REDINGTON TANZANIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

CONTENTS **PAGE**

COMPANY INFORMATION

DIRECTORS	: Mr. Sivanandam Balasubramanian
	: Mr. Serkan Celik
	: Mr. Zahid Kassam
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	: Moore JVB Tanzania
	: 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 (CONTINUED)	: 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.
	: NMB Bank Plc
	: Ohio Street/Ali Hassan Mwinyi Road
	: P. O. Box 9213
	: 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 2026, 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.

The directors who held office during the year and at the date of this report are shown below:

Name	Position	Natio	Date of appointment
Mr. Sivanandam Balasubramanian	Director	Indian	09.05.2024
Mr. Serkan Celik	Director	Indian	25.07.2025
Mr. Zahid Kassam	Director	Kenya	09.05.2024

In accordance with the company's Article of Association, Mr. Arun were terminated as director on 25th July 2025.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

	2026 TShs '000	2025 TShs '000
Profit before tax	1,469,600	867,496
Tax charge	(1,075,654)	(268,839)
Profit for the year	**393,946**	**598,657**

A summary of the key ratios is outlined below:

	2026	2025
Increase in income (%)	-8.28%	8.56%
(Decline) in profit before tax (%)	69.41%	-47.70%
Gross profit margin (%)	8.25%	7.44%
Net profit margin (%)	0.40%	0.56%
Inventory turnover days	16	18
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

REPORT OF THE DIRECTORS (CONTINUED)

CORPORATE GOVERNANCE (Continued)

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.

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 16 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 (2025: 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 2026 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 2026. 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 employees 24, out of which 6 were female and 18 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 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

Moore JVB Tanzania 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 2026 will be tabled in the annual general meeting.

BY ORDER OF THE BOARD

Signed by:
Sivanandam Balasubramanian
866221DA43B7424...

Mr. Sivanandam Balasubramanian
Director

10th May 2026

Signed by:
8C516ACAFF034BE...

Mr. Serkan Celik
Director

10th May 2026

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 appoporiate 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 2026 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 34 were authorised and approved by the board of directors on 10 May 2026 and were signed on its behalf by:

Signed by:	Signed by:
Sivanandam Balasubramanian	
866221DA43B7424...	8C516ACAFF034BE...
Mr. Sivanandam Balasubramanian	**Mr. Serkan Celik**
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 2026 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: 10th May 2026

Moore JVB Tanzania
Certified Public Accountants
Tanzania
Vijana Towers
First Floor, Fire Station Road, Upanga East
P. O. Box 325
Dar es Salaam, Tanzania
T +255 689 280 960
T +255 655 249 292
E info@moore-jvbtz.com
W www.moore-jvb.com

REPORT OF THE INDEPENDENT AUDITOR
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 March 31st, 2026, 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 March 31st, 2026, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting (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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in 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.

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises of the Report of the Directors, Statement of Directors' Responsibilities and the Declaration of the Head of Finance but does not include the financial statements and Report of the Independent Auditor thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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:

(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 and statement of comprehensive income are in agreement with the books of account.

Moore JVB Tanzania
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: MJT/001/2026
Date: 10th May 2026

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

Report on the Audit of the Financial Statements (continued)

Appendix to Independent Auditors Report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of 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.

- 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 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	2026 TShs '000	2025 TShs '000
Revenue	1.	98,885,968	107,816,838
Cost of sales		(90,730,205)	(99,790,077)
Gross profit		**8,155,763**	**8,026,761**
Other operating income	2.	163,853	77,772
Selling and distribution expenses		(136,581)	(287,691)
Administrative expenses		(5,200,246)	(5,049,049)
Other operating expenses		(499,952)	(160,646)
Operating Profit	3.	**2,482,837**	**2,607,148**
Finance costs		(1,013,237)	(1,739,652)
Profit before tax		**1,469,600**	**867,496**
Tax charge	4.	(1,075,654)	(268,839)
Profit for the year		**393,946**	**598,657**
Total comprehensive income for the year		**393,946**	**598,657**

