

Registered number: 03428184

**UNATRAC LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**



# **UNATRAC LIMITED**

## **CONTENTS**

|   | Page(s) |
|---|---------|
| <b>Company Information</b>  | 1       |
| <b>Strategic Report</b>   | 2 - 6   |
| <b>Directors' Report</b>  | 7 - 9   |
| <b>Independent Auditors' Report to the Members of Unatrac Limited</b> | 10 - 12 |
| <b>Statement of Comprehensive Income</b>                              | 13      |
| <b>Statement of Financial Position</b>                                | 14      |
| <b>Statement of Changes in Equity</b>                                 | 15      |
| <b>Notes to the Financial Statements</b>                              | 16 - 37 |

## UNATRAC LIMITED

### COMPANY INFORMATION

|                             |   |
|-----------------------------|---|
| <b>Directors</b>            | W D Haxworth<br>M Y M L Mansour<br>Y M L Mansour<br>S A Scott<br>G J Robinson   |
| <b>Company secretary</b>    | C Thomas<br>Abogado Nominees Limited  |
| <b>Registered number</b>    | 03428184  |
| <b>Registered office</b>    | 100 New Bridge Street<br>London<br>EC4V 6JA   |
| <b>Independent auditors</b> | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>3 Forbury Place<br>23 Forbury Road<br>Reading<br>Berkshire<br>RG1 3JH   |
| <b>Bankers</b>              | Barclays Bank Plc<br>4th Floor Apex Plaza<br>Forbury Road<br>Reading<br>Berkshire<br>RG1 1XE<br><br>Citibank Plc<br>Citigroup Centre<br>33 Canada Square<br>Canary Wharf<br>London<br>E14 5LB |
| <b>Solicitors</b>           | Baker & McKenzie<br>100 New Bridge Street<br>London<br>EC4V 6JA   |

## **UNATRAC LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present the Strategic Report of Unatrac Limited (the "Company") for the year ended 31 December 2019.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is to act as a distributor of Una Trading FZE for the marketing, promotion and resale in East and West Africa, Western Siberia and Iraq of Caterpillar machinery and parts. Unatrac Limited also provides administrative services to Una Trading FZE in respect of the sales of these products. Unatrac Limited has been handling the Caterpillar machinery and parts export business to East and West African customers since November 1997, to Western Siberia customers since May 2002 and to Iraq customers since July 2003. In August 2016 we were appointed as the dealership for Liberia, an additional territory in the West African region.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

Our dealership is spread over countries whose economies are susceptible to fluctuations in commodity prices and in some cases to political disturbances. Oil, gold and iron ore prices are key drivers for the economies of our geographic markets. The increase in these commodity prices can also lead to foreign exchange shortages within those countries. In addition, as noted in the Directors' report on page 7, the principal financial risks to the business are foreign exchange risk, credit risk and liquidity risk.

#### **BUSINESS REVIEW**

The results for the year are set out in the Statement of Comprehensive Income on page 13. The economic drivers for our business, namely commodity prices for gold, oil and iron ore, increased during 2019. There were no further geopolitical challenges encountered within our key geographic markets, but the challenge of tough trading conditions in some and the related currency pressures that can bring remain. The nature of the business is that some significant contract wins can see the revenue spike in some years and drop in others. Overall in 2019 the Company's sales have decreased by 32% on the prior year. This has been driven by 2 such significant contracts taking longer to conclude than anticipated. The consequence is that with delivery of these to be concluded in 2020 we expect an improved turnover performance next year.

Mining division revenue saw a 44% decrease to \$38.8m (2018: \$69.1m). A major contract for a customer in Ghana did not conclude during the year as expected with only 20% of the order delivered. But we still had some high activity in gold sector in Ghana and Tanzania. However, there was no Mining business in 2019 in Sierra Leone and Liberia which have made contributions in the past. The economies of both have struggled over the past 12 months. Construction Machine division also decreased by 65% to \$7.9m (2018: \$22.5M). This was partly down to one contract not being delivered till 2020, but also the prior year saw some significant business in Tanzania and Kenya that has not been repeated. Power Generation division revenue eased against prior year by 4% to \$26.2m (2018: \$27.3m). Both Construction and Power Generation divisions are areas where sales remain lower than expectation due to suppressed economic conditions in the main markets of Nigeria and Iraq. Our Parts division shows a decrease of 14% to \$40.0m (2018: \$46.7m). We encountered supply chain issues during the middle of 2019 due to changing of systems at the distribution centre from which we source our parts. This reduced significantly our ability to complete orders over a period of 2 months. The issue was resolved in Q3.

Despite the non-completion of the Mining contract mentioned above Ghana continued to be our best performing territory. Even though sales reduced by 53% to \$33.3 (2018: \$70.3m), mining and related parts business continue to be the drivers for our Ghana business. Tanzania revenue remained steady year on year at \$20.1m (2018: \$20.7m). An increase in Mining business compensated for the downturn in Construction and parts business. The economies of our other Mining dominated territories, Liberia and Sierra Leone, have both struggled over past 12-18 months. Liberia business shrank to \$5.4m (2018: \$13.1m) and Sierra Leone performance dropped to \$0.8m (2018: \$8.6m). Nigeria experienced a drop in Power Generation business and overall for the year fell to \$27.0m (2018: \$33.5m). Of our remaining smaller territories Kenya also declined to \$1.0m (2018: \$4.9m), but Egypt \$7.0m (\$5.1m) and Uganda \$3.1m (2018: \$2.9m) both grew, all three related to Construction and Parts business. In Iraq trade improved to \$2.3m (2018: \$1.1m).

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**BUSINESS REVIEW AND FUTURE DEVELOPMENTS (continued)**

Having seen margins come under considerable pressure in the previous year the business put some focus into this area and were very pleased to see improvements across all product segments. Overall margins grew to 12.0% compared to 9.2% in 2018. Power Generation saw best improvement (9.6% v 4.9%) with Mining (5.4% v 4.9%), Construction (7.1% v 4.8%) and Parts (20.9% v 20.1%) all rising. There was a shift in the product mix between lower margin prime products and the higher margin parts business, with parts now representing a larger 35.41% of total revenue (2018: 28.1%).

Administration costs grew in 2019 by 9.1% year on year. Total costs were \$18.9m (2018: \$17.3m). Employee numbers increased to an average of 117 in 2019 (2018: 103), resulting in a 14.3% increase in staff costs of \$1.6m. We made good savings on business travel, down 22.1% to \$1.37m from \$1.76m. IFRS16 accounting changes resulted in a drop rent expense which was compensated with an increase in depreciation. Our legal expenses grew in 2019 to \$0.83m v \$0.20m as we volunteered to undertake an HMRC tax compliance facility (note 3). Finally, as we report in USD but with the bulk of our operational expenses in GBP, in 2019 we benefited from average exchange rates in 2019 (£1 = \$1.2764) being lower by 4.8% than 2018 (£1 = \$1.3406).

