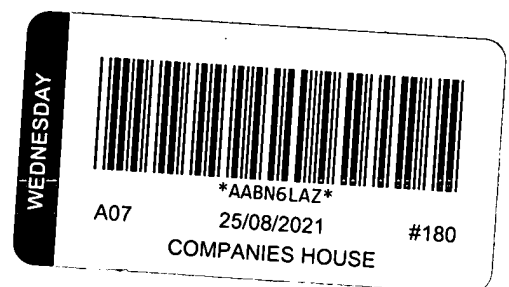


**NEW FORESTS COMPANY UGANDA  
UK LIMITED**

**(Registration Number: 05747834)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**30 June 2020**



**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**(Registration Number: 05747834)**  
**ANNUAL FINANCIAL STATEMENTS**  
**30 June 2020**

<b>Contents</b>	<b>Page</b>
Directors' report	1 - 3
Directors' responsibilities statement	4
Strategic report	5 - 6
Independent auditor's report	7 - 9
Statement of profit and loss and other comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the annual financial statements	14 - 33

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**DIRECTORS' REPORT**  
**for the year ended 30 June 2020**

The directors are pleased to present their annual report and financial statements for the year ended 30 June 2020.

**PRINCIPAL ACTIVITY**

The principal activity of the Company during the period was that of a Holding Company. The principal activities of the Company's trading subsidiary are that of commercial forestry and the manufacture and sale of timber products in Uganda.

**REVIEW OF THE BUSINESS**

The position of the Company at the year-end improved when compared with the prior period, with the net asset value being \$ 35.4 million (2019: \$ 19.8 million). This is a result of the rights issue which capitalised \$15.7 million of intercompany debt. See note 9 to the financial statements for details. The financial position is set out in the statement of financial position on page 11 and in the related notes on pages 14 to 33.

Likely future developments as well as principal risks and uncertainties have been included within the strategic report and through cross reference forms part of this report.

**Financial performance**

The Company reported a loss before tax of \$ 0.12 million (2019: \$ 0.08 million loss). The loss before tax increased by \$ 0.04 million compared to the prior year. The operating loss of \$ 0.12 million (2019: \$ 0.07 million loss) is a result of the Company's corporate expenses related to being a holding company.

**Dividends**

No dividends were proposed or paid during the current or prior financial year and none have been declared subsequent to the year end.

**Going concern**

The Company received a letter of support from its ultimate parent company New Forests Company Holdings I Limited which confirms that the Company and its subsidiary (New Forests Company Uganda UK Limited) will receive sufficient funding for at least 12 months from the date of signing the financial statements should it be required.

The ultimate parent company, New Forests Holdings I Limited together with its subsidiaries (referred to as the "Group") is assessed on its ability to continue to operate over the next 12 months.

On the 30th January 2020, the World Health Organisation announced the outbreak of COVID -19 as a world health emergency of international concern, and on the 11th March 2020 the outbreak was classified as a global pandemic. The impact of the pandemic has had minor impact on the operations of the Group. The Group's operations are located in Uganda & Tanzania, and had a minor curtailment of its operations due to the pandemic.

The Group and the Company has developed financial budgets and cash flow models based on management's best estimates of future operations, its profitability and cash flows required.

The detailed cash flow forecast for the 12-month period, including the effect of COVID - 19, from the date of issuing these financial statements indicate that the Group anticipates a positive cash flow during this period.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**DIRECTORS' REPORT (continued)**  
**for the year ended 30 June 2020**

**Going concern (continued)**

In the past the Group has had a need to deleverage its statement of financial position and further reduce the Group's financing costs – taking pressure off the cash flow and creating further financial stability and sustainability. During the year the Group entered a Debt Moratorium on all interest and capital repayments that covered the period from December 2019 to July 2020. During this period, the Group successfully raised \$3 million in new equity from existing shareholders. In July 2020, when the above moratorium lapsed, the Group successfully converted \$18.3 million of shareholder loans to equity, deleveraging the statement of financial position.

On the 25th of June 2020, the Group signed a Memorandum of Understanding for the proposed restructuring of the remainder of the Group's debt, with the remainder of the lenders. A further Moratorium agreement was also signed with these lenders on this date, for a period of 12 months and was extended to 18 months up to December 2021.

