

Policy on Control and Management of Company Assets and Shareholder Investments

AGSTAR PLC

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Overview

Agstar PLC (the company) is dedicated to ensuring the efficient management, protection, and utilization of its assets and shareholder investments. This policy provides a clear framework for the governance, control, and safeguarding of all assets and financial resources. Through robust procedures and accountability measures, the company aims to protect its resources, maximize shareholder value, and ensure compliance with corporate governance standards.

1. Purpose

This policy establishes the principles and procedures for the control, management, and safeguarding of company assets and shareholder investments. Its objective is to ensure assets are used efficiently and protected from risks, while shareholder investments are managed to maximize value in alignment with the company's strategic goals.

2. Scope

This policy applies to all employees, management, board members, and individuals involved in managing company assets and shareholder investments.

3. Definitions

- **Company Assets:** Tangible and intangible resources owned by the company, including property, equipment, intellectual property, and financial assets.
- **Shareholder Investments:** Financial contributions from shareholders in the form of equity or capital, and other investments tied to the company's performance.

4. Roles and Responsibilities

- **Board of Directors:** Oversees the management of company assets and shareholder investments in line with corporate governance standards. Any acquisition or disposal of an asset deemed a major transaction under the Companies Act No. 07 of 2007 will be forwarded for shareholder approval as required by law.
- **Senior Management:** Ensures the implementation of systems, procedures, and controls to safeguard assets and investments.

- **Department Heads/Asset Managers:** Handle day-to-day management, protection, and valuation of assets under their supervision.
- **Finance Department:** Maintains accurate records and reports on assets and shareholder investments, including depreciation and revaluation.
- **All Employees:** Must use company assets responsibly and report any loss, damage, or misuse.

5. Asset Categorization and Identification

Assets are categorized based on their nature and use within the organization:

- **Physical Assets:** Tangible assets that are either used in business operations or held for income generation and capital appreciation. This category includes:

- **Investment Properties:** Properties acquired for income generation or capital appreciation, such as land, commercial buildings, residential properties, and apartments.
- **Fixed Assets (PPE):** Tangible assets used for business operations, including office equipment, machinery, and vehicles.

- **Intangible Assets:** Non-physical assets that provide long-term value to the company, such as intellectual property (patents, trademarks, copyrights), goodwill, software, and licenses.

All assets must be tagged and recorded in the Asset Register upon acquisition. A unique identification number will be generated for each asset to ensure accurate tracking throughout its lifecycle.

6. Asset Acquisition and Approval

- **Fixed Assets (PPE):**
 - A minimum of three quotations must be obtained for asset purchases.
 - Supplier evaluations will be based on both technical and financial criteria.
 - Upon approval, purchase orders will be generated, and the asset will be entered into the Asset Register after processing the Goods Received Note (GRN).
 - Final payments will be made after asset acquisition is complete.
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- **Investment Properties:**
 - Acquisitions will follow a thorough due diligence process, including legal, environmental, and financial assessments.
 - Properties acquired through debt settlements will be evaluated for potential resale or rental income.
 - Acquisition approvals must come from the procurement committee or board, depending on the property's value.

7. Creation of Assets in the System

Upon acquisition, the Finance Team will:

- Assign a unique asset number for coding and tagging.
- Enter relevant details (e.g., purchase value, location, and depreciation status) into the Fixed Asset Register.

8. Depreciation of Fixed Assets

Fixed assets will undergo systematic depreciation in accordance with applicable accounting standards and depreciation policy of the Company.

- Depreciation will be calculated using the company's depreciation module and recorded in the Fixed Asset Register.
- Depreciated values will be regularly updated in financial statements to reflect accurate book values.

9. Asset Transfers

Asset transfers between branches or departments must follow a defined process:

- Transfer requests must be submitted to the relevant administrative authority and approved by department heads.
- Transfers will be recorded in the Asset Register, and physical relocation will be coordinated by the administrative team.

10. Asset Verification

A structured process for periodic asset verification includes:

- Extracting the Fixed Asset Register from the system.
- Conducting annual physical verifications by the branches to ensure all assets are present and correctly recorded.
- Reporting discrepancies immediately for corrective action.

11. Asset Disposal

Disposal of assets due to obsolescence, wear, or redundancy must follow a defined process:

- The Admin Team initiates disposal based on evaluations of market value and quotations.
- Approval from the CEO or Head of Administration is required.
- Asset records will be updated in the Fixed Asset Register to reflect disposal.

12. Management of Investment Properties

Administration department is responsible for optimizing the company's investment property portfolio:

- **Dual Revenue Streams:** Properties will be rented out immediately after acquisition to generate rental income, with a long-term strategy to sell within 4-5 years for capital gains.
- **Delegated Authority for Disposal:** Sales of properties must be approved by the board.

13. Asset Write-Off Procedures

- Write-offs for unsellable properties must be approved by the Board and recorded in financial statements with accurate records kept in the Asset Register.

14. Protection of Shareholder Investments

- **Investment Reporting:** The company will provide clear, transparent, and timely reporting on the performance of shareholder investments, including dividends, risks, and potential returns.
- **Capital Allocation:** Shareholder investments will be allocated in a manner that aligns with the company's strategic goals, focusing on projects that provide optimal returns.

- **Risk Management:** Appropriate risk management measures will be in place to protect shareholder investments. This includes diversification, due diligence on new investments, and the use of hedging strategies when necessary.
- **Governance and Oversight:** All decisions that may impact shareholder investments will be reviewed and approved by the Board of Directors. Regular assessments will be conducted to ensure investments are performing as expected and align with shareholder interests.

15. Compliance and Auditing

- Regular audits will be conducted to ensure compliance with this policy and to evaluate the effectiveness of controls over company assets and shareholder investments.
- Any breach of this policy may result in disciplinary action, in accordance with the company's code of conduct.

16. Training and Communication

- All employees and relevant stakeholders will receive appropriate training on asset management and the handling of shareholder investments.
- This policy will be communicated clearly to all staff, with any updates promptly shared as necessary.

17. Review and Amendments

This policy will be reviewed annually or as required to ensure its ongoing relevance and effectiveness. Any changes to the policy must be approved by the Board of Directors.

18. Effective Date

This policy is effective as of 01st October 2024 and replaces any previous policies regarding the management of company assets and shareholder investments.