

BLS INTERNATIONAL FZE
Sharjah - United Arab Emirates
Financial Statements and
Independent Auditors' Report
For the year ended March 31, 2019

BLS International FZE
Sharjah - United Arab Emirates

Financial Statements and Independent Auditors' Report
For the year ended March 31, 2019

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Independent Auditors' Report

To

The Shareholder of BLS International FZE

Sharjah - United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **BLS International FZE** (the Establishment), which comprise the statement of financial position as at March 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Establishment as at March 31, 2019, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Establishment in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

These financial statements represent the separate financial statements of the Establishment as per International Accounting Standard 27 (IAS 27) and its investment in subsidiaries as mentioned in Note 7 to the financial statements are valued at cost less impairment.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Implementing Regulations of Free Trade Zone pursuant to the Emiri Decree No. 6 of 1995, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Report (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

In preparing the financial statements, management is responsible for assessing the Establishment's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Establishment or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Establishment's financial reporting process.

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Establishment's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Establishment to cease to continue as a going concern.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Establishment.
- To express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the Emiri Decree No. 6 of 1995, we report that:

- (i) We have obtained all the information we considered necessary for the purpose of our audit.
- (ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Free Zone Establishment Implementing procedures pursuant to the Emiri Decree No. 6 of 1995.
- (iii) The Establishment maintained proper books of accounts.
- (iv) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Establishment has contravened, during the financial year ended March 31, 2019, any of the requirements of Free Zone Establishment Implementing procedures pursuant to the Emiri Decree No. 6 of 1995, which would materially affect its activities or its financial position as at March 31, 2019.

Dubai
May 10, 2019

Ref: HAMT/BSH/219/790




For HLB HAMT
Chartered Accountants
Signed by Vijay Anand
Partner
[Reg. No. 654]

BLS International FZE
Sharjah - United Arab Emirates

Statement of Financial Position
As at March 31, 2019
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets			
Non-current assets			
Property and equipment	5	481,137	642,577
Intangible assets	6	3,505,335	2,887,737
Investments in subsidiaries	7	784,925	733,937
Investments in associates	8	<u>13,606,198</u>	<u>13,606,198</u>
Total non-current assets		<u>18,377,595</u>	<u>17,870,449</u>
Current assets			
Accounts and other receivables	10	54,973,122	28,888,798
Other financial assets	11	33,987,917	15,356,875
Cash and cash equivalents	12	<u>9,404,088</u>	<u>30,798,647</u>
Total current assets		<u>98,365,127</u>	<u>75,044,320</u>
Total Assets		<u>116,742,722</u>	<u>92,914,769</u>
Equity and Liabilities			
Equity			
Share capital	1	25,000	25,000
Retained earnings		<u>47,105,721</u>	<u>32,073,785</u>
Total Equity		<u>47,130,721</u>	<u>32,098,785</u>
Current liability			
Accounts and other payables	13	<u>69,612,001</u>	<u>60,815,984</u>
Total current liability		<u>69,612,001</u>	<u>60,815,984</u>
Total Liabilities		<u>69,612,001</u>	<u>60,815,984</u>
Total Equity and Liabilities		<u>116,742,722</u>	<u>92,914,769</u>

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 4 - 36 were approved by the management on May 09, 2019 and signed on its behalf by:


Chief Financial Officer


Director



BLS International FZE
Sharjah - United Arab Emirates

Statement of Comprehensive Income
For the year ended March 31, 2019
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Revenue	14	60,175,973	50,304,478
Direct expenses	15	(30,452,278)	(30,634,361)
Other income	16	-	126,281
General and administrative expenses	17	(9,483,515)	(6,751,356)
Depreciation and amortization	18	(1,760,403)	(327,570)
Impairment of investment in associate	8	-	(2,736,610)
Withholding tax deducted		<u>(1,345,359)</u>	<u>(1,008,789)</u>
Profit from operations		17,134,418	8,972,073
Finance income	19	688,645	16,818
Finance cost	20	<u>(24,981)</u>	<u>(12,378)</u>
Profit for the year		<u>17,798,082</u>	<u>8,976,513</u>
Total comprehensive income for the year		<u>17,798,082</u>	<u>8,976,513</u>

The accompanying notes form an integral part of these financial statements.



