

BLS INTERNATIONAL FZE
Sharjah - United Arab Emirates

Financial Statements and
Independent Auditors' Report
For the year ended March 31, 2022

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Sharjah - United Arab Emirates

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For the year ended March 31, 2022

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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, 2022, the statement of comprehensive income, statement of changes in equity, 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, 2022, 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 (ISA). Our responsibilities under those standards are further described in the Auditors' 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 these requirements. 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, 'Separate Financial Statements' and its investment in subsidiaries as mentioned in Note 7 to the financial statements are valued at cost less impairment.

Independent Auditors' Report (continued)

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), the applicable provisions of implementing regulations related to Hamriyah Free Zone and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA 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 ISA, 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.

Independent Auditors' Report (continued)

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

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Establishment to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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, 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 implementing regulations related to Hamriyah Free Zone.
- (iii) The Establishment has maintained proper books of accounts.

Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

- (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, 2022, any of the applicable provisions of implementing regulations related to Hamriyah Free Zone, which would materially affect its activities or its financial position as at March 31, 2022.



Dubai
May 05, 2022

Ref: HAMT/BSH/2022/4516

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, 2022
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Assets			
Non-current assets			
Property, plant and equipment	5	121,160	217,868
Intangible assets	6	9,583,264	2,508,406
Investments in subsidiaries	7	789,663	836,903
Investments in associates	8	13,785,969	13,785,969
Investments in FVTOCI	9	22,233,660	-
Total non-current assets		46,513,716	17,349,146
Current assets			
Accounts and other receivables	11	79,923,253	55,046,910
Other financial assets	12	64,511,116	89,298,094
Cash and cash equivalents	13	2,070,942	152,956
Total current assets		146,505,311	144,497,960
Total Assets		193,019,027	161,847,106
Equity and Liabilities			
Equity			
Share capital	1	25,000	25,000
FVTOCI reserve		(1,193,658)	-
Retained earnings		69,352,847	55,963,450
Total Equity		68,184,189	55,988,450
Current liabilities			
Overdraft	14	1,508,769	-
Accounts and other payables	15	123,326,069	105,858,656
Total current liabilities		124,834,838	105,858,656
Total Liabilities		124,834,838	105,858,656
Total Equity and Liabilities		193,019,027	161,847,106

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

The financial statements on pages 5 - 49 were approved by the management on May 05, 2022 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, 2022
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Revenue	16	63,595,074	33,017,645
Direct expenses	17	(34,866,228)	(14,690,792)
Other income	18	323,213	-
Exchange rate gain		-	1,475,712
General, selling and administrative expenses	19	(7,606,868)	(4,728,747)
Depreciation and amortization	20	(791,063)	(2,324,337)
Withholding tax		(1,641,847)	(1,223,824)
Profit/(loss) from operations		19,012,281	11,525,657
Finance income	21	921,004	942,226
Finance cost	22	(116,668)	(24,230)
Profit/(loss) for the year		19,816,617	12,443,653
Other comprehensive income/(loss):			
<i>Items not to be reclassified subsequently to profit or loss:</i>			
Change in fair value of investment in FVTOCI		(1,193,658)	-
Other comprehensive income/(loss) for the year		(1,193,658)	-
Total comprehensive income/(loss) for the year		18,622,959	12,443,653

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, 2022
(In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>FVTOCI Reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance as at March 31, 2020				
Total comprehensive income/(loss) for the year	25,000	-	55,587,244	55,612,244
Dividend paid	-	-	12,443,653	12,443,653
	-	-	(12,067,447)	(12,067,447)
Balance as at March 31, 2021	25,000	-	55,963,450	55,988,450
Income/(loss) for the year	-	-	19,816,617	19,816,617
Other comprehensive income/(loss) for the year	-	(1,193,658)	-	(1,193,658)
Dividend paid	-	-	(6,427,220)	(6,427,220)
Balance as at March 31, 2022	25,000	(1,193,658)	69,352,847	68,184,189