The Statement of Financial Position on page 14 of the financial statements shows the Company's financial position at the year end and reflects the sustained activity of the business.

The directors acknowledge that economic challenges continue in some of our geographical markets, and that combined with the effect of two significant contracts rolling into the next year means this years' results are not as satisfactory as we would have liked. We are buoyed by the fact 2020 sees an upturn in Q1, driven by a strong opening sales pipeline. Mining sector and Power Generation continue to show signs of positive performance and the economies in some of our larger territories e.g. Ghana remain resilient due to Mining activities. Our Balance Sheet is strong. We will continue to put an emphasis on control of administration expenses.

**IMPACT OF COVID-19**

In March 2020, the World Health Organization declared the outbreak of a new Coronavirus, now known as COVID-19, a pandemic. Since then the outbreak of the virus has caused material disruptions to the global economy. Given the spread of COVID-19, the timeline for the effects on the global economy remain difficult to predict. There have been and continue to be a number of fiscal policy responses globally intended to mitigate the negative economic impacts. As a company we are monitoring the COVID-19 developments closely and follow guidance and abide by the requirements as activated by the government.

The directors view the COVID-19 pandemic as a non-adjusting post balance sheet event. While the impact of COVID-19 remains uncertain, the directors do not anticipate that it would have resulted in a significant change in the measurement of assets and liabilities reported in these financial statements, if it were an adjusting event.

In response to the pandemic, the Company has implemented a number of measures to ensure continued excellent customer service and to safeguard the welfare of our employees, whilst managing our cost base and conserving cash. These measures include:

- Business continuity planning. Unatrak Limited invoked crisis management actions in anticipation of the announced lockdown through purchasing and setting up of IT equipment with appropriate tools and having staff test them from their home environment. As at the announced date of lockdown all staff were already successfully working from home.
- Revised business planning. Looking through to the end of 2021, this is being undertaken on a continuous basis, taking into account the impact of the pandemic on our sales line, the variance in gross profit due to product mix, and our expense control management.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**IMPACT OF COVID-19 (continued)**

- Focus on sales and credit control. Whilst there is a drive to explore all sales opportunities this has gone hand in hand with an increased focus on credit control and debtor management. We have introduced larger deposit requests for certain products, a stricter procedure for releasing goods where there is overdue invoices, we continue to use strong payment methods where possible such as letters of credit, and we utilise our credit insurance policy.
- Technology. Increased use of software technology tools has been paramount in our response. Examples include Salesforce to highlight all sales prospects, communication tools such as Microsoft Teams & Cisco Webex, product link to monitor customer machine use and implementation of group wide treasury management system to monitor cash flows and produce forecasts.
- Cost control. The company has put high focus on managing expenses. Travel expense, which historically has accounted for a large part of administrative expense has reduced dramatically due to worldwide travel restrictions. On top we have renegotiated some supplier agreements on a short-term basis, and have utilised the government furlough scheme for a small number of employees whose roles have been impacted by the lockdown.
- Staff communication. There has been regular staff consultation, with virtual "town hall" meetings for all staff being held monthly by the MD, plus each line manager holding weekly meetings with their teams.

**CORPORATE GOVERNANCE**

Unatrac Limited is a wholly owned subsidiary of Unatrac Holding Limited, an offshore company with limited liability incorporated in the Jebel Ali Free Zone, Dubai, United Arab Emirates. It is based in Slough, UK.

Unatrac Holding Limited has been appointed as a dealer by Caterpillar SARL, a subsidiary of Caterpillar Inc. for the territories of Ghana, Nigeria, Sierra Leone, Liberia, Tanzania, Kenya, Uganda, Iraq and parts of Russia and it has subsidiary or affiliated companies operating in each of those jurisdictions. It also has subsidiary companies located in the UK, the UAE and China functioning as offshore sales offices.

Unatrac Holding Limited has appointed Unatrac Limited as one of its dealer representatives to make direct export sales of the complete range of new and used Caterpillar Construction, Mining, Power Generation and Materials Handling Equipment to these territories.

The directors of Unatrac Limited are to act in the way considered, in good faith, to be most likely to promote its success for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term,
- (b) the interests of its employees,
- (c) the need to foster its business relationships with suppliers, customers and others,
- (d) the impact of its operations on the community and the environment,
- (e) the desirability of it maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between its members.

Unlike many listed companies whose investment horizon is informed by its next quarterly earnings statement, Unatrac Holding Limited, as a family-run business, fosters its investments over a long time-frame having regard to relationships with all stakeholders including customers, suppliers, employees, host governments, the community and shareholders. Further, as the business carries the family's name, the business is run in a manner that reflects on the reputation of the family for operating fairly and ethically.

## UNATRAC LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### CORPORATE GOVERNANCE (continued)

Unatrac Holding Limited is owned by 3 shareholders, Mr. Mohamed Mansour (Chairman), Mr. Youssef Mansour and Mr. Lotfy Mansour (CEO). These 3 shareholders are directors of Unatrac Holding Limited, and they, together with its 5 other directors who are employees of Unatrac Holding Limited or its affiliated companies, set the overall strategy and the policies for the Mantrac Group, which sets the framework within which Unatrac Limited, operates.

The directors of Unatrac Limited are 2 of these shareholders/directors of Unatrac Holding Limited, Mr. Mohamed Mansour and Mr. Youssef Mansour, and Mr. Graeme Robinson, Mr. William Haxworth and Mr. Steven Scott who are long term Unatrac Limited employees. The directors meet formally to manage the statutory obligations of Unatrac Limited such as recommendations of dividends, appointment and removal of directors etc.

The directors meet at other times in other fora to consider the business of the Mantrac Group, including of Unatrac Limited, and its effects on its stakeholders. The business of Unatrac Limited is not complicated. As mentioned above, it is a dealer representative of new and used Caterpillar equipment. The relationship with its main suppliers is managed by Unatrac Holding Limited and its main third-party interfaces are with customers and employees. It has neither the manufacturing or distribution facilities that its affiliated companies have in the territories, so its environmental footprint is limited to its office in Slough. It is financially stable, and this is a factor in the deliberation of the directors when they recommend payment of dividends.