BLS International FZE
Sharjah - United Arab Emirates

Statement of Changes in Equity
For the year ended March 31, 2019
(In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Balance as at March 31, 2017	25,000	25,977,272	26,002,272
Total comprehensive income for the year	-	8,976,513	8,976,513
Dividend paid	-	(2,880,000)	(2,880,000)
Balance as at March 31, 2018	25,000	32,073,785	32,098,785
Total comprehensive income for the year	-	17,798,082	17,798,082
Dividend paid	-	(2,766,146)	(2,766,146)
Balance as at March 31, 2019	25,000	47,105,721	47,130,721

The accompanying notes form an integral part of these financial statements.



BLS International FZE
Sharjah - United Arab Emirates

Statement of Cash Flows
For the year ended March 31, 2019
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities			
Profit for the year		17,798,082	8,976,513
Adjustments for:			
Depreciation and amortization	18	1,760,403	327,570
Finance income	19	(688,645)	(16,818)
Finance cost	20	24,981	12,378
Bad debts	17	2,831,198	1,415,599
Impairment of investment in associate	8	-	2,736,610
Operating cash flows before changes in working capital		21,726,019	13,451,852
Working capital changes:			
Accounts and other receivables	10	(28,915,522)	(14,601,146)
Accounts and other payables	13	8,796,017	26,948,294
Net cash generated from operating activities		<u>1,606,514</u>	<u>25,799,000</u>
Cash flows from investing activities			
Movements in other financial assets	11	(18,631,042)	(13,520,125)
Additions to property and equipment	5	-	(72,493)
Additions to intangible assets	6	(2,216,561)	(2,763,197)
Investment in subsidiary	7	(50,988)	-
Investment in associates	8	-	(2,388)
Finance income	19	688,645	16,818
Net cash used in investing activities		<u>(20,209,946)</u>	<u>(16,341,385)</u>
Cash flows from financing activities			
Dividend paid		(2,766,146)	(2,880,000)
Finance cost	20	(24,981)	(12,378)
Net cash used in financing activities		<u>(2,791,127)</u>	<u>(2,892,378)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(21,394,559)</u>	<u>6,565,237</u>
Cash and cash equivalents at the beginning of the year		<u>30,798,647</u>	<u>24,233,410</u>
Cash and cash equivalents at the end of the year	12	<u>9,404,088</u>	<u>30,798,647</u>

The accompanying notes form an integral part of these financial statements.



1. Establishment and operations

BLS International FZE (the Establishment) was registered with the Hamriyah Free Zone Authority, Sharjah - United Arab Emirates on September 07, 2011, as a Free Zone Establishment, under License No.8283.

The share capital of the Establishment is AED 25,000/- divided into one share of AED 25,000/- held in the name of BLS International Services Limited, India.

The address of the registered office of the Establishment is ELOB office No. E2-123F-45, P.O Box 52101, Hamriyah Free Zone, Sharjah - United Arab Emirates.

The principal activity of the Establishment is undertaking management consultancy services.

These financial statements are the separate financial statements of the Establishment, in which investment in subsidiaries are accounted at cost less impairment losses, if any. Therefore, the financial statements reflect the operating results and the financial position of the Establishment only, and do not include the operating results and financial position of the subsidiaries.

2. Adoption of new and revised International Financial Reporting Standards and Interpretations

2.1. Standards and interpretations effective in the current year

The Establishment has adopted the following new and amended IFRS in these financial statements:

	<u>Effective for annual periods beginning</u>
IFRS 15- Revenue from Contracts with Customers	January 01, 2018
IFRS 9- Financial Instruments (Replacement of IAS 39)	January 01, 2018
IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions	January 01, 2018
IAS 40 (amendments) Transfers of Investment Property	January 01, 2018
Annual Improvements to IFRS Standards 2014 - 2016 Cycle	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18, 'Revenue', IAS 11, 'Construction Contracts' and the related interpretations.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.



2. Adoption of new and revised International Financial Reporting Standards and Interpretations (continued)

2.1. Standards and interpretations effective in the current year (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The application of IFRS 15 from the annual period beginning April 1, 2018 does not have an impact on the Establishment's financial statements in respect of revenue from contracts with customers.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement:

Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.



2. Adoption of new and revised International Financial Reporting Standards and Interpretations (continued)

2.1. Standards and interpretations effective in the current year (continued)

IFRS 9 Financial Instruments (continued)

Impairment:

The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

Hedge accounting:

Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The Establishment has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Details of impact of the new requirements of the standard on the financial statements of the Establishment are described in Note 3.16.1.

IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

Since the Establishment does not have any share-based payments, these amendments do not have any impact on the financial statements.