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, 2022
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities			
Profit/(loss) for the year		19,816,617	12,443,653
Adjustments for:			
Depreciation and amortization	20	791,063	2,324,337
Excess payables written back	18	(323,213)	-
Related party balance written off	19	516,865	26,474
Loss allowance on receivables	19	2,182,906	986,113
Finance income	21	(921,004)	(942,226)
Finance cost	22	116,668	24,230
Operating cash flows before changes in working capital		22,179,902	14,862,581
Working capital changes:			
Accounts and other receivables	11	(27,576,114)	4,691,156
Accounts and other payables	15	17,790,626	42,434,848
Net cash generated from/(used in) operating activities		12,394,414	61,988,585
Cash flows from investing activities			
Movements in other financial assets	12	24,786,978	(52,344,539)
Additions to property, plant and equipment	5	-	(49,291)
Additions to intangible assets	6	(7,769,213)	-
Movements in investment in subsidiaries	7	47,240	-
Movements in investment in associates	8	-	(178,036)
Movements in investments in FVTOCI	9	(23,427,318)	-
Finance income	21	921,004	942,226
Net cash generated from/(used in) investing activities		(5,441,309)	(51,629,640)
Cash flows from financing activities			
Dividend paid		(6,427,220)	(12,067,447)
Finance cost	22	(116,668)	(24,230)
Net cash generated from/(used in) financing activities		(6,543,888)	(12,091,677)
Net increase/(decrease) in cash and cash equivalents		409,217	(1,732,732)
Cash and cash equivalents at the beginning of the year		152,956	1,885,688
Cash and cash equivalents at the end of the year	24	562,173	152,956

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, as a Free Zone Establishment, under License No. 8283, on September 07, 2011.

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 does not include the operating results and financial position of the subsidiaries.

The Establishment did not employ any full-time staff during the year. All administrative functions were carried out through a related party of the Establishment.

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

2.1. Standards and interpretations effective in the current year and early adopted

The Establishment has adopted the following new and amended IFRS that are effective for the year ended March 31, 2022:

a. Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16):

Interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts, and IFRS 16, Leases), provide a practical expedient for modifying a financial contract or a lease for lessees because of IBOR reform (IBOR reform - Phase 2). The amendments also allow a series of exemptions from certain rules around hedge accounting, including the need to discontinue existing hedging relationships because of changes to hedging documentation required by IBOR reform.

The Phase 2 amendments principally address the following issues:

(1) Practical expedient for modifications:

Under the detailed rules of IFRS 9 Financial Instruments, modifying a financial contract can require recognition of a significant gain or loss in the income statement. However, the amendments introduce a practical expedient if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate.



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

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

a. Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16): (continued)

A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by IBOR reform.

(2) Specific relief from discontinuing hedging relationships:

The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting. For example, an entity will not need to discontinue existing hedging relationships because of changes to hedge documentation required solely by IBOR reform. Therefore, when a hedged risk changes due to benchmark reform, an entity may update the hedge documentation to reflect the new benchmark rate and the hedge may be able to continue without interruption.

However, like the Phase 1 amendments, there is no exception from the measurement requirements that apply for the hedged items and hedging instruments under IFRS 9 or IAS 39 Financial Instruments: Recognition and Measurement. Once the new benchmark rate is in place, the hedged items and hedging instruments are remeasured based on the new rate and any hedge ineffectiveness will be recognised in profit or loss.

These amendments are applicable for annual periods beginning on or after January 01, 2021, with earlier application permitted. An entity applies the amendments retrospectively, except that it will reinstate a discontinued hedging relationship if conditions are met.

In addition, an entity is not required to restate prior periods to reflect the application of the amendments. However, an entity may restate prior periods if it is possible without the use of hindsight.

The amendment does not have any impact on these financial statements.

b. COVID-19-Related Rent Concessions Beyond 30 June 2021 (Amendment to IFRS 16)

The International Accounting Standards Board (IASB) published 'Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)' that extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The changes in Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) amend IFRS 16 to:



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

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

b. COVID-19-Related Rent Concessions Beyond 30 June 2021 (Amendment to IFRS 16) (continued)

- permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021)
- require a lessee applying the amendment to do so for annual reporting periods beginning on or after 1 April 2021.
- require a lessee applying the amendment to do so retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and
- specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of IAS 8.