The directors were provided on boarding training to explain their duties and responsibilities. They are then informed of any updates by the Mantrac Group General Counsel, and from circulars and advice from law and accounting firms, and from their general reading of developments in the Financial Times and the Economist Magazine.

In 2019 the principle decisions of the directors were

1. Dividends (Note 12): The directors considered the impact of any dividend they recommended on the ability of Unatrac Limited to pay its debts as they fall due having taking advice from its finance team, and in doing so had regard to the importance of its long-term financial stability to its stakeholders, particularly its ultimate beneficial owners and its employees.
2. Participation in a Profit Diversion Compliance Facility of HMRC (Note 3). The directors considered whether to participate in HMRC's Profit Diversion Compliance Facility. The directors received and considered the advice from Unatrac Limited's tax advisors regarding its tax position in light of this offer and Unatrac Limited accepted this offer. The directors considered the various stakeholders affected by this decision (shareholders and employees) and its long-term relationship with the UK tax authorities. The directors continue to monitor Unatrac Limited's participation in this Facility through reports from these tax advisers.

#### GOING CONCERN

The directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. For this reason the directors continue to adopt the going concern basis in preparing the Company's financial statements.

In reaching this conclusion, the directors have considered the Company's forecasts prepared to December 2021, taking account of plausible downside changes in trading performance due to the Covid-19 pandemic, which show that the Company expects to operate within the level of its current available funds. Whilst in 2020 we expect a reduction in revenue of approximately 20% on 2019 as a result of the Covid-19 pandemic, business is continuing and the sales pipeline remains strong. Some of our territories have been impacted by the drop in oil price, whilst others are seeing more positive markets as gold price increases. This together with the action we have taken in response to the situation, means the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

**UNATRAC LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

This report was approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'G J Robinson', written over a horizontal line.

**G J Robinson**  
Director

Date: 20<sup>TH</sup> August 2020



## **UNATRAC LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their annual report and the audited financial statements of Unatrac Limited (the "Company") for the year ended 31 December 2019.

#### **FUTURE DEVELOPMENTS**

The principal activity of the Company remains as set out in the Strategic Report, being to act as a distributor of Una Trading FZE for the marketing, promotion and resale in East and West Africa, Western Siberia and Iraq of Caterpillar machinery and parts.

#### **DIVIDEND**

An interim dividend of \$7.0m (2018: \$Nil) and a final dividend of \$6.0m (2018: \$Nil) was paid during the year.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a number of financial risks including credit risk, foreign exchange risk and liquidity risk.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

##### **Foreign exchange risk**

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. From 2015 the financial statements of Unatrac Limited are being prepared with USD as its functional currency. As a result the Company has reduced its exposure to foreign exchange risk as the majority of sales and purchases are denominated in USD.

##### **Credit risk**

The Company's principal financial assets are cash and trade debtors. The amounts presented in the Statement of Financial Position are net of loss allowances. A loss allowance is made on a forward looking basis where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Company also utilises debtor insurance to help mitigate the risk.

##### **Liquidity risk**

As at 31 December 2019 the Company had no overdraft facilities (2018: facility of \$3.8m of which \$2.9m was utilised). The Company has no long-term debt finance.

#### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

W D Haxworth (appointed 2 September 2019)  
M Y M L Mansour  
Y M L Mansour  
S A Scott  
O E Bakary (resigned 18 July 2019)  
G J Robinson

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**DIRECTORS' INDEMNITY**

As permitted by the Articles of Association, each of the Directors has the benefit of an indemnity, which is a qualifying third-party indemnity as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the tenure of each Director during the last financial year, and is in force at the date of approval of the financial statements. The Company also purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors. No indemnity is provided for the Company's auditors.

**POST BALANCE SHEET EVENTS**

The impact of COVID-19 on the Company has been detailed in the Strategic Report.

**DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully 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 that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**EMPLOYEE CONSULTATION**

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Details of the number of employees and related costs can be found in note 7 to the financial statements on page 28.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

## UNATRAC LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### INDEPENDENT AUDITORS

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:



**G J Robinson**  
Director

Date: 20<sup>th</sup> August 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNATRAC LIMITED

## Report on the audit of the financial statements

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### Opinion

In our opinion, Unatrac Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNATRAC LIMITED (CONTINUED)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNATRAC LIMITED (CONTINUED)

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## Other required reporting

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### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Alex Upton (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

Date:

**UNATRAC LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

|  | Note | 2019<br>\$000  | 2018<br>\$000 |
|--|------|----------------|---------------|
| Turnover   | 4    | 113,039        | 166,229       |
| Cost of sales  |      | (99,465)       | (150,965)     |
| <b>Gross profit</b>  |      | <b>13,574</b>  | <b>15,264</b> |
| Administrative expenses  |      | (18,909)       | (17,326)      |
| Other operating income   |      | 8,516          | 6,977         |
| <b>Operating profit</b>  | 5    | <b>3,181</b>   | <b>4,915</b>  |
| Interest receivable and similar income                             | 9    | 42             | 21            |
| Interest payable and similar expenses                              | 10   | (107)          | (285)         |
| <b>Profit before taxation</b>                                      |      | <b>3,116</b>   | <b>4,651</b>  |
| Tax on profit  | 11   | (4,300)        | (910)         |
| <b>(Loss)/profit for the financial year</b>                        |      | <b>(1,184)</b> | <b>3,741</b>  |
| <b>Total comprehensive (expense)/income for the financial year</b> |      | <b>(1,184)</b> | <b>3,741</b>  |

The notes on pages 16 to 37 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019

|   | Note | 2019<br>\$000 | 2018<br>\$000 |
|---|------|---------------|---------------|
| <b>Fixed assets</b>                                     |      |               |               |
| Property, plant and equipment                           | 13   | 2,825         | 1,449         |
| <b>Current assets</b>                                   |      |               |               |
| Inventory   | 14   | 3,073         | 2,029         |
| Debtors   | 15   | 22,770        | 46,243        |
| Cash at bank and in hand                                |      | 4,225         | 1,314         |
|   |      | <u>30,068</u> | <u>49,586</u> |
| Creditors: amounts falling due within one year          | 16   | (26,923)      | (31,807)      |
| <b>Net current assets</b>                               |      | <u>3,145</u>  | <u>17,779</u> |
| <b>Total assets less current liabilities</b>            |      | <u>5,970</u>  | <u>19,228</u> |
| Creditors: amounts falling due after more than one year | 17   | (2,043)       | -             |
|   |      | <u>3,927</u>  | <u>19,228</u> |
| <b>Provisions for liabilities</b>                       |      |               |               |
| Deferred taxation                                       | 19   | -             | (51)          |
| Other provisions  | 20   | (153)         | (129)         |
|   |      | <u>(153)</u>  | <u>(180)</u>  |
| <b>Net assets</b>                                       |      | <u>3,774</u>  | <u>19,048</u> |
| <b>Capital and reserves</b>                             |      |               |               |
| Called up share capital                                 | 21   | 928           | 928           |
| Profit and loss account                                 |      | 2,846         | 18,120        |
| <b>Total shareholders' funds</b>                        |      | <u>3,774</u>  | <u>19,048</u> |

The financial statements on pages 13 to 37 were approved and authorised for issue by the board and were signed on its behalf by:



G J Robinson

Director

Date: 20<sup>th</sup> AUGUST 2020

The notes on pages 16 to 37 form part of these financial statements.