IAS 40 (amendments) Transfers of Investment Property

The Establishment has adopted the amendments to IAS 40 Investment Property for the first time in the current year. The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

These amendments are not relevant for the Establishment.



2. Adoption of new and revised International Financial Reporting Standards and Interpretations (continued)

2.1. Standards and interpretations effective in the current year (continued)

Annual Improvements to IFRS Standards 2014 - 2016 Cycle

The Establishment has adopted Annual Improvements to IFRS Standards 2014-2016 Cycle in the current year:

Amendments to IAS 28, 'Investments in Associates and Joint Ventures- Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.'

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which:

- (a) the investment entity associate or joint venture is initially recognized;
- (b) the associate or joint venture becomes an investment entity; and
- (c) the investment entity associate or joint venture first becomes a parent.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters:

Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have now served their intended purpose.

These amendments do not have any impact on the Establishment's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

This interpretation does not have any impact on the Establishment's financial statements.



2. Adoption of new and revised International Financial Reporting Standards and Interpretations (continued)

2.2. New and revised IFRS in issue but not effective and not early adopted

The following standards, amendments thereto and interpretations have been issued prior to March 31, 2019 but have not been applied in these financial statements as their effective dates of adoption are for future periods. The impact of the adoption of the below standards is currently being assessed by the management. It is anticipated that their adoption in the relevant accounting periods will impact only the disclosures within the financial statements.

	<u>Effective for annual periods beginning</u>
IFRS 16 Leases	January 01, 2019
Annual Improvements to IFRSs 2015-2017 Cycle amending IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing costs.	January 01, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019
Amendments in IFRS 9 Financial Instruments relating to prepayment features with negative compensation	January 01, 2019
Amendment to IAS 19 Employee Benefits relating to amendment, curtailment or settlement of a defined benefit plan	January 01, 2019
Amendments in IAS 28 Investments in Associates and Joint Ventures relating to long-term interests in associates and joint ventures	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards - amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework	January 01, 2020
Amendment to IFRS 3 Business Combinations relating to definition of a business	January 01, 2020
Amendments to IAS 1 and IAS 8 relating to definition of material	January 01, 2020
IFRS 17 Insurance Contracts	January 01, 2021
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Indefinitely deferred

3. Basis of presentation and significant accounting policies

3.1. Statement of compliance

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the requirements of Free Zone Establishment Implementing procedures pursuant to the Emiri Decree No. 6 of 1995.



3. Basis of presentation and significant accounting policies (continued)

3.2. Basis of measurement

These financial statements have been prepared under the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Establishment takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

3.3. Functional and presentation currency

These financial statements are prepared and the items included in the financial statements are measured using the currency of the primary economic environment in which the Establishment operates ('the functional currency'). These financial statements are presented in Arab Emirates Dirhams (AED), which is the Establishment's functional and presentation currency.

3.4. Revenue recognition

IFRS 15 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the Establishment expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocated the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Establishment will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Establishment expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue as and when the entity satisfies a performance obligation.



3. Basis of presentation and significant accounting policies (continued)

3.4. Revenue recognition (continued)

The Establishment recognizes revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Establishment's performance as the Establishment performs; or
- The Establishment's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Establishment's performance does not create an asset with an alternative use to the Establishment and the entity has an enforceable right to payment for performance obligation completed to date.

The Establishment allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Establishment's efforts or inputs to the satisfaction of the performance obligations. The Establishment estimates the costs to complete the projects in order to determine the amount of revenue to be recognized.

When the Establishment satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Establishment assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent and has concluded that it is acting as a principal in all of its revenue arrangements.

3.4.1. Revenue from services

The Establishment is providing management consultancy services and revenue against such services is recognized at a point in time upon completion and satisfies the performance obligation in line with the terms of contract with customer.

3.4.2. Finance income

Interest income is accrued on a time basis, based on the principal outstanding and at the effective interest rate applicable. Finance income comprises interest income from banks and is recognized as an income in the year in which it is accrued.

3.5. Direct expenses

Direct expenses include direct operating expenses incurred in generating revenue. Expenses that are not immediately attributable to the generating of revenue are not included in the gross profit as reported. Direct expenses are recognized over the term that the associated revenue is recognized.

3. Basis of presentation and significant accounting policies (continued)

3.6. Investment in subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership, that is controlled by another entity (known as the Parent).

The results and assets and liabilities of the subsidiaries are not incorporated in these separate financial statements and the Establishment's investment in subsidiaries is accounted under cost less impairment.