The significant accounting policies on pages 13 to 24 and the notes on pages 25 to 35 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 31.03.2026 TShs '000	As at 31.03.2025 TShs '000
CAPITAL EMPLOYED			
Share capital	5.	100	100
Retained earnings		4,123,928	3,729,982
Equity attributable to owners of the company		4,124,028	3,730,082
Non current liabilities			
Lease liabilities	8.	445,652	6,303
		4,569,680	**3,736,385**
REPRESENTED BY:			
Non current assets			
Equipment	7.	246,022	35,913
Right of use assets	10.	638,738	40,435
Deferred tax	6.	831,424	671,619
		1,716,184	747,967
Current assets			
Inventories	11.	4,078,874	4,813,283
Tax recoverable	4.	2,021,702	1,613,879
Trade and other receivables	12.	24,717,067	20,209,466
Cash and cash equivalents	13.	2,921,085	4,500,112
		33,738,728	31,136,741
Current liabilities			
Trade and other payables	14.	28,385,329	27,911,493
Financial liability	9.	93,016	229,630
Borrowing	17.	2,286,355	-
Lease liabilities	8.	120,534	7,200
		30,885,234	28,148,323
Net current asset		2,853,495	2,988,416
		4,569,680	**3,736,385**

The financial statements on pages 9 to 37 were authorised and approved for issue by the Board of Directors on ...10th May.2026............ and were signed on its behalf by:

Signed by:
Sivanandam Balasubramanian
866221DA43B7424...

Mr. Sivanandam Balasubramanian
Director

Signed by:
8C510ACAFF034BE...

Mr. Serkan Celik
Director

The significant accounting policies on pages 13 to 24 and the notes on pages 25 to 35 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 2026			
At start of year	100	3,729,982	3,730,082
Total comprehensive income for the year	-	393,946	393,946
At end of year	**100**	**4,123,928**	**4,124,028**
Year ended 31 March 2025			
At start of year	100	3,131,325	3,131,425
Total comprehensive income for the year	-	598,657	598,657
At end of year	**100**	**3,729,982**	**3,730,082**

The significant accounting policies on pages 13 to 24 and the notes on pages 25 to 35 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	2026 TShs '000	2025 TShs '000
Operating activities			
Cash (used in)/generated from operations	15.	(1,693,150)	2,684,738
Interest paid on lease liabilities	8.	(41,149)	(6,652)
Income tax paid	4.	(1,643,284)	(1,537,108)
Net cash generated from operations		(3,377,583)	1,140,979
Investing activities			
Proceed from disposal of equipment	7.	2,369	-
Disposal of Right of Use assets	10.	6,362	-
Purchase of equipment	7.	(351,289)	(21,850)
Purchase of Right of Use assets	10.	(736,239)	(49,897)
Net (cash used) in investing activities		(1,078,798)	(71,746)
Financing activities			
Proceeds from borrowing	17.	2,286,355	-
Additions of Lease liabilities	8.	736,239	19,019
Disposal of Lease liabilities	8.	(6,305)	-
Repayment of lease liabilities	8.	(138,936)	(118,306)
(Decrease)/Increase in cash and cash equivalents		**(1,579,027)**	**969,946**
Movement in cash and cash equivalents			
At start of year		4,500,112	3,530,163
(Decrease)/Increase in cash and cash equivalents		(1,579,027)	969,949
At end of year	**13.**	**2,921,085**	**4,500,112**

The significant accounting policies on pages 13 to 24 and the notes on pages 25 to 35 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 17 and 18 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 has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 10 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

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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 10 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.

c) Revenue recognition

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

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue recognition

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.

- **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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Equipment (continued)

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.

An item of equipment is derecognised upon disposal or when no future future economic benefits are expected from its use or disposal. Gains and losses on disposal of equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss.

f) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortization is calculated using the straight line of each license or item of software to its residual value over its estimated useful life using an annual rate of 10%. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be three years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development staff costs and an appropriate portion of relevant overheads.

g) Impairment of non-financial assets and intangible assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually.