Substantial discussions are underway at board level – and with key shareholders - to deal with the above mentioned restructuring during the next 12 months and the board is confident of satisfactory completion of the restructuring process.

However, as the Debt moratorium lapses in December 2021 and no funding has been committed to enable the balance sheet restructuring at the time of the signing of these financial statements, the Directors' have concluded that these circumstances represent a material uncertainty, which may cast significant doubt on the Group's and hence the company's, ability to continue as a going concern and realise its assets and discharge its liabilities, in the normal course of business.

Despite the inherent uncertainties, the directors have, at the time of approving the financial statements, a reasonable expectation that the Group, and therefore the company, have adequate resources to continue to operate for the foreseeable future.

Thus, these financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**Events after reporting date**

See note 17 to the financial statements for details.

**Directors' indemnities**

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**DIRECTORS' REPORT (continued)**  
**for the year ended 30 June 2020**

**DIRECTORS**

The directors during the year and to the date of signing the financial statements were:

	<b>Date appointed</b>	<b>Date resigned</b>
J R Aisbitt	17 June 2019	
D M Lapp	1 January 2020	
J M M Ozanne	22 March 2006	8 September 2020
P Sixsmith	6 May 2014	29 November 2019
D P Tauckoor	9 June 2017	
S J Beeda	9 June 2017	
B Taremwa	1 January 2020	23 November 2020

**Provision of information to auditor**

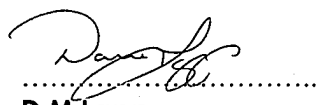
So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the Company's auditor is unaware, and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



**D M Lapp**

Director

Date: 23 August 2021

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**for the year ended 30 June 2020**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006). 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 these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 to enable them to ensure that the financial statements comply with the Companies Act of 2006. They 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.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**STRATEGIC REPORT**  
**for the year ended 30 June 2020**

The directors present their Strategic report for the year ended 30 June 2020.

**STRATEGIC REVIEW**

The principal activity of the Company during the period was that of a Holding Company. The principal activities of the Company's trading subsidiary is that of commercial forestry and the manufacture and sale of timber products.

The financial performance of the Company has been detailed in the directors' report and is set out in the statement of profit or loss and other comprehensive income on page 10, as well as the notes on pages 14 to 33.

**Principal Risks and Uncertainties**

The directors consider the risk below to be the most significant, but it is not necessarily the only risk:

Funding - the Company's future growth prospects are heavily dependent on securing appropriate levels of intercompany funding. The parent company and the group's track record of raising finance has been very good and a strong focus on relations with both current and potential investors combined with the shareholder base's commitment to the continued development of the Company, help mitigate this risk.

**Likely Future Developments**

The Company will continue as a non-trading Holding Company.

**Financial Risk Management Objectives and Policies**

Details of the Company's financial risk management policies and its exposure to liquidity risk and cash flow risk are contained in note 14 to the Financial Statements.

**Going concern**

The Company received a letter of support from its ultimate parent company New Forests Company Holdings I Limited which confirms that the Company and its subsidiary (New Forests Company Uganda UK Limited) will receive sufficient funding for at least 12 months from the date of signing the financial statements should it be required.

The ultimate parent company, New Forests Holdings I Limited together with its subsidiaries (referred to as the "Group") is assessed on its ability to continue to operate over the next 12 months.

On the 30th January 2020, the World Health Organisation announced the outbreak of COVID -19 as a world health emergency of international concern, and on the 11th March 2020 the outbreak was classified as a global pandemic. The impact of the pandemic has had minor impact on the operations of the Group. The Group's operations are located in Uganda & Tanzania, and had a minor curtailment of its operations due to the pandemic.

The Group and the Company has developed financial budgets and cash flow models based on management's best estimates of future operations, its profitability and cash flows required.