3.7. Investment in associates

Associates are all entities over which the Establishment has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Establishment's investment in associates includes goodwill identified on acquisition.

The Establishment's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Establishment's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Establishment does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Establishment determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Establishment calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Establishment and its associates are recognised in the Establishment's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Establishment.

3.8. Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.



3. Basis of presentation and significant accounting policies (continued)

3.8. Intangible assets (continued)

Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is de-recognized.

3.8.1. Software

Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over their estimated useful lives which are normally a period of 3 - 6 years.

3.9. Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and any identified impairment loss.

Property and equipment are depreciated using straight-line method over the expected useful lives of the assets as under:

Leasehold improvements	4 years
Office equipment	6 years

The residual values, useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefit from these assets, and adjusted prospectively, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Maintenance and repairs are charged to expenses as incurred and renewals and improvements, which extend the life of the asset, are capitalized and depreciated over the remaining life of the asset.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income.



3. Basis of presentation and significant accounting policies (continued)

3.10. Impairment of non-financial assets

At the end of each reporting period, the Establishment reviews the carrying amounts of its non- financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Establishment estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for assets previously revalued with the revaluation taken to other comprehensive income. For such assets, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

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



3. Basis of presentation and significant accounting policies (continued)

3.11. Foreign currencies

3.11.1. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of outstanding amounts of such transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies at the end of each reporting period are recognized in the statement of comprehensive income. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

3.12. Finance cost

Finance cost is recognized as an expense in the period in which it is incurred.

3.13. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

3.13.1. Operating lease

The Establishment as lessee:

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in the statement of comprehensive income on a straight-line basis over the term of the lease.

3.14. Financial instruments

Financial assets and financial liabilities are recognized when the Establishment 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3.14.1. Financial assets

Classification

From April 01, 2018, the Establishment classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through OCI,
- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortized cost.



3. Basis of presentation and significant accounting policies (continued)

3.14. Financial instruments (continued)

3.14.1. Financial assets (continued)

The classification depends on the Establishment's business model for managing the financial assets that whether 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 cash flows that whether 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. Management determines the classification of its investment at initial recognition.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on trade-date, the date on which the Establishment commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Establishment has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through other comprehensive income (FVTOCI) are carried at fair value. After initial measurement, the Establishment present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Establishment's right to receive payments is established.

Financial assets at fair value through profit or loss (FVTPL) are carried at fair value. After initial recognition, the Establishment present the fair value gains and losses in profit and loss account.

Financial assets at amortized cost subsequently measured at amortized cost using effective interest method less impairment if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

3.14.2. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability weighted basis. The new impairment model will apply to financial instruments measured at amortized cost or FVTOCI/FVTPL. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of accounts and other receivables (excluding prepayments), other financial assets and cash and cash equivalents.



3. Basis of presentation and significant accounting policies (continued)

3.14. Financial instruments (continued)

3.14.2. Impairment of financial assets (continued)

The Establishment measures allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the financial assets that are not measured at FVTPL or FVTOCI. Financial assets migrate through three stages based on the change in credit risk since initial recognition.

The ECL model contains a three-stage approach which is based on the change in credit quality of financial assets since initial recognition. Expected credit losses reflect the present value of all cash shortfalls, discounted at the effective interest rate of the financial asset, related to default events either

(i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception.

Under Stage 1, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded.

Under Stage 2, where there has been a significant increase in credit risk since initial recognition, but the financial instruments are not considered credit impaired, an amount equal to the default probability weighted lifetime ECL will be recorded.

Under Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments will be classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets.

The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Establishment considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Establishment's historical experience and informed credit assessment and including forward looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Establishment is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the Establishment assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



3. Basis of presentation and significant accounting policies (continued)

3.14. Financial instruments (continued)

3.14.2. Impairment of financial assets (continued)

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For financial assets carried at FVTOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

3.14.3. De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Establishment has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Establishment has transferred substantially all the risks and rewards of the asset, or (b) the Establishment has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Establishment has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Establishment continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Establishment also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Establishment has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Establishment could be required to repay.

3.14.4. Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at Fair Value Through profit or Loss (FVTPL). However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Establishment, are measured in accordance with the specific accounting policies set out below.



3. Basis of presentation and significant accounting policies (continued)

3.14. Financial instruments (continued)

3.14.4. Financial liabilities (continued)

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is:

- i) contingent consideration of an acquirer in a business combination,
- ii) held for trading, or
- iii) it is designated as at FVTPL

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Establishment that are designated by the Establishment as at FVTPL are recognized in profit or loss.