The amendment is effective for annual reporting periods beginning on or after April 01, 2021 (earlier application permitted, including in financial statements not yet authorised for issue at the date the amendment is issued). The Establishment has adopted this standard with an initial date of application of April 01, 2021.

The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings. The disclosure requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors do not apply on initial application.

The amendment does not have any impact on these financial statements.

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, 2022, but their effective dates of adoption are for future periods:

COVID-19-Related Rent Concessions Beyond 30 June 2021 (Amendment to IFRS 16)

Amendments to IFRS 3- Reference to the Conceptual Framework

Amendments to IAS 16- Property, Plant and Equipment: Proceeds Before Intended Use

Effective for annual periods beginning

April 01, 2021

January 01, 2022

January 01, 2022



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 (continued)

	<u>Effective for annual periods beginning</u>
Amendments to IAS 37- Onerous Contracts – Costs of Fulfilling a Contract	January 01, 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	January 01, 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	January 01, 2022
IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
IFRS 17 Insurance Contracts	January 01, 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	January 01, 2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8: Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	January 01, 2023
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 applicable provisions of implementing regulations related to Hamriyah Free Zone except for IAS 36, 'Impairment of Assets'.

3.2. Basis of measurement

These financial statements have been prepared under the historical cost basis except Investments as fair value through other comprehensive income (FVOCI).

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. Basis of presentation and significant accounting policies (continued)

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. Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Establishment have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

3.5. Foreign currency translation

3.5.1. 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 on 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.

3.6. Property, plant and equipment

Property, plant and equipment are carried at historical cost, less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Establishment and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are recognized in the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated on the straight-line method, at rates calculated to allocate the cost of assets less their estimated residual value over their expected useful lives as follows:

Leasehold improvements	4 years
Office equipment	6 years



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

3.6. Property, plant and equipment (continued)

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.

The gain or loss arising on the disposal or retirement of an item of property, plant 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.

3.7. 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.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. The amortization method and estimated useful lives are reviewed at the end of each annual reporting period, with the 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.

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.

3.8. Investment in subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by another entity (known as the Parent). The results and assets and liabilities of the subsidiaries are not incorporated in these standalone financial statements and the value of the investments is shown at cost less impairment.



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

3.9. 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. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are accounted for using the cost model of accounting. Under the cost method, investment in associates is carried in the statement of financial position at cost less impairment.

At each reporting date, the Establishment determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Establishment calculates the amount of impairment as the difference between the recoverable amount of the associate and the carrying value, and then recognizes the loss in the statement of comprehensive income.

Dividends or other direct payments received from associates are recognized as income from financing and investing activities and presented in the statement of comprehensive income.

3.10. Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill or intangible assets not ready to use, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels, for which there are mostly independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for a possible reversal on each reporting date.

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 to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Establishment bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Establishment's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of one to five years. For more extended periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.



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

3.10. Impairment of non-financial assets (continued)

Impairment losses are recognized in the income statement 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.

3.11. 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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3.11.1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.11.2. Classification of financial assets

Financial assets at amortised cost:

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.

The Establishment's financial assets measured at amortised 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)

3.11. Financial instruments (continued)

3.11.2. Classification of financial assets (continued)

Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI):

(a) Debt instruments classified as at FVTOCI:

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.

(b) Equity instruments classified as at FVTOCI:

On initial recognition, the Establishment may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Establishment manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments' revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment.

The Establishment designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.



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

3.11. Financial instruments (continued)

3.11.2. Classification of financial assets (continued)

The Establishment's financial assets at FVTOCI consist of bonds.

Financial assets at Fair Value Through Profit & Loss (FVTPL):

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the preceding, the Establishment may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Establishment may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if specific criteria are met; and
- the Establishment 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.

The Establishment does not hold any financial assets at FVTPL.

3.11.3. Amortised cost and effective interest method

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

For financial instruments 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.

The amortized 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 amortization 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 amortized cost of a financial asset before adjusting for any loss allowance.