**UNATRAC LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

|   | <b>Called up<br/>share<br/>capital<br/>\$000</b> | <b>Profit and<br/>loss<br/>account<br/>\$000</b> | <b>Total<br/>shareholders'<br/>funds<br/>\$000</b> |
|---|--|--|--|
| <b>At 1 January 2018</b>                                  | <b>928</b>                                       | <b>14,379</b>                                    | <b>15,307</b>                                      |
| <b>Comprehensive income for the financial year</b>        |  |  |  |
| Profit for the financial year                             | -  | 3,741  | 3,741  |
| <b>Total comprehensive income for the financial year</b>  | <b>-</b>   | <b>3,741</b>                                     | <b>3,741</b>                                       |
| <b>At 31 December 2018 and 1 January 2019</b>             | <b>928</b>                                       | <b>18,120</b>                                    | <b>19,048</b>                                      |
| IFRS 16 adjustment (note 24)                              | -  | (1,090)  | (1,090)  |
| <b>At 1 January 2019 (adjusted balance)</b>               | <b>928</b>                                       | <b>17,030</b>                                    | <b>17,958</b>                                      |
| <b>Comprehensive expense for the financial year</b>       |  |  |  |
| Loss for the financial year                               | -  | (1,184)  | (1,184)  |
| <b>Total comprehensive expense for the financial year</b> | <b>-</b>   | <b>(1,184)</b>                                   | <b>(1,184)</b>                                     |
| <b>Contributions by and distributions to owners</b>       |  |  |  |
| Dividends   | -  | (13,000)   | (13,000)   |
| <b>Total transactions with owners</b>                     | <b>-</b>   | <b>(13,000)</b>                                  | <b>(13,000)</b>                                    |
| <b>At 31 December 2019</b>                                | <b>928</b>                                       | <b>2,846</b>                                     | <b>3,774</b>                                       |

The notes on pages 16 to 37 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. General information**

The principal activity of the Company is to act as a distributor of Una Trading FZE for the marketing, promotion and resale in East and West Africa, Western Siberia and Iraq of Caterpillar machinery and parts. Unatrac Limited also provides administrative services to Una Trading FZE in respect of the sales of these products. Unatrac Limited has been handling the Caterpillar machinery and parts export business to East and West African customers since November 1997, to Western Siberia customers since May 2002 and to Iraq customers since July 2003. In August 2016 we were appointed as the dealership for Liberia, an additional territory in the West African region.

The Company is a private company limited by shares and is incorporated in England and Wales and domiciled in the UK. The address of its registered office is 100 New Bridge Street, London EC4V 6JA.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements of Unatrac Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

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

**2.2 Financial reporting standard 101 - reduced disclosure exemptions**

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52 and the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.3 Going concern**

The financial statements have been prepared on a going concern basis. Unatrac Holding Limited is the ultimate controlling party for the group.

The Company's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Company is expected to operate within the level of its current available funds.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore the going concern basis of accounting continues to be adopted in preparing the annual financial statements.

**2.4 Impact of new international reporting standards, amendments and interpretations**

IFRS 16 is a new accounting standard that is effective for the year ended 31 December 2019 and has had a material impact on the Company's financial statements. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the Company's financial statements.

**IFRS 16**

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. As such, the Company has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard.

The new accounting policy is disclosed in note 2.8.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.41%.

On transition to IFRS 16, the Company elected to apply the following practical expedients:

i) the Company has not reassessed contracts that were not identified as leases under IAS 17 and IFRIC 4 to determine whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or modified on or after 1 January 2019.

ii) for leases previously classified as operating leases under IAS 17 -

- the Company has applied a single discount rate to a portfolio of leases with similar characteristics.
- the Company has applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of remaining lease term at the date of application.
- the Company has excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- the Company has used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.5 Property, plant and equipment**

Property, plant and equipment are stated at cost less provision for depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on Property, plant and equipment in order to write off the cost less estimated residual value of these assets on a straight-line basis over their estimated useful economic lives. The rates of depreciation are as follows:

|                                  |                              |
|----------------------------------|------------------------------|
| Furniture, fixtures and fittings | Between 7% and 10% per annum |
| Office equipment                 | 20% per annum                |
| Computer equipment               | 33.3% per annum              |
| Right of use assets              | Length of the lease          |

**2.6 Inventory**

Inventory held relates to goods that have been purchased from the Group and sold to customers however the control has not passed as at the year end date and therefore is classified as goods in transit. Inventory in transit is stated as the lower of cost and net realisable value. Cost is determined using the weighted average method and includes materials and an appropriate proportion of freight and duty. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Inventory is net of provisions for defective inventory.

**2.7 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the UK. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.8 Leases**

Prior to the adoption of IFRS 16, all leases that the Company was party to did not have a significant portion of the risks and rewards of ownership transferred to the Company as lessee and were therefore classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

The Company leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 4 years but may have extension options.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company in line with IFRS 16.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.8 Leases (continued)**

Right-of-use assets are generally depreciated over the underlying asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**2.9 Pension costs**

The Company operates a defined contribution pension scheme. The contributions payable in the year are charged to the Statement of Comprehensive Income in the period in which they accrue.

**2.10 Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'US Dollars' (\$), which is also the Company's functional currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Income. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'Other operating income'.

**2.11 Debtors**

**(i) Trade receivables**

Short term debtors are measured at transaction price, less any impairment.

**(ii) Other receivables**

These amounts generally arise from transactions outside the usual operating activities of the Company. Interest could be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

**(iii) Amounts owed by group undertakings**

These amounts arise from transactions with group undertakings in the ordinary course of business, where the Company provides administrative services to Una Trading FZE in respect of the sales of products. Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand and are therefore recognised as current.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.12 Impairment of financial assets**

The Directors' Report sets out information about the Company's exposure to credit risk.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales before 31 December 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company has identified that the GDP and the unemployment rate of the countries in which it sells its goods and services are the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, or a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

While cash and cash equivalents and amounts owed by group undertakings are also subject to the impairment requirements of IFRS 9, the identified impairment loss was not significant.