The Establishment has not designated any financial liability as at fair value through profit or loss.

Financial liabilities measured subsequently at amortised cost:

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

The Establishment's financial liabilities include accounts and other payables (less advances).



3. Basis of presentation and significant accounting policies (continued)

3.14. Financial instruments (continued)

3.14.5. De-recognition of financial liabilities

The Establishment de-recognizes financial liabilities when, and only when, the Establishment's obligations are discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

3.14.6. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.15. Current and non-current classification

The Establishment presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Establishment classifies all other liabilities as non-current.



3. Basis of presentation and significant accounting policies (continued)

3.16. Changes in accounting policies

This note explains the impact of the adoption of new standards on the Establishment's financial statements and also discloses the new accounting policies that have been applied from April 01, 2018, where they are different to those applied in prior periods.

3.16.1. Impact of adoption of IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from April 01, 2018 resulted in changes in the classification of the financial instruments recognized in the financial statements for the year ended March 31, 2019.

In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. The Establishment has reclassified certain financial assets and the reclassification and impact of the same has been mentioned below. Line items that were not affected by the changes have not been included.

<u>Financial assets / (liabilities)</u>	<u>Note</u>	<u>Original classification under IAS 39</u>	<u>New classification under IFRS 9</u>	<u>Original carrying amount under IAS 39</u>	<u>New carrying amount under IFRS 9</u>
				<u>AED</u>	<u>AED</u>
Accounts and other receivables (less prepayments)	10	Loans and receivables	Amortised cost	28,876,298	28,876,298
Other financial assets	11	Loans and receivables	Amortised cost	15,356,875	15,356,875
Cash and cash equivalents	12	Loans and receivables	Amortised cost	30,798,647	30,798,647
Accounts and other payables (less advance)	13	Other financial liabilities	Amortised cost	60,275,984	60,275,984

4. Significant accounting judgments and key sources of estimation uncertainty

4.1. Significant judgments in applying the Establishment's accounting policies

In the process of applying the Establishment's accounting policies, which are described in Note 3 to the financial statements, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations, which are dealt with below):

4.1.1. Contingencies

Contingent assets and liabilities are not recognized in the financial statements but are disclosed unless the possibility of an inflow or outflow respectively of resources embodying economic benefits is remote.



4. Significant accounting judgments and key sources of estimation uncertainty (continued)

4.1. Significant judgments in applying the Establishment's accounting policies (continued)

4.1.2. Going concern assumption

Management has made an assessment of the Establishment's ability to continue as a going concern and is satisfied that the Establishment has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Establishment's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4.1.3. Leases

Accounting for lease arrangements first involves making a determination, at inception of a lease arrangement, whether a lease is classified an operating lease or a finance lease. The Establishment has entered into leases over buildings. The Establishment evaluates of the terms and conditions of the arrangements, such as whether the lease term constitutes a major part of the economic life of the assets and whether the present value of the minimum lease payments amounts to substantially all of the fair value of the assets. Considering the significant risks and rewards of ownership of these assets, the Establishment considers the lease of buildings.

4.1.4. Investment in associates

The investor follows the guidance of IAS 28 'Investment in Associates and Joint Ventures' in determining whether it has significant influence over the associates and this determination requires significant judgement. In making this judgement, the Establishment evaluates, among other factors, the power to participate in the financial and operating policy decisions of the associates.

4.1.5. Change in credit risk

As explained in note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Establishment takes into account qualitative and quantitative reasonable and supportable forward-looking information.

4.1.6. Impairment of investment in associates and subsidiaries

The Establishment follows the guidance of IAS 36 to determine when an investment in an associate or subsidiary is impaired, and this determination requires significant judgment. In making this judgment in the Establishment evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.



4. Significant accounting judgments and key sources of estimation uncertainty (continued)

4.2. Key sources of estimation uncertainty

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

4.2.1. Property and equipment

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

4.2.2. Intangible assets

Intangible assets are amortized over their estimated useful lives, which is based on expected pattern of consumption of the future economic benefits embodied in the assets.

4.2.3. Impairment of non-financial assets

The Establishment assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Establishment estimates the asset's recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model and requires estimation of the expected future cash flows from the asset (or of the cash-generating unit) in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The discount rate reflects current market assessments of the time value of money and the risks specific to the asset.

4.2.4. Calculation of loss allowance

When measuring Expected Credit Loss (ECL) of financial assets the Establishment uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.