The detailed cash flow forecast for the 12-month period, including the effect of COVID – 19, from the date of issuing these financial statements indicate that the Group anticipates a positive cash flow during this period.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**STRATEGIC REPORT (continued)**  
**for the year ended 30 June 2020**

**Going concern (continued)**

In the past the Group has had a need to deleverage its statement of financial position and further reduce the Group's financing costs – taking pressure off the cash flow and creating further financial stability and sustainability. During the year the Group entered a Debt Moratorium on all interest and capital repayments that covered the period from December 2019 to July 2020. During this period, the Group successfully raised \$3 million in new equity from existing shareholders. In July 2020, when the above moratorium lapsed, the Group successfully converted \$18.3 million of shareholder loans to equity, deleveraging the statement of financial position.

On the 25th of June 2020, the Group signed a Memorandum of Understanding for the proposed restructuring of the remainder of the Group's debt, with the remainder of the lenders. A further Moratorium agreement was also signed with these lenders on this date, for a period of 12 months and was extended to 18 months up to December 2021.

Substantial discussions are underway at board level – and with key shareholders - to deal with the above mentioned restructuring during the next 12 months and the board is confident of satisfactory completion of the restructuring process.

However, as the Debt moratorium lapses in December 2021 and no funding has been committed to enable the balance sheet restructuring at the time of the signing of these financial statements, the Directors' have concluded that these circumstances represent a material uncertainty, which may cast significant doubt on the Group's and hence the company's, ability to continue as a going concern and realise its assets and discharge its liabilities, in the normal course of business.

Despite the inherent uncertainties, the directors have, at the time of approving the financial statements, a reasonable expectation that the Group, and therefore the company, have adequate resources to continue to operate for the foreseeable future.

Thus, these financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**Events after reporting date**

See note 17 to the financial statements for details.

Approved by the Board and signed on its behalf by:



**D M Lapp**  
Director

Date: 23 August 2021



# **Independent auditor's report to the members of New Forests Company Uganda UK Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of New Forests Company Uganda UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit and loss and other comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs in conformity with the requirements of the Companies Act 2006..

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to note 1.2 in the financial statements, which indicates that the debt moratorium lapses in December 2021 and no funding has been committed to enable the balance sheet restructuring at the time of the signing of these financial statements and additional funding has not been committed at the time of signing these financial statements sufficient to support the cashflows of the wider Group and therefore the company . As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

## **Independent auditor's report to the members of New Forests Company Uganda UK Limited (continued)**

### **Other information (continued)**

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 in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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 auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

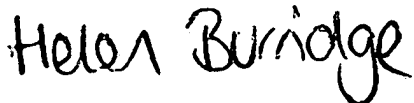
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

**Independent auditor's report to the members of New Forests Company Uganda UK Limited  
(continued)**

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Helen BurrIDGE (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
23 August 2021

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the year ended 30 June 2020**

	<b>Notes</b>	<b>30/06/2020</b>	<b>30/06/2019</b>
		<b>US\$'000</b>	<b>US\$'000</b>
Corporate expenses	3	(124)	(73)
<b>Operating loss</b>		(124)	(73)
Interest expense	5	-	(10)
<b>Loss before tax</b>		(124)	(83)
Tax	6	-	-
<b>Loss for the year</b>		(124)	(83)
<b>Total comprehensive expense for the year</b>		(124)	(83)

The notes on pages 14 to 33 form an integral part of these financial statements.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2020**

	Notes	30/06/2020 US\$'000	30/06/2019 US\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	7	56	56
Other receivables	8	35,591	30,023
Total non-current assets		35,647	30,079
<b>Current assets</b>			
Other receivables	8	12	9
Cash and cash equivalents		2	51
Total current assets		14	60
<b>Total assets</b>		35,661	30,139
<b>Equity and liabilities</b>			
Issued capital	9	240	199
Share premium		53,274	37,661
Translation reserve		58	58
Accumulated loss		(18,195)	(18,071)
Total equity		35,377	19,847
<b>Non-current Liabilities</b>			
Interest bearing loans and borrowings		-	-
<b>Current liabilities</b>			
Loans and borrowings	10.1	-	10,125
Other payables	11	284	167
Total current liabilities		284	10,292
Total liabilities		284	10,292
<b>Total equity and liabilities</b>		35,661	30,139