**2.13 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of Financial Position, bank overdrafts are shown within current liabilities.

Financial guarantees are initially recognised at fair value and are subsequently measured at the higher of (a) the amount determined in accordance with IAS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with IFRS 15.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.14 Creditors**

***(i) Payments received on account***

For some customer contracts for prime product equipment the contractual terms will include a deposit payment to be paid with the order. This deposit is held on account until such time as the goods are delivered and invoiced, at which point the deposit will be allocated against the invoice.

***(ii) Accruals and contract liabilities***

The Company adopts the accruals concept in order to reflect its true expense position as at the time cost is incurred. Likewise revenue may be deferred when obligations under the sale contract are to be fulfilled at a date beyond the date of invoice.

***(iii) Amounts owed to group undertakings***

These amounts arise from transactions with group undertakings in the ordinary course of business, where Una Trading FZE provides the Company with Caterpillar products for resale in line with our distribution agreement. Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and repayable on demand and therefore recognised as current.

**2.15 Dividend distribution**

Final dividends to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

**2.16 Turnover**

Turnover is recognised when control of goods or services provided by the Company is transferred to the customer and at an amount reflecting the consideration the Company expects to receive from the customer in exchange for those goods and services.

Turnover from external customers are derived from the sale of Caterpillar Mining, Construction and Power Generation machinery (together 'Prime' product) and the related installation/assembly and other services such as training, specific to the machinery provided. The Company also generates turnover from the sale of Caterpillar Parts for the Mining, Construction and Power Generation machinery divisions.

The Company recognises turnover from sale of goods and services in accordance with following steps:



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.16 Turnover (continued)**

***(i) Identifying contracts with a customer***

A contract is an agreement between two or more parties that creates enforceable rights and obligations. The Company shall account for a contract with customer only when all of the following criteria are met:

- the contract has been approved and parties are committed;
- the Company can identify each party's rights;
- the Company can identify the payment terms;
- the contract has commercial substance; and
- collection of consideration is probable.

***(ii) Identifying the performance obligations***

The Company determines whether the contract contains multiple goods and services to assess whether each component of goods and services should be accounted for separately or as a group. A good or service that is promised to a customer is distinct if both of the following criteria are met:

- the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (that is, the good or service is capable of being distinct); and
- the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the promise to transfer the good or service is distinct within the context of the contract).

Certain contracts involving shipment of goods to customers may include an obligation related to shipping service that give rise to a separate performance obligation. The Company assesses explicit shipping terms for each contract to determine when control of the goods transfers to the customer and whether the shipping services are a separate performance obligation.

For contracts involving installation and maintenance services, the Company assess each individual contract for whether installation and maintenance constitute a separate performance obligation, based on whether the installation and other services are specialised, significant and unable to be performed by another party.

Goods are sold with standard warranty terms and therefore warranty is not considered to be a separate performance obligation. A provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period.

***(iii) Determining the transaction price***

The transaction price is the amount of consideration the Company expects to be entitled in exchange for transferring the goods or services to a customer excluding amounts collected on behalf of third parties (such as trade allowances, rebates, sales taxes and value added taxes).

***(iv) Allocating the transaction price to the performance obligations***

Where there are multiple performance obligations, the transaction price is allocated to each performance obligation based on the relative standalone selling prices of the goods or services being provided to the customer. The relative standalone selling price of each performance obligation is determined at contract inception. The transaction price is not reallocated after contract inception to reflect subsequent changes in standalone selling prices.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.16 Turnover (continued)**

Where the relative stand alone selling price cannot be determined the Company estimates this allocation based on an 'expected cost plus margin' of each of the performance obligations. This requires the Company to forecast its expected costs to satisfy installation and other service performance obligations and then add an appropriate margin for that service. Where amounts have been invoiced in advance of performing the installation and other services, the transaction price allocated to these performance obligations is recorded as a contract liability and recognised once installation and/or other services have been completed, determined to be the point in time at which the performance obligation has been satisfied. The Company has not identified a material variance in respect of the forecast expected costs compared to the actual costs incurred to perform the installation and/or other services and as such this is not considered to give rise to a significant estimate.

***(v) Recognising turnover when or as the Company satisfies the performance obligation***

Turnover is recognised when the customer obtains control of a good or service.

Management determines, at contract inception, whether control of a good or service transfers to a customer over time or at a point in time with reference to the contract terms and performance obligations identified.

The Company does not recognise turnover over time as the required criteria are not met.

The Company typically recognises turnover when the goods are despatched, hence at a point in time. The more common exceptions to this assessment for the Company of when control passes are:

- Rebates - Where a contract includes variable consideration, typically related to customer rebates, the Company estimates the variable consideration to which it will be entitled at contract inception and revises the estimate throughout the life of the contract. Estimates are constrained until it is highly probable that the uncertainty affecting the level of variable consideration has been resolved and a significant reversal of cumulative turnover recognised will not arise. The overall rebates are not significant.
- Right of return - Contracts for the sale of remanufactured parts from Caterpillar 'REMAN revenue', includes a term allowing the goods to be returned by the customer and refunded up to one year after sale as defined by Caterpillar. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and turnover is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

**2.17 Other operating income**

Other operating income consists of recharges for work performed by the Company for other Group companies.

The Company is considered to be an agent, and as such the employees whose work supports Group companies are providing services to the other companies and are purely using the Company to pay, then the income and costs are presented net, with the margin shown in other income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In applying the Company's accounting policies set out in note 2, the Company is required to make certain estimates and judgements concerning the future. These estimates and judgements are regularly reviewed as necessary. The estimates and judgements that have the most significant effect on the amounts included in the financial statements are described below.

**Profit Diversion Compliance Facility – Current tax liabilities**

In January 2019 the Company was invited by HMRC to participate in a Profit Diversion Compliance Facility. The directors received and considered the advice from the Company's tax advisors regarding its tax position in light of this offer and the Company accepted the offer and registered to use the facility in April 2019. The period under review is 2015 to 2018 and the facility covers four modules; (i) Transfer Pricing, (ii) Carelessness, (iii) Residency, and (iv) Permanent Establishment ("PE").

Since registering for the scheme the Company has worked in conjunction with its tax advisors, to provide all information required in order to draw a conclusion on the four modules and submit a report to HMRC for their approval. At this point two draft reports have been submitted to HMRC and discussions are still on-going to seek approval recommendation of the report from HMRC.