Notes to the Financial Statements (continued)
For the year ended March 31, 2019

5. Property and equipment
March 31, 2019

	<u>Leasehold improvements</u> <u>AED</u>	<u>Office equipment</u> <u>AED</u>	<u>Total</u> <u>AED</u>
Cost			
As at March 31, 2018	280,512	554,811	835,323
Additions	-	-	-
As at March 31, 2019	280,512	554,811	835,323
Accumulated depreciation			
As at March 31, 2018	(75,830)	(116,916)	(192,746)
Depreciation for the year	(70,128)	(91,312)	(161,440)
As at March 31, 2019	(145,958)	(208,228)	(354,186)
Carrying amount:			
As at March 31, 2019	134,554	346,583	481,137

March 31, 2018

	<u>Leasehold improvements</u> <u>AED</u>	<u>Office equipment</u> <u>AED</u>	<u>Total</u> <u>AED</u>
Cost			
As at March 31, 2017	280,512	482,318	762,830
Additions	-	72,493	72,493
As at March 31, 2018	280,512	554,811	835,323
Accumulated depreciation			
As at March 31, 2017	(5,702)	(29,275)	(34,977)
Depreciation for the year	(70,128)	(87,641)	(157,769)
As at March 31, 2018	(75,830)	(116,916)	(192,746)
Carrying amount:			
As at March 31, 2018	204,682	437,895	642,577



Notes to the Financial Statements (continued)
For the year ended March 31, 2019

6. Intangible assets

	<u>Software</u> <u>AED</u>
Cost	
As at March 31, 2017	1,100,000
Additions	<u>2,763,197</u>
As at March 31, 2018	3,863,197
Additions	<u>2,216,561</u>
As at March 31, 2019	<u>6,079,758</u>
Amortization	
As at March 31, 2017	(805,659)
Amortization for the year	<u>(169,801)</u>
As at March 31, 2018	(975,460)
Amortization for the year	<u>(1,598,963)</u>
As at March 31, 2019	<u>(2,574,423)</u>
Carrying amount:	
As at March 31, 2019	<u>3,505,335</u>
As at March 31, 2018	<u>2,887,737</u>

7. Investment in subsidiaries

The Establishment's investment in subsidiaries consists of the following entities:

<u>Name</u>	<u>Country of incorporation</u>	<u>Ownership interest</u>		<u>Carrying amount</u>	
		<u>2019</u> %	<u>2018</u> %	<u>2019</u> <u>AED</u>	<u>2018</u> <u>AED</u>
BLS International Services Singapore PTE Ltd	Singapore	100	100	295,000	295,000
BLS International Services Malaysia SDN BHD	Malaysia	100	100	438,901	438,901
BLS International Vize Hizmetleri Limited, Sriketi	Turkey	98	-	50,988	-
BLS International Services Canada Inc.	Canada	100	100	36	36
BLS VAS Singapore Pte. Limited	Singapore	70	-	-	-
BLS International Services	UAE	100	100	-	-
BLS International Services Norway AS.	Norway	75	75	-	-
BLS International Services (UK) Limited	England	100	-	-	-
Consular Outsourcing BLS Services Inc.	USA	100	-	-	-
				<u>784,925</u>	<u>733,937</u>



Notes to the Financial Statements (continued)
For the year ended March 31, 2019

7. Investment in subsidiaries (continued)

The Establishment has 100% beneficial ownership in all subsidiaries except BLS International Services Norway AS., Norway, BLS VAS Singapore Pte. Limited and BLS International Vize Hizmetleri Ltd. Sriketi, Turkey.

Movements

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Cost		
Balance at the beginning of the year	733,937	733,937
Additions	<u>50,988</u>	<u>-</u>
Balance at the end of the year	<u><u>784,925</u></u>	<u><u>733,937</u></u>

8. Investment in associates

The Establishment's investment in associates consists of the following entities:

Name	<u>Country of incorporation</u>	<u>Ownership interest</u>		<u>Carrying amount</u>	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		<u>%</u>	<u>%</u>	<u>AED</u>	<u>AED</u>
DSS Gulf Realtors Ltd., Dubai	U.A.E	50	50	13,603,810	13,603,810
BLS E-Services (Bangladesh) Limited	Bangladesh	49	49	<u>2,388</u>	<u>2,388</u>
				<u><u>13,606,198</u></u>	<u><u>13,606,198</u></u>

Movements

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Balance at the beginning of the year	13,606,198	16,340,420
Additions	<u>-</u>	<u>2,388</u>
	13,606,198	16,342,808
Impairment Loss	<u>-</u>	<u>(2,736,610)</u>
Balance at the end of the year	<u><u>13,606,198</u></u>	<u><u>13,606,198</u></u>