An impairment loss is recognised for the amount by which the carrying amount of an asset or a cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, management determines the recoverable amount of the CGU to which the asset belongs.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Impairment of non-financial assets and intangible assets other than goodwill (continued)

A CGU is the smallest identifiable group of assets that generates cash flows that are largely independent of cash inflows from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

h) Financial instruments

Financial instruments are recognised when, and only when, the company becomes party to the contractual provisions of the instrument.

- Financial assets

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale. These are categorised as follows:

i) Amortised cost;

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost; The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

ii) Fair Value Through Profit or Loss (FVTPL):

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measure at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit or loss and other comprehensive income.

iii) Fair Value Through Other Comprehensive Income (FVTOCI):

Financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are classified and measured at value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gain or losses, interest revenue and foreign exchange gain and losses. Gains and losses previously recognisedin OCI are reclassified from equity to profit or loss on disposal of such instruments. Gains and losses related to equity instruments are not reclassified.

Notwithstanding the above, the company may:

- on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it **at fair value through other comprehensive income.**
- on initial recognition of a debt instrument, irrevocably designate it as classified and measured **at fair value through profit or loss** if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (continued)

Initial recognition

At initial recognition of a financial asset, the company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the company has not identified a change in its business models.

Derecognition /write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the company has transferred substantially all risks and rewards of ownership, or when the company has no reasonable expectations of recovering the asset.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Financial instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Impairment

Debt instruments that are subsequently measured at amortised cost or at impairment assessment. No impairment loss is recognised on investments measured at FVTPL.

The company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost or at fair value through other compressive income (FVTOCI):

- Cash and cash equivalents
- Trade and other receivables
- Other financial assets

No impairment loss is recognised on investments measured at FVTPL.

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial instruments (continued)

Impairment (continued)

- Financial liabilities

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
All other financial liabilities are classified and measured at **amortised cost.**

All financial liabilities are recognised initially at fair value and, in the case of loans and and borrowings and payables, net of directly attributable transaction costs.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a currently enforceable legal right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

i) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of inventories comprises the cost of the goods and other direct costs incurred in bringing the inventory to their present location. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

j) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

Restricted cash balances are those balances that the company cannot use for working capital purposes as they have been placed as a lien to secure borrowings.

In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

l) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the other comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income or equity.

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward of unused tax credits and tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The company offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

m) Provisions

A provision for impairment is established when there is objective evidence that the company will not be able to collect the amounts due according to the original terms of the original receivable. Allowances for impairment are recorded in the year in which they are identified.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

The amount recognised as a provision is the best estimate of the present value of expenditures expected to be incurred to settle the obligation using a pre - tax rate that reflects the current market assessments of time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in profit or loss under finance costs.

n) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the asset based either on actual cost on specific borrowings or, in the case of general borrowings, based on a weighted average cost.

Capitalisation of borrowing costs ceases when all activities necessary to prepare the asset for its intended use or sale are complete. All other borrowing costs are recognised in profit or loss.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Accounting for leases

The company as lessee

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in.

On the commencement date of each lease (excluding leases with a term, on commencement,'of 12 months or less and leases for which the underlying asset is of low value) the company 'recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on 'that date. The lease payments include fixed payments, variable payments that depend on an 'index or a rate, amounts expected to be payable under residual value guarantees, and the 'exercise price of a purchase option if the company is reasonably certain to exercise that option.'The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot 'be readily determined, the company's incremental borrowing rate is used.

For leases that contain non-lease components, the company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the 'lease liability, any lease payments made on or before the commencement date, any initial 'direct costs incurred, and an estimate of the costs of restoring the underlying asset to the 'condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payment.

All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the company at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are recognised in profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset recognised in profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation reserve to the retained earnings.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

p) Employee benefits

Retirement benefit obligations

The company and its employees contribute to the National Social Security Fund (NSSF) a national defined contribution scheme. The company's contributions are determined by local statute and are charged to the statement of profit or loss in the year to which they relate. There are no further payment obligations once the contributions have been paid.

Short term benefits

Short term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the company expects to pay as a result of the unused entitlement.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Employee benefits (continued)

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

Workers Compensation Fund

Workers compensation fund (WCF) is a social security scheme established by the government responsible for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment.