During 2019 the Company recorded a provision within current tax liabilities (note 17) of \$3.85m (\$0.7m utilised during the year, resulting in a balance as at 31 December 2019 of \$3.15m) related to this exercise. In determining the tax provision management have considered the potential outcome of all the different modules based on latest draft report submitted to HMRC, and drawing the following opinion on each of the modules, for which the ultimate tax determination is uncertain.

- I. **Transfer Pricing:** The report proposes the business be split into two revenue streams, its distribution business and services. In making an assessment of the appropriate tax provision related to historical tax benefits received by the Company, under its previous transfer pricing arrangements the operating margins have been analysed and benchmarked against comparable companies. The conclusion is to change its operating margin targets of the distribution business in line with benchmarking performed, and to adjust the operating profit to reflect a blended mark-up on all support services provided to affiliates. As a result of the proposed adjustments to profit for transfer pricing purposes, a provision of \$3.85m has been recorded during the year. Of this, \$1.5m relates to 2014 which is outside the period of review. The taxable profit in that year was offset against losses carried back from 2015. It has been provided for as a prudence measure though any settlement will be voluntary. To the extent the final outcome differs from the tax that has been provided, adjustments will be made to income tax in the period the determination is made.
- II. **Carelessness:** Given the facts, circumstances, case law and all advice taken by the Company before, during and after the period of review, our conclusion is there was no failure to take reasonable care.
- III. **Residency:** After review of all the facts, processes, documentation and case law, all evidence validates the conclusion that the UAE entities of the Unatrak Holding Limited Group are UAE residents and effectively managed in UAE.
- IV. **Permanent Establishment:** Having considered the UK law, case law and applicable tax treaties the conclusion is there was neither a dependent agent nor a fixed place of business permanent establishment.

The Company has therefore determined the possibility of an outflow of resources embodying economic benefits related to modules (ii), (iii) and (iv) to be remote. On this basis, unlike module (i), the Company has not recorded a provision or contingent liability related to these modules.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**
**3. Judgements in applying accounting policies (continued)**

The nature of the provision held is such that the final outcome could vary from the amounts recognised once the final tax determination is made. Work is on-going to reach an agreement with HMRC, with alternative methods of transfer pricing that could be applied being investigated. Initial workings are showing that none of these differences to the provision recorded are individually material. However there is a risk, across the four modules, that the final determination results in a material adjustment to the carrying amount of the tax liability within the next financial year.

No other significant estimates were identified which are considered to have a significant effect on the financial statements through a material change in the next 12 months, through the process of applying the Company's accounting policies.

Management has not made any further adjustments that have a material effect on the amounts recognised in the financial statements in the process of applying the Company's accounting policies.

**4. Turnover**

Analysis of turnover by product segment:

|                                    | <b>2019</b>    | 2018    |
|------------------------------------|----------------|---------|
|                                    | <b>\$000</b>   | \$000   |
| Power Generation                   | <b>26,205</b>  | 27,270  |
| Mining                             | <b>38,752</b>  | 69,072  |
| Construction and Material Handling | <b>8,039</b>   | 23,172  |
| Parts                              | <b>40,043</b>  | 46,715  |
|                                    | <b>113,039</b> | 166,229 |

Geographical analysis of turnover by destination:

|                   | <b>2019</b>    | 2018    |
|-------------------|----------------|---------|
|                   | <b>\$000</b>   | \$000   |
| Africa            | <b>97,670</b>  | 159,176 |
| Rest of the world | <b>15,369</b>  | 7,053   |
|                   | <b>113,039</b> | 166,229 |

**Contract liabilities**

Turnover of \$6,569,000 (2018: \$5,064,000) which was included in the contract liability balance at 1 January 2019 was recognised during the year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5. Operating profit**

The operating profit is stated after charging/(crediting):

|   | <b>2019</b>              | 2018                     |
|---|--------------------------|--------------------------|
|   | <b>\$000</b>             | \$000                    |
| Depreciation of right of use assets                 | <b>430</b>               | -                        |
| Depreciation of other property, plant and equipment | <b>355</b>               | 334                      |
| Lease expenses                                      | <b>4</b>                 | 675                      |
| Foreign exchange (losses)/gains                     | <b>356</b>               | (110)                    |
| Inventory recognised as an expense                  | <b>91,337</b>            | 142,061                  |
| Impairment of trade receivables                     | <b>307</b>               | (13)                     |
|   | <b><u>          </u></b> | <b><u>          </u></b> |

**6. Auditors' remuneration**

|   | <b>2019</b>              | 2018                     |
|---|--------------------------|--------------------------|
|   | <b>\$000</b>             | \$000                    |
| Fees payable to the Company's auditors for the audit of the Company's annual financial statements | <b>145</b>               | 74                       |
|   | <b><u>          </u></b> | <b><u>          </u></b> |

**Fees payable to the Company's auditors in respect of:**

|                              |                          |                          |
|------------------------------|--------------------------|--------------------------|
| Taxation compliance services | <b>15</b>                | 14                       |
| Tax advisory services        | <b>467</b>               | 13                       |
| Other non-audit services     | <b>3</b>                 | -                        |
|                              | <b><u>          </u></b> | <b><u>          </u></b> |
|                              | <b><u>485</u></b>        | <b><u>27</u></b>         |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

|                       | <b>2019</b>   | <b>2018</b>  |
|-----------------------|---------------|--------------|
|                       | <b>\$000</b>  | <b>\$000</b> |
| Wages and salaries    | <b>10,849</b> | 9,394        |
| Social security costs | <b>1,164</b>  | 1,233        |
| Other pension costs   | <b>970</b>    | 730          |
|                       | <b>12,983</b> | 11,357       |

The average monthly number of employees, including the directors, during the year was as follows:

|                | <b>2019</b>   | <b>2018</b>   |
|----------------|---------------|---------------|
|                | <b>Number</b> | <b>Number</b> |
| Management     | <b>23</b>     | 26            |
| Sales          | <b>17</b>     | 18            |
| Administration | <b>77</b>     | 59            |
|                | <b>117</b>    | 103           |

**8. Directors' remuneration**

|   | <b>2019</b>  | <b>2018</b>  |
|---|--------------|--------------|
|   | <b>\$000</b> | <b>\$000</b> |
| Directors' emoluments                           | <b>725</b>   | 629          |
| Company contributions to money purchase schemes | <b>35</b>    | 28           |
|   | <b>760</b>   | 657          |

One (2018: one) of the statutory directors is not remunerated by the Company. The director's service to the Company does not occupy a significant amount of their time. As a consequence they have not received any remuneration for their incidental services to the Company for the year ended 31 December 2019 (2018: \$Nil).