The financial statements of New Forests Company Uganda UK Limited (registered number 05747834) were approved and authorised for issue by the board of directors and were signed on its behalf:

  
 .....  
 D M Lapp

Date: 23 August 2021

The notes on pages 14 to 33 form an integral part of these financial statements.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 30 June 2020**

	Ordinary shares US\$'000	Share premium US\$'000	Accumulated loss US\$'000	Translation reserve US\$'000	Total equity US\$'000
<b>Company</b>					
<b>Balance at 1 July 2018</b>	199	37,661	(17,988)	58	19,930
Loss and total comprehensive expense for the year	-	-	(83)	-	(83)
<b>Balance at 30 June 2019</b>	199	37,661	(18,071)	58	19,847
Loss and total comprehensive expense for the year	-	-	(124)	-	(124)
Issue of shares (Note 9)	41	15,613	-	-	15,654
<b>Balance at 30 June 2020</b>	240	53,274	(18,195)	58	35,377

The notes on pages 14 to 33 form an integral part of these financial statements.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**STATEMENT OF CASH FLOWS**  
**for the year ended 30 June 2020**

	Notes	30/06/2020 US\$'000	30/06/2019 US\$'000
<b>Cash flows from operating activities:</b>			
Loss before tax		(124)	(83)
Adjustments for:			
Interest expense	5	-	10
Foreign exchange loss	3	-	-
Change in net working capital		115	73
Cash generated from operations		(9)	-
<i>Net cash generated from operating activities</i>		(9)	-
<b>Cash flows from investing activities:</b>			
Net movement in intercompany loan receivable		-	-
<i>Net cash from investing activities</i>		-	-
<b>Cash flows from financing activities:</b>			
Net movement in borrowings	10.2	(40)	-
<i>Net cash used in financing activities</i>		(40)	-
Net change in cash and cash equivalents		(49)	-
<b>Movement in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		51	51
Movement in the year		-	-
<b>Cash and cash equivalents at end of the year</b>		2	51

The notes on pages 14 to 33 form an integral part of these financial statements.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2020**

**1.1 Nature of business**

New Forests Company Uganda UK Limited (the "Company") is a private company, limited by shares, incorporated in the United Kingdom and registered in England and Wales. The Company's registered address is Orrick, Herrington & Sutcliffe (UK) LLP, 107 Cheapside, London EC2V 6DN, United Kingdom. The company was registered as a foreign company in Mauritius and holds a Category 1 Global Business License issued by the Financial Services Commission (FSC) in Mauritius. Together with its subsidiary it owns and operates commercial forestry operations, which include the manufacture and sale of treated timber poles at three commercial plantations in Uganda.

New Forests Company Uganda UK Limited is a subsidiary of New Forest Company Holdings I Limited, which is the ultimate parent company domiciled in Mauritius and is the only level in the group, where the company is included, that prepares consolidated financial statements. These consolidated financial statements are available at its registered office, from C/o Renesis (Mauritius), 2nd Floor, Suite 122, Harbour Front Building, John Kennedy Street, Port Louis Mauritius.

**1.2 Basis of presentation**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006. The financial statements are presented in United States Dollars which is the functional currency since this is the currency in which the majority of the Company's transactions are denominated. The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent in all material respects with those applied in the previous year.

The financial statements have been prepared on the historical cost basis.

IFRS 10 Consolidated Financial Statements requires a parent company to present consolidated financial statements in which it consolidates its investment in subsidiaries. The Company has taken advantage of paragraph 4(a) of IFRS 10, which dispenses it from the need to present consolidated financial statements as it is a subsidiary of New Forests Company Holdings I Limited, the ultimate parent company, which prepares consolidated financial statements available for public use that comply with IFRS at its registered office at c/o Renesis Financial Services Ltd, 2nd Floor, Suite 122, Harbour Front Building, John Kennedy Street, Port Louis Mauritius. The exemption has also been applied in terms of section 401 of the Companies Act of 2006.

*Going Concern*

The Company received a letter of support from its ultimate parent company New Forests Company Holdings I Limited which confirms that the Company and its subsidiary (New Forests Company Uganda UK Limited) will receive sufficient funding for at least 12 months from the date of signing the financial statements should it be required.