Private entities are statutorily required to contribute 0.5% of monthly employees' earnings (wage bill) to the Fund. Monthly employees' earnings (wage bill) include basic salaries plus all fixed allowances which are regularly paid along with basic salaries. The contributions are part of Company's costs and are not deducted from salaries of the employees. Once the payment has been effected by the Company to the Fund, there is no further obligation to the Company for any claim from the employee out of the occupational injuries suffered by them.

q) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS

		2026 TShs '000	2025 TShs '000
1.	**Revenue**		
	Revenue from distribution	**98,885,968**	**107,816,838**
2.	**Other operating income**		
	Interest income	57,541	31,550
	Miscellaneous income	106,312	46,223
		163,853	**77,772**
3.	**Operating profit**		
	The following items have been charged in arriving at operating profit:		
	Selling and distribution expenses	136,581	287,691
	Administrative expenses	5,200,246	5,049,049
	Other operating expenses	499,952	160,646
4.	**Tax**		
	Current tax	743,741	277,838
	Prior years assessments -2022 -2023	491,718	-
	Deferred tax credit (Note 6)	(159,805)	(8,999)
		1,075,654	**268,839**
	The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:		
	Profit before tax	1,469,600	867,496
	Tax calculated at a tax rate of 30%	440,880	260,249
	Tax effect of:		
	- Deffered tax credit (Note 6)	(159,805)	(8,999)
	- expenses deductible for tax purposes	503,056	622,688
	- expenses not deductible for tax purposes	(200,195)	(605,099)
	Prior years assessments -2022 -2023	491,718	-
		1,075,654	**268,839**
	Tax movement		
	At start of year	(1,613,879)	(354,610)
	Charge for the year	743,741	277,838
	Withholding tax deducted at source	(1,643,284)	(1,537,108)
	Prior period taxes	491,718	-
	(Recoverable) at end of year	**(2,021,704)**	**(1,613,879)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Tax (continued)

The normal procedure for agreeing final income tax liability in Tanzania involves the company filing its final income tax returns with the Tanzania Revenue Authority (TRA) followed by TRA performing their own review of the company's submissions and issuing their notice of income tax assessments to the company. The final income tax liability as determined by TRA after their review may differ from the liability determined by the company and procedures are in place for the company to object and appeal against such assessments. It is common that a timeframe from the company's own submission of its final tax returns and for TRA performing their review and issuing of notice of final tax assessment may take several months or years.

	2026 TShs '000	2025 TShs '000
5. Share capital		
Authorized:		
30,000 ordinary shares of TShs 1,000 each	**30,000**	**30,000**
Issued and fully paid:		
100 ordinary shares of TShs 1,000 each	**100**	**100**

6. Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2024: 30%).
The movement on the deferred tax account is as follows:

	2026 TShs '000	2025 TShs '000
At start of year	671,619	662,620
Credit to statement of comprehensive income (Note 4)	159,805	8,999
At end of year	**831,424**	**671,619**

Deferred tax liability, deferred tax asset (credit) / charge in the statement of comprehensive income are attributable to the following items:

Year ended 31 March 2026	**At start of year TShs '000**	**Credit to SCI TShs '000**	**At end of year TShs '000**
Deferred tax asset			
Provision for doubtful debts	(30,587)	(114,695)	(145,282)
Provision for slow moving items	(608,283)	(21,716)	(630,000)
Excess depreciation and interest over rent	(11,672)	(5,702)	(17,374)
Excess depreciation over capital allowances	(32,441)	(16,977)	(49,417)
Loss on Forward Contract	(77,646)	49,218	(28,428)
Unrealised forex exchange Loss	-		-
	(760,629)	(109,872)	(870,501)
Deferred tax liability			
Gain on Forward Contract	-		-
Unrealised forex exchange gain	89,011	(49,933)	39,078
	89,011	(49,933)	39,078
Net deferred tax (asset)	**(671,619)**	**(159,805)**	**(831,423)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Equipment