During the year retirement benefits were accruing to 2 directors (2018: 2) in respect of money purchase schemes.

The highest paid director received remuneration of \$315,000 (2018: \$321,000).

The value of the Company's contributions paid to a money purchase scheme in respect of the highest paid director amounted to \$Nil (2018: \$Nil).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**
**9. Interest receivable and similar income**

|                      | 2019<br>\$000 | 2018<br>\$000 |
|----------------------|---------------|---------------|
| Bank interest income | 42            | 21            |

**10. Interest payable and similar expenses**

|  | 2019<br>\$000 | 2018<br>\$000 |
|--|---------------|---------------|
| Interest on bank accounts                          | 4             | 285           |
| Interest charges on leases                         | 175           | -             |
| Release of upfront bank fees accrued in prior year | (72)          | -             |
|  | <u>107</u>    | <u>285</u>    |

**11. Tax on profit**

|  | 2019<br>\$000 | 2018<br>\$000 |
|--|---------------|---------------|
| <b>Corporation tax</b>                         |               |               |
| Current tax on profits for the financial year  | 597           | 363           |
| Adjustments in respect of prior years (Note 3) | 3,858         | 5             |
| <b>Total current tax</b>                       | <u>4,455</u>  | <u>368</u>    |
| <b>Deferred tax</b>                            |               |               |
| Origination and reversal of timing differences | 34            | 580           |
| Impact of change in tax rates                  | (4)           | (61)          |
| Adjustments in respect of prior years          | (185)         | 23            |
| <b>Total deferred tax</b>                      | <u>(155)</u>  | <u>542</u>    |
| <b>Total tax</b>                               | <u>4,300</u>  | <u>910</u>    |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**
**11. Tax on profit (continued)**
**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

|  | <b>2019</b>  | 2018  |
|--|--------------|-------|
|  | <b>\$000</b> | \$000 |
| Profit before taxation   | <b>3,116</b> | 4,651 |
| Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%) | <b>592</b>   | 884   |
| <b>Effects of:</b>   |              |       |
| Expenses not deductible for tax purposes   | <b>39</b>    | 71    |
| Adjustments in respect of prior years (Note 3)   | <b>3,673</b> | 28    |
| Impact of 2017 reserves movement   | -            | (12)  |
| Tax rate changes   | <b>(4)</b>   | (61)  |
| <b>Total tax charge for the financial year</b>   | <b>4,300</b> | 910   |

**Factors that may affect future tax charges**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6 September 2017). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the Balance Sheet date, its effects are not included in these financial statements.

Deferred taxes at the Statement of Financial Position date have been measured using these enacted tax rates and reflected in these financial statements.

**12. Dividends**

|                                    | <b>2019</b>   | 2018  |
|------------------------------------|---------------|-------|
|                                    | <b>\$000</b>  | \$000 |
| Dividends paid (\$14.01 per share) | <b>13,000</b> | -     |



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**13. Property, plant and equipment**

|   | <b>Furniture,<br/>fixtures and<br/>fittings<br/>\$000</b> | <b>Office<br/>equipment<br/>\$000</b> | <b>Computer<br/>equipment<br/>\$000</b> | <b>Right of use<br/>assets<br/>\$000</b> | <b>Total<br/>\$000</b> |
|---|---|---------------------------------------|---|--|------------------------|
| <b>Cost</b>   |   |                                       |   |  |                        |
| At 1 January 2019                                   | 2,353   | 170                                   | 1,452                                   | -  | 3,975                  |
| Additions   | 4   | -                                     | 130                                     | -  | 134                    |
| Effect of adoption of IFRS 16:<br>Leases (note 2.4) | -   | -                                     | -                                       | 2,032                                    | 2,032                  |
| Disposals   | -   | -                                     | (298)                                   | -  | (298)                  |
| At 31 December 2019                                 | <u>2,357</u>  | <u>170</u>                            | <u>1,284</u>                            | <u>2,032</u>                             | <u>5,843</u>           |
| <b>Accumulated depreciation</b>                     |   |                                       |   |  |                        |
| At 1 January 2019                                   | 1,208   | 150                                   | 1,168                                   | -  | 2,526                  |
| Charge for the year                                 | 192   | 9                                     | 154                                     | 430                                      | 785                    |
| Disposals   | -   | -                                     | (293)                                   | -  | (293)                  |
| At 31 December 2019                                 | <u>1,400</u>  | <u>159</u>                            | <u>1,029</u>                            | <u>430</u>                               | <u>3,018</u>           |
| <b>Net book value</b>                               |   |                                       |   |  |                        |
| At 31 December 2019                                 | <u>957</u>  | <u>11</u>                             | <u>255</u>                              | <u>1,602</u>                             | <u>2,825</u>           |
| At 31 December 2018                                 | <u>1,145</u>  | <u>20</u>                             | <u>284</u>                              | <u>-</u>                                 | <u>1,449</u>           |

The right of use assets are made up of land and buildings with a net book value of \$1,558,000, office equipment with a net book value of \$32,000 and motor vehicles with a net book value of \$12,000.

**14. Inventory**

|                                     | <b>2019<br/>\$000</b> | <b>2018<br/>\$000</b> |
|-------------------------------------|-----------------------|-----------------------|
| Finished goods and goods in transit | <u>3,073</u>          | <u>2,029</u>          |

There is no material difference between the Statement of Financial Position value and their replacement cost. There was no provision for impairment of inventories (2018: \$Nil).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**
**15. Debtors**

|                                    | <b>2019</b>   | 2018   |
|------------------------------------|---------------|--------|
|                                    | <b>\$000</b>  | \$000  |
| Trade debtors                      | <b>16,317</b> | 42,109 |
| Amounts owed by group undertakings | <b>4,412</b>  | 1,977  |
| Other debtors                      | <b>1,622</b>  | 1,896  |
| Prepayments                        | <b>315</b>    | 261    |
| Deferred taxation                  | <b>104</b>    | -      |
|                                    | <b>22,770</b> | 46,243 |

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade receivables are stated after provisions for impairment of \$906,000 (2018: \$598,000).

Included within other receivables is an amount owed by one of the directors of \$Nil as at 31 December 2019 (2018: \$34,000). The full amount of the loan was \$148,000 and interest was charged at 3%.