The ultimate parent company, New Forests Holdings I Limited together with its subsidiaries (referred to as the "Group") is assessed on its ability to continue to operate over the next 12 months.



**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2020**

**1.2 Basis of presentation (continued)**

*Going Concern (continued)*

On the 30th January 2020, the World Health Organisation announced the outbreak of COVID -19 as a world health emergency of international concern, and on the 11th March 2020 the outbreak was classified as a global pandemic. The impact of the pandemic has had minor impact on the operations of the Group. The Group's operations are located in Uganda & Tanzania, and had a minor curtailment of its operations due to the pandemic.

The Group and the Company has developed financial budgets and cash flow models based on management's best estimates of future operations, its profitability and cash flows required.

The detailed cash flow forecast for the 12-month period, including the effect of COVID – 19, from the date of issuing these financial statements indicate that the Group anticipates a positive cash flow during this period.

In the past the Group has had a need to deleverage its statement of financial position and further reduce the Group's financing costs – taking pressure off the cash flow and creating further financial stability and sustainability. During the year the Group entered a Debt Moratorium on all interest and capital repayments that covered the period from December 2019 to July 2020. During this period, the Group successfully raised \$3 million in new equity from existing shareholders. In July 2020, when the above moratorium lapsed, the Group successfully converted \$18.3 million of shareholder loans to equity, deleveraging the statement of financial position.

On the 25th of June 2020, the Group signed a Memorandum of Understanding for the proposed restructuring of the remainder of the Group's debt, with the remainder of the lenders. A further Moratorium agreement was also signed with these lenders on this date, for a period of 12 months and was extended to 18 months up to December 2021.

Substantial discussions are underway at board level – and with key shareholders - to deal with the above mentioned restructuring during the next 12 months and the board is confident of satisfactory completion of the restructuring process.

However, as the Debt moratorium lapses in December 2021 and no funding has been committed to enable the balance sheet restructuring at the time of the signing of these financial statements, the Directors' have concluded that these circumstances represent a material uncertainty, which may cast significant doubt on the Group's and hence the company's, ability to continue as a going concern and realise its assets and discharge its liabilities, in the normal course of business.

Despite the inherent uncertainties, the directors have, at the time of approving the financial statements, a reasonable expectation that the Group, and therefore the company, have adequate resources to continue to operate for the foreseeable future.

Thus, these financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2020**

**1.2 Basis of presentation (continued)**

**Standards and Interpretations adopted in the current year**

The Company has adopted all new and revised standards issued by the International Accounting Standards Board that are relevant and effective for accounting period beginning on or after 1 July 2019, as listed below:

Standard	Amendment	
IFRS 16	New	Leases
IAS 19	Amendment	Plan Amendment, Curtailment or Settlement
IFRIC 23	New	Uncertainty over Income Tax Treatments
IAS 12	Amendment	Annual Improvements 2015 – 2017 Cycle
IAS 28	Amendment	Long-term Interests in Associates and Joint Ventures
IFRS 9	Amendment	Prepayment Features with Negative Compensation and modifications to financial liabilities

The adoption of all of the above standards did not have any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions.

**IFRIC 23 - Uncertainty over Income Tax Treatments**

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The application of the Interpretation is not expected to have a material impact on the financial statements of the Company in the period of initial application.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2020**

**1.2 Basis of presentation (continued)**

**Standards and Interpretations not yet effective in the current year**

At the date of authorisation of the financial statements, the following revised, amended and new Standards and Interpretations applicable to the entity were in issue but not yet effective:

Standard	Amendment	
References to the Conceptual Framework in IFRS Standards <sup>1</sup>	Amendment	Amendments to References to the Conceptual Framework in IFRS Standards
IFRS 3 <sup>1</sup>	Amendment	Definition of Business
IAS 1 & IAS 8 <sup>1</sup>	Amendment	Definition of Material
IFRS 9, IAS 39 and IFRS 7 <sup>1</sup>	Amendment	Interest Rate Benchmark Return
IFRS 16 <sup>1</sup>	Amendment	COVID-19 – Related Rent Concessions
IAS 1 <sup>2</sup>	Amendment	Classification of liabilities as current or non-current
IFRS 3 <sup>2</sup>	Amendment	Reference to the Conceptual Framework
Annual improvements to IFRS Standards 2018 <sup>2</sup>	Amendment	Annual Improvements to IFRS 2018 – 2020 (May 2020)
IAS 37 <sup>2</sup>	Amendment	Onerous Contracts – Cost of Fulfilling a Contract

