,060,982

Year ended 31 March 2023	0 to 1 month Ushs'000	2 to 3 months Ushs'000	Over 3 months Ushs'000	Total Ushs'000
Trade payables	584,168	(191,681)	101,079	493,566
Accruals	41,128	7,837	381,092	430,057
Other payables	(40,321)	427,664	768,042	1,155,385
	584,975	243,820	1,250,213	2,079,008

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Material accounting policies

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the separate financial statements.

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(b) Categories of financial instruments

	2024 Ushs'000	2023 Ushs'000
Financial assets		
At amortized cost		
Cash and cash equivalents (Note 18)	6,754,180	3,859,325
Trade and other receivables (Note 17)	10,625,832	17,128,143
Due from related parties (Note 15)	-	122,344
Financial liabilities		
At amortized cost		
Trade and other payables (Note 21)	4,060,982	2,079,008
Due to related parties (Note 15)	15,947,608	26,064,868

(c) Fair values

The fair value of financial assets and financial liabilities approximate the carrying values as at the reporting date as these financial assets and financial liabilities are substantially due to be realized and settled within a period of one year in the normal course of the Company's business.

Fair value hierarchy

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial asset held for sale held for sale was measured at Level 3.

Financial risk management

The financial risk management policies are discussed by the management of the Company on a regular basis to ensure that these are in line with the overall business strategies and its risk management philosophy. Management sets policies which seek to minimize potential adverse effects of financial performance of the Company. Management provides necessary guidance/instructions to the employees covering specific areas, such as market risk (foreign currency risk and interest risk), credit risk and liquidity risk.

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates.

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(c) Fair values (Continued)

Financial risk management (Continued)

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

Interest risk

The Company does not have any significant exposure to interest rate risk as there are no interest-bearing financial instruments.

Foreign currency risk

The Company is exposed to foreign exchange risk arising from currency exposure primarily with respect to the US Dollar. The risk arises from future transactions, assets, and liabilities in the statement of financial position date.

The table below summarizes the effect on post-tax profit and components of equity had the Uganda Shilling weakened by 10% against the US Dollar, with all other variables held. If the Uganda shilling strengthened against each currency, the effect would have been the opposite.

	2024 Ushs'000	2023 Ushs'000
Effect on profit - increase	(1,021,889)	(965,725)

A 10% sensitivity rate is being used when reporting foreign risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposure to outstanding trade receivables. The management of the Company has implemented centralized procedures for credit control. Credit risk is minimized through a conservative credit policy. Individual counter-party limits are set in accordance with the credit policy.

The Company's exposure to credit risk is closely monitored and the aggregate value of transactions concluded is spread amongst counter parties. Credit exposure is controlled by counter-party limits that are reviewed and approved by the management regularly. Due to the risk on transactions in the countries in which the Company operates, management will, based on past experience and level of risk associated with these transactions, make an allowance for losses on such transactions should they consider it necessary.

Ongoing credit evaluation is performed on the financial condition of trade receivable. Further details of credit risk on trade receivables are discussed in Note 8 to the financial statements.

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(c) Fair values (Continued)

Credit risk (Continued)

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	
Performing	The counterparty has a low risk of default and does not have any past-due amounts	not have any past-due amounts
Doubtful initial	Amount is >90 days past due or there has been a recognition	significant increase in credit risk since
In default	Amount is >180 days past due or there is evidence	indicating the asset is credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic	prospect of recovery

Basis for measurement of loss allowance

	2024 Ushs'000	2023 Ushs'000
Trade receivables	10,432,736	12,642,779
Other receivables	88,391	4,595,440
Cash at bank	6,754,180	3,859,325
Gross carrying amount	17,275,307	21,097,544
Expected credit loss allowance	(15,620)	(140,318)
Exposure to credit risk	**17,259,687**	**20,957,226**

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analyzed above based on their credit risk ratings as follows:

a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired.

b) financial assets that are credit impaired at the balance sheet date.

c) trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

d) Financial assets that are credit impaired at the balance sheet date.

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(c) Fair values (Continued)

Credit risk (Continued)

	Cash and cash equivalents Ushs'000	Trade receivables Ushs'000	Total Ushs'000
Year ended 31 March 2024			
At start of year	-	140,318	140,318
Changes relating to assets	-	(124,698)	(124,698)
At end of year	-	15,620	15,620
Year ended 31 March 2023			
At start of year	-	46,226	46,226
Changes relating to assets	-	94,092	94,092
At end of year	-	140,318	140,318

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. Ultimate responsibility for liquidity risk management rests with the General manager 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 by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

All of the Company’s financial assets and financial liabilities are due to be settled within one year from the reporting date except for lease liabilities as disclosed in Note 23 to the financial statements.

The table below discloses the undiscounted maturity profile of the company's financial liabilities:
Interest Rate is 12%

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Year ended 31 March 2024	Between 1-3 months Ushs'000	Between 2 to 3 months Ushs'000	More than Over1 year Ushs'000	Total Ushs'000
Interest bearing liabilities				
Finance lease liabilities	112,518	-	206,431	318,949
Non-interest-bearing liabilities				
Trade and other payables	4,335,024	(274,042)	-	4,060,982

Year ended 31 March 2023	Between 1-3months Ushs'000	Between 2 to 3 months Ushs'000	More than Over1 year Ushs'000	Total Ushs'000
Interest bearing liabilities				
Finance lease liabilities	112,430	-	304,664	417,094
Non-interest-bearing liabilities				
Trade and other payables	584,974	243,371	1,250,663	2,079,008

23 CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company’s overall strategy remains unchanged from 2022.

Having considered the structure and magnitude of the Company, the management has decided that the capital structure should be limited to equity comprising issued capital, reserve and retained earnings.

The gearing ratios on 31 March 2024 and 2023 were as follows:

	2024 Ushs'000	2023 Ushs'000
Total borrowings	-	-
Less cash and cash equivalents	(6,754,180)	(3,859,325)
Net borrowings	(6,754,180)	(3,859,325)
Total equity	8,587,782	7,524,863
Gearing ratio	-79%	-51%

24 CONTINGENT LIABILITIES

As of 31 March 2024, the Company had no contingent liabilities.

25 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.