**16. Creditors: amounts falling due within one year**

|                                    | <b>2019</b>   | 2018   |
|------------------------------------|---------------|--------|
|                                    | <b>\$000</b>  | \$000  |
| Bank overdrafts                    | -             | 2,887  |
| Trade creditors                    | <b>979</b>    | 607    |
| Amounts owed to group undertakings | <b>936</b>    | 13,782 |
| Corporation tax                    | <b>4,318</b>  | 223    |
| Taxation and social security       | <b>325</b>    | 389    |
| Lease liabilities                  | <b>590</b>    | -      |
| Other creditors                    | <b>56</b>     | 428    |
| Accruals                           | <b>5,191</b>  | 6,922  |
| Contract liabilities               | <b>14,528</b> | 6,569  |
|                                    | <b>26,923</b> | 31,807 |

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**17. Creditors: amounts falling due after more than one year**

|                   | <b>2019</b>  | <b>2018</b>  |
|-------------------|--------------|--------------|
|                   | <b>\$000</b> | <b>\$000</b> |
| Lease liabilities | <b>2,043</b> | <b>-</b>     |

**18. Leases**

**Company as a lessee**

The Company has lease contracts for various offices, equipment and vehicles used in the operation.

Total cash outflow relating to leases during the year is \$673,954.

Lease liabilities are due as follows:

|                            | <b>2019</b>  |
|----------------------------|--------------|
|                            | <b>\$000</b> |
| Not later than one year    | <b>590</b>   |
| Between one and five years | <b>2,043</b> |
|                            | <b>2,633</b> |

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

|                                       | <b>2019</b>  |
|---------------------------------------|--------------|
|                                       | <b>\$000</b> |
| Interest expense on lease liabilities | <b>175</b>   |

# UNATRAC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 19. Deferred taxation

|                                      | 2019<br>\$000 | 2018<br>\$000 |
|--------------------------------------|---------------|---------------|
| At beginning of year                 | (51)          | 491           |
| Credited/(charged) to profit or loss | 155           | (542)         |
| <b>At end of year</b>                | <b>104</b>    | <b>(51)</b>   |

The deferred taxation balance is made up as follows:

|                                | 2019<br>\$000 | 2018<br>\$000 |
|--------------------------------|---------------|---------------|
| Accelerated capital allowances | 104           | (51)          |

### 20. Other provisions

|                            | Dilapidation<br>provision<br>\$000 |
|----------------------------|------------------------------------|
| At 1 January 2019          | 129                                |
| Additions                  | 24                                 |
| <b>At 31 December 2019</b> | <b>153</b>                         |

The dilapidation provision at the year end represents the directors' best estimate of the anticipated costs to repair and maintain the Company's premises in accordance with the terms of the lease.

### 21. Called up share capital

|   | 2019<br>\$000 | 2018<br>\$000 |
|---|---------------|---------------|
| <b>Allotted and fully paid</b>                                |               |               |
| 600,000 (2018: 600,000) Ordinary shares of £1 (2018: £1) each | 928           | 928           |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**
**22. Contingent liabilities**

|                             | <b>2019</b>  | 2018  |
|-----------------------------|--------------|-------|
|                             | <b>\$000</b> | \$000 |
| Advance payments guarantees | <b>2,127</b> | 1,294 |
| Performance guarantees      | <b>1,726</b> | 2,780 |
| Other guarantees            | <b>69</b>    | 295   |
|                             | <b>3,922</b> | 4,369 |

The above guarantees relate to commitments made by the Company to pay certain costs in the event that prescribed circumstances arise. The guarantees are in respect of the Company's bank, which will pay amounts that may become due and reclaim such amounts from the Company.

**23. Pension commitments**

There was \$Nil of outstanding contributions at year end (2018: \$Nil). The amount recognised as an expense for defined contribution scheme was \$970,000 (2018: \$730,000).

**24. Changes in accounting policies**

As indicated in accounting policy note 2.4 above, the Company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.41%.

|   | <b>2019</b>  |
|---|--------------|
|   | <b>\$000</b> |
| Operating lease commitments disclosed as at 31 December 2018                                | <b>3,473</b> |
| Discounted using the lessee's incremental borrowing rate at the date of initial application | <b>(352)</b> |
| (Less): low-value leases not recognised as a liability                                      | <b>(168)</b> |
| Lease liability recognised as at 1 January 2019   | <b>2,953</b> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**
**24. Changes in accounting policies (continued)**

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to apply IFRS 16 to contracts that were not identified under IAS 17 and IFRIC 4, 'Determining whether an Arrangement contains a lease'.

The following tables summarise the impacts of adopting new reporting standards on the Company's financial statements.

**Statement of Financial Position (extract)**

|  | <b>31<br/>December<br/>2018<br/>As<br/>originally<br/>presented<br/>\$000</b> | <b>IFRS 16<br/>\$000</b> | <b>1 January<br/>2019<br/>Including<br/>impact of<br/>IFRS 16<br/>\$000</b> |
|--|---|--------------------------|---|
| <b>Fixed assets</b>                            |   |                          |   |
| Property, plant and equipment                  | 1,449   | 2,032                    | 3,481   |
|  | <u>1,449</u>  | <u>2,032</u>             | <u>3,481</u>  |
| <b>Current assets</b>                          |   |                          |   |
| Debtors  | 46,243  | (169)                    | 46,074  |
| Creditors: amounts falling due within one year | (31,807)  | (2,953)                  | (34,760)  |
|  | <u>19,228</u>   | <u>(1,090)</u>           | <u>18,138</u>   |
| <b>Total assets less current liabilities</b>   | <b>19,228</b>   | <b>(1,090)</b>           | <b>18,138</b>   |
| <b>Net assets</b>                              | <b>19,048</b>   | <b>(1,090)</b>           | <b>17,958</b>   |
| <b>Capital and reserves</b>                    |   |                          |   |
| Profit and loss account                        | 18,120  | (1,090)                  | 17,030  |
|  | <u>19,048</u>   | <u>(1,090)</u>           | <u>17,958</u>   |
| <b>Total equity</b>                            | <b>19,048</b>   | <b>(1,090)</b>           | <b>17,958</b>   |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**25. Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Unatrac Subco Limited, a company incorporated in Dubai.

The ultimate parent undertaking is Unatrac Holding Limited, a company incorporated in Dubai in the United Arab Emirates. The directors regard the shareholders of Unatrac Holding Limited to be Youssef Mansour Loutfi Mansour, Lotfy Mohamed Lotfy Mansour and Mohamed Yones Mansour Lotfy Mansour, who are considered to be the ultimate controlling party.

Unatrac Holding Limited is the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2019. Copies of the Unatrac Holding Limited consolidated financial statements are available at Trade Centre, P.O. Box 9275, Dubai, UAE.