1 Annual periods beginning on or after 1 January 2020

2 Annual periods beginning on or after 1 January 2022

The directors have not yet assessed whether the adoption of these standards, interpretations and amendments of the above Standards and Interpretation will have a material impact on the financial statements of the Company in the period of initial application.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2020**

**2.1 Summary of significant accounting policies**

**Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market instruments.

**Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

*Financial assets*

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the company may make the following irrevocable election / designation at initial recognition of a financial asset:

- the company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2020**

**2.1 Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit impaired financial assets, the company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognised in profit or loss.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2020**

**2.1 Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

*Impairment of financial assets (continued)*

The company always recognises lifetime ECL (expected credit losses) for trade receivables.

For all other financial instruments, the company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

*(ii) Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2020**

**2.1 Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

*(ii) Significant increase in credit risk (continued)*

Irrespective of the outcome of the above assessment, the company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) the financial instrument has a low risk of default;
- (2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

*(iii) Definition of default*

The company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the company, in full (without taking into account any collateral held by the company).

Irrespective of the above analysis, the company considers that default has occurred when a financial asset is more than 90 days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2020**

**2.1 Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

(iv) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(v) Write-off policy

The company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(vi) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI.



**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2020**

**2.1 Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

*Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

*Financial liabilities and equity*

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

*Interest-bearing borrowings*

Interest-bearing borrowings are stated at amortised cost using the effective interest method.

*Other financial liabilities*

Other financial liabilities, including borrowings and trade payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2020**

**2.1 Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

*Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

*Equity instruments*

Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Taxation**

Income tax expense represents the sum of the tax paid and currently payable and deferred tax.

*Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate at the reporting date.

*Deferred tax*

Deferred tax is recognised on temporary differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and are expected to reverse in the foreseeable future.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2020**

**2.1 Summary of significant accounting policies (continued)**

*Deferred tax (continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date in other comprehensive income, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on the net basis.

*Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**2.2 Critical judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2.1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no items which are considered to be critical judgements or key sources of estimation uncertainty in the preparation of these financial statements.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
for the year ended 30 June 2020

**3. Expenses**

**Corporate expenses**

Audit and other advisory fees
Foreign exchange loss
Legal and professional fees
Other expenses
Non-executive director fees
Total expenses

30/06/2020	30/06/2019
US\$'000	US\$'000
124	73
39	37
-	-
50	12
35	24
-	-
124	73

The company does not have any employees or contracts with directors (2019: none). \$nil (2019 \$nil) is receivable by directors in respect of qualifying services

**4. Auditor's remuneration**

Fees payable to the Company's auditor for the audit of the Company's annual financial statements

Total fees for audit services

Fees payable to the Company's auditor for other services

Non-Audit services

Total auditor's remuneration

30/06/2020	30/06/2019
US\$'000	US\$'000
24	21
24	21
-	-
24	21

**5. Interest expense**

Loans from New Forests Company Holdings I Limited

Total interest expense

30/06/2020	30/06/2019
US\$'000	US\$'000
-	10
-	10

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2020**

**6. Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or tax deductible.

The entity is tax resident in Mauritius and therefore is taxed at a rate of 15%. The entity is additionally a Category 1 Global Business Company and therefore is eligible for a foreign tax credit of 80%, resulting in a standard tax rate of 3%.

No corporate taxation is paid in the UK.

	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Reconciliation of effective tax charge to the statutory tax charge</b>		
Loss before tax	(124)	(83)
Tax expense at the statutory rates	(19)	(12)
Foreign tax credit/(charge)	15	10
Deferred tax not recognised	4	2
Total tax credit for the year	-	-
Tax rate	15%	15%
Foreign tax credit	80%	80%

Deferred tax on assessed losses not recognised amount to \$376k (2019: \$372k). The deferred tax asset has not been recognised on the basis that it is unlikely to be recoverable in the foreseeable future.