	Leasehold improvement TShs '000	Computer & networking TShs '000	Low Value asset TShs '000	Furniture, fixture & office TShs '000	Motor vehicle TShs '000	Total TShs '000
Year ended 31 March 2026						
Cost						
At start of year	100,448	159,488	3,124	112,658	192,197	567,915
Additions	130,022	34,267	-	187,000	-	351,289
Disposal	(100,448)	(67,107)	(661)	(33,000)	-	(201,216)
At end of year	130,022	126,648	2,463	266,658	192,197	717,988
Depreciation						
At start of year	100,448	143,953	3,124	104,197	180,279	532,001
Disposal	(100,448)	(67,107)	(661)	(32,741)	-	(200,957)
Charge for the year	1,763	15,647	-	111,591	11,920	140,921
Previous year adjustments	-	2,463	-	(2,463)	-	-
At end of year	1,763	94,956	2,463	180,584	192,199	471,966
Net book value	**128,259**	**31,692**	**-**	**86,074**	**0**	**246,022**
Year ended 31 March 2025						
Cost						
At start of year	100,448	146,603	3,124	108,483	192,197	550,855
Additions	-	12,885	-	8,964	-	21,850
Disposal	-	-	-	(4,790)	-	(4,790)
At end of year	100,448	159,488	3,124	112,658	192,197	567,915
Depreciation						
At start of year	100,448	133,634	3,124	96,782	139,834	473,822
Charge for the year	-	10,319		12,205	40,445	62,969
Disposal	-	-	-	(4,790)	-	(4,790)
At end of year	100,448	143,953	3,124	104,197	180,279	532,001
Net book value	**-**	**15,535**	**-**	**8,460**	**11,918**	**35,913**

In the opinion of the directors, there is no impairment in the value of equipment.

Leasehold improvements and motor vehicles with registration numbers T 275 DSC and T 279 DSC have been fully depreciated. These have been disclosed herein above as they are still in use.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2026 TShs '000	2025 TShs '000
8. Lease liabilities		
Non-current	445,652	6,303
Current	120,534	7,200
	566,186	**13,503**
The total cash outflow for leases in the year was:		
Payments of principal portion of the lease liability		
- Principal amount	(138,936)	(118,306)
- Interest amount	(41,149)	(6,652)
Interest paid on lease liabilities	43,203	7,980
	(136,882)	(116,978)
Reconciliation of lease liabilities arising from financing activities:		
At start of year	13,502	102,968
Interest charged to profit or loss	43,203	7,980
Foreign exchange (gain)/loss	(40,368)	8,493
Cash flows:		
- Additions	736,239	19,019
- Disposal	(6,305)	-
- Payments under leases	(180,085)	(124,958)
At end of year	566,186	13,502

The lease liabilities are unsecured.

In the opinion of the directors, the carrying amounts of lease liabilities approximate to their fair value.

The carrying amounts of the company's borrowings are denominated in the United States Dollars.

	2026 TShs '000	2025 TShs '000
9. Financial liability		
National Bank of Commerce Limited	36,132	31,317
ABSA Bank Tanzania Limited	56,884	195,813
Stanbic Bank Tanzania Limited	-	2,500
	93,016	**229,630**

Financial asset comprises of swap contract from National Bank of Commerce Limited with registration number 1986/004794/06 and ABSA Bank Tanzania Limited with registration number 38577. Stanbic Bank Tanzania Limited facility letter with registration number 22443 was expired on 14th April 2025. Forwards are not traded on centralized exchanges. Instead, they are customized, over the counter contracts that are created between two parties. On the expiration date, the contract must be settled. One party will deliver the underlying asset, while the other party will pay the agreed-upon price and take possession of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2026 TShs '000	2025 TShs '000
10.	**Right of Use Asset**		
	Cost		
	At start of year	40,435	114,434
	Additions	736,239	49,897
	Disposal	(6,362)	-
	At end of year cost	770,312	164,331
	Amortisation	(131,573)	(123,896)
	At end of year	**638,738**	**40,435**

The company leases warehouse and office space. The leases of office space and warehouse, with options to renew. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