9. Related party transactions

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Due from related parties	<u><u>32,754,805</u></u>	<u><u>15,523,685</u></u>

Presented in the statement of financial position as:

Accounts and other receivables (Note 10)	<u><u>32,754,805</u></u>	<u><u>15,523,685</u></u>
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Notes to the Financial Statements (continued)
For the year ended March 31, 2019

9. Related party transactions (continued)

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Due to related parties	<u>68,615,001</u>	<u>58,687,830</u>
<i>Presented in the statement of financial position as:</i>		
Accounts and other payables (Note 13)	<u>68,615,001</u>	<u>58,687,830</u>

The Establishment enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24. Related parties comprise entities under common ownership and/or common management and control and key management personnel. The shareholder and the management decide on the terms and conditions of the transactions and services received/ rendered from/to related parties as well as on other charges.

During the year, the Establishment entered into the following transactions with related parties:

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
<i>With entities under common management and control:</i>		
Consultancy charges	10,679,035	5,400,602
Advance	3,959,872	5,920,598
Service revenue	-	22,292
<i>With subsidiaries and associates:</i>		
Admin expenses	975,974	1,112,425
Interest expenses (Note 20)	24,981	12,378
Service revenue	8,203,574	7,147,727
Other services	<u>59,243</u>	<u>90,238</u>

10. Accounts and other receivables

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Receivable from customers	22,056,561	13,665,984
Less: Allowance for doubtful debts	-	(313,371)
	<u>22,056,561</u>	<u>13,352,613</u>
Due from related parties (Note 9)	<u>32,754,805</u>	<u>15,523,685</u>
	54,811,366	28,876,298
Prepayments	<u>161,756</u>	<u>12,500</u>
	<u>54,973,122</u>	<u>28,888,798</u>



Notes to the Financial Statements (continued)
For the year ended March 31, 2019

10. Accounts and other receivables (continued)

10.1. Age-wise analysis of accounts receivable

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Not past due	9,735,750	6,724,965
Past due but not impaired:		
Less than 180 days	10,664,035	2,676,515
More than 180 days	1,656,776	3,951,133
Past due and impaired	-	313,371
	<u>22,056,561</u>	<u>13,665,984</u>

The average credit period is 90 days. No interest is being charged on accounts receivable.

The Establishment always measures the loss allowances for accounts receivables at an amount equal to life time ECL using the simplified approach. The expected credit loss on accounts receivables are estimated by using by a provision matrix by reference to past default experience of debtor's and an analysis of debtor's current financial positions, adjusted for factors that are specific to the debtors economic conditions of the industry. The Establishment has not recognized a loss allowance against receivables outstanding for more than 180 days because historical experiences has indicated that these receivables are generally recoverable. The Establishment does not hold any collateral or other credit enhancements over these balances, nor does it have a legal right of offset against any amounts owed by the Establishment to the counterparty.

10.2. Movement in allowance for doubtful debts

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Balance at the beginning of the year	313,371	-
Charge during the year	626,744	313,371
Written off during the year	(940,115)	-
	<u>-</u>	<u>313,371</u>

11. Other financial assets

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Term deposits	<u>33,987,917</u>	<u>15,356,875</u>

At the year end, these deposits carried interest 2.79% to 3.15% per annum (2018: 2.79% to 3.15% per annum).



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Notes to the Financial Statements (continued)
For the year ended March 31, 2019

12. Cash and cash equivalents

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Bank balances:		
In current accounts	<u>9,404,088</u>	<u>30,798,647</u>

13. Accounts and other payables

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Payables to suppliers	55,087	-
Due to related parties (Note 9)	68,615,001	58,687,830
Advances from customers	-	540,000
Accruals	<u>941,913</u>	<u>1,588,154</u>
	<u>69,612,001</u>	<u>60,815,984</u>

14. Revenue

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Service revenue	<u>60,175,973</u>	<u>50,304,478</u>

15. Direct expenses

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Rendering of services	29,420,734	29,387,047
Other direct expenses	<u>1,031,544</u>	<u>1,247,314</u>
	<u>30,452,278</u>	<u>30,634,361</u>

16. Other income

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Exchange rate gain	<u>-</u>	<u>126,281</u>