**7. Investments**

	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Investments at cost	56	56

At the reporting date, the directors reviewed the carrying amount of the investment and are of the opinion that there is no evidence of impairment. Investments are carried at cost less impairment.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
for the year ended 30 June 2020

**7. Investments (continued)**

Name	Type of Shares	Address	Principal activities	Ownership interest (note 14)
New Forests Company Limited	Ordinary	Plot 1, Kilolo Hill Drive, Block B, 5th Floor, Kilolo, Uganda	Planting and forestry of trees and pole treatment	100%
East African Pole Company (Uganda) Limited	Ordinary	Plot 1, Kilolo Hill Drive, Block B, 5th Floor, Kilolo, Uganda	Dormant	100%

**8. Other receivables**

**Current non-financial assets:**

Prepayments and other receivables

**Non-current financial assets:**

Amount due from related parties

Total other receivables

30/06/2020	30/06/2019
US\$'000	US\$'000
12	9
35,591	30,023
35,603	30,032

Amounts due from related parties accrue interest at 0% (2019: 0%) are unsecured and are repayable on demand, however there is no expectation that these amounts will be repaid within twelve months. From 1 July 2018, the Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. No amounts are passed due. This represents the Company's maximum exposure to credit risk.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
for the year ended 30 June 2020

**9. Issued capital**

	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>Number of shares</b>	<b>Number of shares</b>
<u>Authorised and issued</u>		
Ordinary shares of £0.01 each	11,079,629	11,079,629
Issued during the year ordinary shares of £0.01 each	3,295,580	-
Fully paid issued share capital	14,375,209	11,079,629

All fully paid up shares entitle the holder to one vote and equal rights to dividends.

**Movement**

	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>USD'000</b>	<b>USD'000</b>
Opening balance	199	199
Shares issued	41	-
Closing balance	240	199

In July 2019, a rights issue took place in New Forests Company Uganda UK Limited following the finalisation of the 2018 FMO/FinnFund Debt to Equity conversion. 3,295,580 shares were issued at \$4.75 per share to New Forests Company Holdings I Limited via the capitalisation of \$ 15,654,000 intercompany debt. This capitalisation resulted in the settlement of \$10,085,000 owed to the parent company, and \$5,569,000 being recognised as a financial asset owed to the company by New Forests Company Holdings I Limited.

**10.1. Interest-bearing loans and borrowings**

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings.

	<b>Note</b>	<b>30/06/2020</b>	<b>30/06/2019</b>
		<b>US\$'000</b>	<b>US\$'000</b>
<b>Current liabilities</b>			
Due to parent company	(1)	-	10,125
Total current liabilities		-	10,125

- (1) Amounts due to the parent company were unsecured, repayable upon demand, denominated in United States Dollars and bearing interest at 8.5% per annum with the exception of \$10 million which did not bear interest.

**10.2. Reconciliation of liabilities arising from financing activities**

	<b>Balance at 1 July 2019</b>	<b>Advances / (repayments)</b>	<b>Other changes</b>	<b>Balance at 30 June 2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
New Forests Company				
Holdings I Limited	10,125	(40)	(10,085)	-
	10,125	(40)	(10,085)	-

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
for the year ended 30 June 2020

**11. Trade and other payables**

	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Financial Liabilities:</b>		
Accrued expenses	46	39
Other payables	21	-
Intercompany payables	217	128
<b>Total trade and other payables</b>	<b>284</b>	<b>167</b>

The directors consider that the carrying amount of trade and other payables approximates their fair values.

The intercompany payables listed above are interest free, unsecured and repayable upon demand.