		2026 TShs '000	2025 TShs '000
11.	**Inventories**		
	Goods held for sale	4,389,440	4,915,241
	Less: provision for inventory {Note 11(a)}	(484,276)	(101,958)
		3,905,164	4,813,283
	Goods in transit	173,710	-
		4,078,874	**4,813,283**
11(a)	**Movement in provision for inventory**		
	At start of year	101,958	983,924
	Charge for the year	382,318	(881,967)
	At end of year (Note 11)	**484,276**	**101,958**
12.	**Trade and other receivables**		
	Trade receivables	26,241,193	21,724,322
	Less: general provision for impairment {Note 12(a)}	(2,100,000)	(2,027,613)
	Net trade receivables	24,141,193	19,696,709
	Other receivables	2,165	7,736
	Prepayments	137,996	79,701
	Other advances	418,478	416,228
	Deposits	9,092	9,092
	Refundable deposits	8,144	-
		24,717,067	**20,209,466**

In the opinion of the directors, the carrying amounts of company's trade and other receivables approximate to their fair value.In the opinion of the directors, it is impracticable to assign fair values to the company's long-term trade and other receivables due to inability to forecast interest rate and

The company's credit risk arises primarily from trade receivables. The directors are of the opinion that the company's exposure is limited because the debt is widely held.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The company does not hold any collateral as security.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2026 TShs '000	2025 TShs '000
12. Trade and other receivables (continued)		
The carrying amounts of trade and other receivables are denominated in the following currencies:		
Tanzanian Shillings	2,209,709	676,468
United States Dollars	22,507,358	19,532,999
	24,717,067	**20,209,467**
12(a) Movement in general provision for impairment		
At start of year	2,027,613	450,475
Additional allowance for the year	72,388	1,577,138
At end of year	**2,100,000**	**2,027,613**

The Company measured the allowance for doubtful debts 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.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables in accordance with the simplified approach set out in IFRS 9:

	2026 TShs '000	2025 TShs '000
At start of the year	2,027,612	450,475
Expected credit losses	24,529	3,837
	2,052,141	454,312
Written off Bad debts	-	(31,315)
Impairment loss	47,859	1,604,615
At end of the year	**2,100,000**	**2,027,612**

13. Cash and cash equivalents

	2026 TShs '000	2025 TShs '000
Cash at bank	**2,921,085**	**4,500,112**

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

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

	2026 TShs '000	2025 TShs '000
Tanzanian Shillings	203,558	3,240,298
Euros	25,106	38,482
United States Dollars	2,692,421	1,221,332
	2,921,085	**4,500,112**

The company's cash and bank balances are held with sound Tanzanian financial institution and, so far the directors are able to measure any credit risk to these assets, it is deemed to be limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Trade and other payables

	2026 TShs '000	2025 TShs '000
Trade payables	8,064,193	1,867,967
VAT payable	565,068	1,089,663
Other payable	2,903,295	2,545,317
Payables to related parties {Note 16(v)}	13,995,183	19,977,492
Accruals and provisions	2,857,590	2,431,053
Total trade and other payables	**28,385,329**	**27,911,493**

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.

The carrying amounts of trade and other payables are denominated in the following currencies:

	2026 TShs '000	2025 TShs '000
Tanzanian Shillings	2,951,384	5,654,011
United States Dollars	22,627,064	22,257,482
	28,385,329	**27,911,493**

The maturity analysis based on ageing of trade and other payables is as follows:

	1 to 3 months TShs '000	3 to 12 months TShs '000	> 12 months TShs '000	Total TShs '000
Trade payables	8,064,193	-	-	8,064,193
VAT payable	565,068	-	-	565,068
Other payable	2,903,295	-	-	2,903,295
Payables to related parties {Note 16(v	-	-	13,995,183	13,995,183
Accruals and provisions	-	2,857,590	-	2,857,590
	11,532,555	**2,857,590**	**13,995,183**	**28,385,328**

15. Cash generated from operations

Reconciliation of profit before tax to cash generated from/(used in) operations:

	2026 TShs '000	2025 TShs '000
Profit before tax	1,469,600	867,496
Adjustments for:		
Depreciation on equipment (Note 7)	140,921	62,969
Depreciation on right of use of asset (Note 10)	131,573	123,896
Unrealised loss on lease	(40,368)	8,493
Gain on disposal	(2,110)	-
Finance cost	43,203	7,980
Changes in working capital:		
- Inventories	734,409	2,011,861
- Trade and other receivables	(4,507,601)	(349,885)
- Financial Liability	(136,614)	259,516
- Trade and other payables	473,836	(307,590)
Cash (used in)/generated from operations	**(1,693,150)**	**2,684,738**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2026 TShs '000	2025 TShs '000
16. Related party transactions and balances		
The following balances arose out of transactions carried out with related parties:		
(i) Sale of goods and services		
Redington Kenya Ltd	792,127	-
Redington Gulf FZE	-	966,043
	792,127	966,043
(ii) Purchase of goods		
Redington Kenya Ltd	603,334	563,038
Redington Gulf FZE	76,797,618	68,529,683
Ensure Gulf FZE	63,806	-
	77,464,758	**69,092,721**
(iii) Operational Support Fee		
Redington Gulf FZE	**2,051,712**	**1,986,856**
(iv) Interest on overdue payables		
Redington Gulf FZE	-	**104,043**
(v) Balances due to related parties (Note 14)		
(a) Redington Gulf FZE		
At start of the year	19,402,184	21,837,374
Sales during the year	-	(966,043)
Purchase during the year	76,810,698	68,529,683
Operational support fee and interest on overdue payables	2,051,712	2,090,899
Revaluation	(496,771)	(460,990)
Payment during the year	(83,837,236)	(71,628,739)
At end of year	13,930,588	19,402,184
(b) Redington Kenya Ltd		
At start of the year	575,273	2,191,372
Sales during the year	(792,127)	
Purchase during the year	603,334	563,038
Revaluation	-	(24,969)
Payment during the year	(386,480)	(2,154,168)
At end of year	(0)	575,273
(c) Ensure Gulf FZE		
Purchase during the year	63,806	-
Revaluation	790	-
At end of year	64,596	0
Total due to related parties	**13,995,183**	**19,977,457**

Balances with related parties are all current, unsecured and have fixed repayment terms.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Borrowings

	2026 TShs '000	2025 TShs '000
Current - Bank overdraft		
National Bank of Commerce Limited	**2,286,355**	-

Facility amounting to TShs 4,000,000,000 was provided by Natioal Bank of Commerce Limited with registration number 32700 to finance the working capital which was secured and attract interest at a rate of 15% p.a. out of which TShs 2,286,355,000 had been utilised as at the year end and categorised accordingly under current liabilities.

The carrying amounts of the company's borrowings are denominated in Tanzanian Shillings.

18. Capital management

Internally imposed capital requirements

The company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products commensurate with the level of risk;
- to comply with the capital requirements set out by the company's bankers;
- to safeguard the entity's ability to continue as a going concern,
- to maintain a strong asset base to support the development of
- to maintain an optimal capital structure to reduce the cost of capital.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

19. Risk management objectives and policies

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, and interest rate risk), credit risk and liquidity risk.

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, and interest rate risk), credit risk and liquidity risk.

(i) Market risk

- Foreign exchange risk

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

The company does not hedge foreign exchange fluctuations.

The table below summarises the effect on post-tax profit had the Tanzania Shilling weakened by 10% against the US Dollar, with all other variables held constant. If the Tanzania Shilling strengthened against the US Dollar, the effect would have been the opposite.

	2026 TShs '000	2025 TShs '000
Effect on profit before tax - (decrease)/increase	(250,481)	169,430

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Risk management objectives and policies (continued)

(ii) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

(i) Market risk (continued)

The amount that best represents the compnay's maximum exposure to credit risk is as set out below:

		Internal credit rating	Gross carrying amount TShs '000	Loss Allowance TShs '000	Net Carrying Amount TShs '000
For the year ending 31st March 2026					
Due from related parties	Lifetime ECL	Performing	-	-	-
Trade receivables	Lifetime ECL	Performing	26,241,193	(2,100,000)	24,141,193
Other receviables	Lifetime ECL	Performing	575,875	-	575,875
Bank balances	Lifetime ECL	Performing	2,921,085	-	2,921,085
			29,738,153	**(2,100,000)**	**27,638,153**
For the year ending 31st March 2025					
Due from related parties	Lifetime ECL	Performing	-	-	-
Trade receivables	Lifetime ECL	Performing	21,724,322	(2,027,613)	19,696,710
Other receviables	Lifetime ECL	Performing	512,757	-	512,757
Bank balances	Lifetime ECL	Performing	4,500,112	-	4,500,112
			26,737,191	**(2,027,613)**	**24,709,579**

The Company has applied the simplified approach in IFRS 9 on the financial assets to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss and future economic conditions. In determining the recoverability of the financial assets, the Company considers any change in the credit quality of the financial asset from the date credit was initially granted up to the reporting date.