Notes to the Financial Statements (continued)
For the year ended March 31, 2019

17. General and administrative expenses

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Salaries and allowances	3,068,448	2,913,945
Rent	495,456	542,244
License and professional	1,431,822	1,337,517
Bad and doubtful debts	2,831,198	1,415,599
Bank charges	135,968	11,926
Service charges	31,937	43,827
Commission	294,545	96,047
Computer expenses	7,828	9,045
Printing and stationery	59,333	45,643
Repairs and maintenance	17,199	33,886
Communication	152,592	167,056
Travel	1,386	3,597
Insurance	-	2,222
Vehicle maintenance	38,917	34,358
Exchange rate loss	611,238	-
Utilities	80,173	58,929
Others	225,475	35,515
	<u>9,483,515</u>	<u>6,751,356</u>

18. Depreciation and amortization

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Depreciation of property and equipment (Note 5)	161,440	157,769
Amortization of intangible assets (Note 6)	1,598,963	169,801
	<u>1,760,403</u>	<u>327,570</u>

19. Finance income

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Interest income	688,645	16,818

20. Finance cost

	<u>2019</u>	<u>2018</u>
	<u>AED</u>	<u>AED</u>
Interest expense	24,981	12,378

This represents the interest charged @ 6% per annum on a loan advanced by a subsidiary.



Notes to the Financial Statements (continued)
For the year ended March 31, 2019

21. Financial instruments and risk management

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 3 to the financial statements.

Categories of financial instruments

2019
AED

Financial assets

Measured at amortised cost:

Cash and cash equivalents	9,404,088
Accounts and other receivables (less prepayments)	54,811,366
Other financial assets	33,987,917
	<u>98,203,371</u>

Financial liabilities

Measured at amortised cost:

Accounts and other payables	69,612,001
	<u>2018</u>
	<u>AED</u>

Financial assets

Measured at amortised cost:

Cash and cash equivalents	30,798,647
Accounts and other receivables (less prepayments)	28,876,298
Other financial assets	15,356,875
	<u>75,031,820</u>

Financial liabilities

Measured at amortised cost:

Accounts and other payables (less advances)	60,275,984
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21.1. Capital risk management

The capital is being managed by the Establishment in such a way that it is able to continue as a going concern while maximizing returns to investor. The Establishment's overall strategy remains unchanged from previous year.

The capital structure of the Establishment consists of equity of the Establishment (comprising of issued capital and retained earnings).

As risk management policy, the Establishment reviews its cost of capital and risks associated with each class of capital. The Establishment balances its capital structure based on the above review.



21. Financial instruments and risk management (continued)

21.2. Credit risk management

Credit risk in relation to the Establishment refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Establishment.

Key areas where the Establishment is exposed to credit risk are accounts and other receivables, bank balances and other financial assets (liquid assets). The Establishment has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Establishment attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counter-parties, and continually assessing the creditworthiness of such non-related counter-parties.

Balances with banks are assessed to have low credit risk of default since these banks are among the major banks operating in the UAE and are highly regulated by the Central Bank.

Accounts receivables, balances with banks and other financial assets are not secured by any collateral. The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations, generally approximates their carrying value.

21.3. Currency risk exposure

The Establishment's currency risk exposure relates to the exposure to the fluctuations in the foreign currency rates. There is no significant impact on USD as the UAE Dirham is pegged to the USD.

21.4. Interest rate risk

At March 31, 2019 the Establishment's exposure to interest rate risk relates to its borrowings with floating interest rates.

21.5. Liquidity risk management

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.



21. Financial instruments and risk management (continued)

21.5. Liquidity risk management (continued)

The Establishment manages the liquidity risk through risk management framework for the Establishment's short, medium and long term funding and liquidity requirements by maintaining adequate reserves and sufficient cash and cash equivalents to ensure that funds are available to meet its commitments for liabilities as they fall due.

The table below analyses the Establishment's remaining contractual maturity for its financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The contractual maturity is based on the earliest date on which the Establishment may be required to pay.

As at March 31, 2019	<u>Within 1 year</u>
	<u>AED</u>
Accounts and other payables	<u>69,612,001</u>
As at March 31, 2018	
Accounts and other payables (less advances)	<u>60,275,984</u>

22. Segment information

Operating segment:

The Establishment operates in the following segment: undertaking management consultancy services.

Geographical segment:

The Establishment operates in the following geographical segment: United Arab Emirates.

23. Fair value of financial instruments

The fair values of financial instruments approximate their carrying values except as otherwise disclosed in these financial statements.

24. Comparative figures

Certain comparative figures have been reclassified to conform to current year presentation.