**12. Related parties**

	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Transactions with Group companies</b>		
Interest expense to parent	-	10
<b>Balances with Group companies</b>		
Amount owed to New Forests Company Holdings I Limited	82	10,156
Amount due from New Forests Company Holdings I Limited	5,568	
Amount owed to New Forests Company Management Services (Pty) Ltd	135	97
Amount due from New Forests Company Management Services	38	38
Amount due from New Forests Company Limited	29,985	29,985

Amounts owed to and by related parties are unsecured, form part of the net investment in the operation and are repayable at the option of both the borrower and the lender. The balances will be settled in cash when the borrower is able to settle these from cash generated from operations or a restructuring of balances. No guarantees have been given or received. No provisions for doubtful debts have been raised against amounts outstanding, and no expense has been recognised during the period in respect of bad or doubtful debts due from related parties.

**13. Group entities**

**Control of company**

The Company is a majority owned 97.6% (2019: 81.31%) subsidiary of New Forest Company Holdings I Limited, the company's immediate and ultimate parent company and controlling party.

**Subsidiaries**

The Company beneficially owns 100% (2019: 100%) of the issued share capital of New Forest Company Limited.

The Company beneficially owns 100% (2019: 100%) of the issued share capital of East African Pole Company (Uganda) Limited.



**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2020**

**14. Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent recognition of financial assets and liabilities are at amortised cost using the effective interest method.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements are approximately equal to their fair values. There has been no change in the valuation method compared to prior period. All financial assets fall into the Amortised cost category including cash. All financial liabilities fall within the amortised cost category under IFRS 9.

**Financial risk management**

The Company is exposed to a variety of financial risks: market risk (including foreign exchange risk and interest rate cash flow risk), liquidity risk and credit risk. There have been no significant changes in these financial risks since the prior year.

**a) Market risk**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. The Company is exposed to the following market risks: foreign currency risk.

**Foreign currency risk**

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates.

In accordance with its risk management policy, management monitor the effect of movements in foreign currency rates and the impact on future transactions as part of the Company internal reporting process. In the event that management consider that the Company is exposed to foreign currency risk at an unacceptable level, then the Company would consider the use of forward exchange contracts.

The Company has minimal transactions denominated in foreign currency. Currency exposure arising from the net assets of the Company's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies

**(b) Liquidity risk**

The Company maintains sufficient cash resources based upon cash flow forecasts which are regularly reviewed by management to ensure that sufficient cash reserves are held to meet future working capital requirements, and to take advantage of business opportunities. The table below illustrates the timing of the cash flows and are undiscounted.

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
for the year ended 30 June 2020

**14. Financial instruments (continued)**

**b) Liquidity risk (continued)**

**Contractual maturity analysis for financial liabilities**

<b>Company</b> <b>At 30 June 2020</b>	<b>Due or due in less than 1 year</b>	<b>Due between 1 to 5 years</b>	<b>Due after 5 years</b>	<b>Total carrying amount</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Financial Assets</b>				
<i>At amortised cost</i>				
Cash and cash equivalents	2	-	-	2
Other receivables	-	35,591	-	35,591
	2	35,591	-	35,593
<b>Financial Liabilities</b>				
<i>At amortised cost</i>				
Trade and other payables	284	-	-	284
	284	-	-	284
<b>Company</b> <b>At 30 June 2019</b>				
<b>Financial Assets</b>				
<i>At amortised cost</i>				
Cash and cash equivalents	51	-	-	51
Other receivables	-	30,023	-	30,023
	51	30,023	-	30,074
<b>Financial Liabilities</b>				
<i>At amortised cost</i>				
Trade and other payables	167	-	-	167
Loans and borrowings	10,125	-	-	10,125
	10,292	-	-	10,292

**NEW FORESTS COMPANY UGANDA UK LIMITED**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 30 June 2020**

**15. Capital management**

The Company's objectives when managing capital are:

- i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- ii) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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

Consistently with others in the industry, the Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt over adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. ordinary shares, share premium, retained earnings, and other reserves), and includes some forms of subordinated debt.

	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Total interest-bearing loans and borrowings	-	10,125
Less cash and cash equivalents	-	(51)
Net debt	-	10,074
Equity	35,377	19,847
Gearing ratio	0%	50.76%

**16. Capital commitments**

The Company has no capital commitments at the reporting dates.

**17. Events after reporting date**

No material events occurred subsequent to the year-end that would have a material impact on the business.