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasting is performed by the finance department of the company by monitoring the company's liquidity requirements to ensure it has sufficient cash to meet operational needswhen due, under both normal and stressed conditions, without incurring unacceptbale lossess or risking damage to the company's reputation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Incorporation

Redington Tanzania Limited is incorporated in Tanzania under the Companies Act 2002 as a private limited liability company and is domiciled in Tanzania.

21. Presentation currency

These financial statements are presented in thousands of Tanzanian Shillings (TShs '000).

22. Events after the reporting period

The directors confirm that there were no events subsequent to the year-end up to the date of this report that require either disclosure or adjustment in the financial statements.

SCHEDULE OF COST OF SALES, OTHER OPERATING INCOME AND EXPENSES

		2026 TShs '000	2025 TShs '000
1.	**Cost of sales**		
	Opening stock	4,915,241	7,809,069
	Purchases and direct cost	90,204,391	96,896,249
	Closing inventory	(4,389,427)	(4,915,241)
		90,730,205	**99,790,077**
2.	**Selling and distribution expenses**		
	Sales promotion	**136,581**	**287,691**
3.	**Administrative expenses**		
	Freight charges	789,824	368,054
	Auditors remuneration	17,773	18,931
	Printing and stationery	12,096	5,752
	Operational Support Fee (Note 16(iii))	2,051,712	1,986,856
	Depreciation on equipment (Note 7)	140,921	62,969
	Depreciation on right of use of asset (Note 10)	131,573	123,896
	Travelling and conveyance	117,247	105,295
	Bank charges	105,921	494,663
	Communication expenses	37,371	54,644
	City service levy	258,956	324,382
	Penalties and fine	113,398	100
	Legal, professional and consultancy charges	145,361	140,547
	Impairment of receivables (Note 12(a))	72,388	1,577,138
	Inventory written off	5,957	14,836
	Provision for slow moving inventory (Note 11(a))	382,318	(881,967)
	Total administrative expenses	**4,382,817**	**4,396,097**
3(a)	**Employment costs**		
	Salaries and wages	519,519	425,999
	Other allowances	88,977	50,191
	Bonus	46,156	38,998
	Social security contributions	52,141	46,553
	Skills Development Levy	18,240	16,294
	Workers' Compensation Fund contributions	2,606	2,328
	Staff welfare	89,790	72,590
	Total employment costs	**817,429**	**652,952**
	TOTAL ADMINISTRATIVE EXPENSE	**5,200,246**	**5,049,049**
4.	**Finance (income)/ costs**		
	Realized foreign exchange loss / (gain)	890,224	1,594,607
	Interest on overdue payables (Note 16(v))	-	104,043
	Unrealized foreign exchange loss on Finance cost	(130,259)	258,822
	Interest expenses on fiance charges	115,310	70,904
	Interest expenses on Lease	43,203	7,980
	Unrealized foreign exchange loss	94,760	(296,703)
	Total finance costs	**1,013,237**	**1,739,652**

SCHEDULE OF COST OF SALES, OTHER OPERATING INCOME AND EXPENSES (CONTINUED)

	2026 TShs '000	2025 TShs '000
5. Other operating expenses		
Establishment expenses		
Rental	18,128	1,610
Utilities	42,787	41,907
Repairs and maintenance	45,322	30,561
Withholding Tax Charges	332,702	
Inspection charges	-	840
Licenses and stamp duty	11,947	11,523
Insurance	31,963	56,951
Warehouse expenses	17,104	17,256
Total other operating expenses	**499,952**	**160,646**