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

3.11. Financial instruments (continued)

3.11.3. Amortised cost and effective interest method (continued)

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments 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. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized 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 recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognized in profit or loss and is included in the "finance income" line item.

3.11.4. Impairment of financial assets

The Establishment recognizes a loss allowance for expected credit losses on accounts and other receivables. 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.

The Establishment recognizes lifetime ECL for accounts and other receivables, and related party balances. The expected credit losses on these financial assets are estimated based on the Establishment's historical credit loss experience of the debtor, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Establishment recognizes 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 Establishment measures the loss allowance for that financial instrument at an amount equal to 12-months ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

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-months 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.

Investments in equity instruments designated as investments at FVTPL and FVTOCI are not subject to impairment.



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

3.11. Financial instruments (continued)

3.11.5. Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Establishment compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Establishment 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 Establishment's debtors operate, obtained from economic expert reports, and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relates to the Establishment's core operations.

Despite the foregoing, the Establishment 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:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- 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 Establishment 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 a significant increase in credit risk before the amount becomes past due.

3.11.6. Definition of default

The Establishment considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable;

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Establishment, in full.

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



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

3.11. Financial instruments (continued)

3.11.7. 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:

- the significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3.11.8. Write off policy

The Establishment writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Establishment's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

3.11.9. 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 Establishment in accordance with the contract and all the cash flows that the Establishment expects to receive, discounted at the original effective interest rate.

If the Establishment 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 Establishment measures the loss allowance at an amount equal to 12-months ECL at the current reporting date, except for assets for which simplified approach was used.



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

3.11. Financial instruments (continued)

3.11.9. Measurement and recognition of expected credit losses (continued)

The Establishment recognizes 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.

3.11.10. De-recognition of financial assets

The Establishment derecognizes 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 Establishment neither transfers nor retains all the risks and rewards of ownership substantially and continues to control the transferred asset, the Establishment recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Establishment retains all the risks and rewards of ownership of a transferred financial asset substantially, the Establishment continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

3.11.11. Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Establishment are recognised at the proceeds received net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at 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:

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not:

- contingent consideration of an acquirer in a business combination,



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

3.11. Financial instruments (continued)

3.11.11. Financial liabilities and equity instruments (continued)

- held-for-trading, or
- designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses 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 amortised cost of financial liability.

The Establishment's financial liabilities measured at amortised cost include accounts and other payables and overdraft.

Derecognition of financial liabilities

The Establishment derecognises financial liabilities when, and only when, the Establishment's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.11.12. 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.

3.12. Value added tax

Output value-added tax related to sales is payable to tax authorities on the earlier of:

- collection of receivables from customers or
- delivery of goods or services to customers.

Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a gross basis – unless the Establishment has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.



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

3.13. Borrowing costs

Borrowing costs related to the acquisition, construction and production of the qualifying assets are treated as part of the cost of the relevant assets. Qualifying assets are those assets that take a substantial period to get ready for their intended use. The borrowing costs eligible for capitalization are the actual borrowing costs incurred on the borrowing during the year less any investment income on the temporary investment of those borrowings.

The borrowing costs eligible for capitalization are determined by applying capitalization rate to the expenditures on the qualifying assets.

The capitalization rate is the weighted average of the borrowing applicable to the borrowings of the Establishment that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining the qualifying assets.

Capitalization of borrowing costs commence when:

- Expenditures for the qualifying assets being incurred.
- Borrowing costs are being incurred, and
- Activities that are necessary to prepare the qualifying assets for their intended use or sale are in progress.

Capitalization of borrowing costs ceases when substantially all activities necessary to prepare the qualifying assets for their intended use or sale are complete.

All other borrowing costs are expensed in the period in which they occur.

3.14. Fair value measurement

A number of the Company's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The management team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.



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

3.14. Fair value measurement (continued)

When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.15. Leases

At the inception of a contract, the Establishment assesses whether the contract is, or contains a lease. A contract is or contains a lease if the contracts convey the right to control the use of an identified asset for the Establishment for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Establishment assess whether:

- The contract involves the use of an identified asset -this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Establishment has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Establishment has the right to direct the use of the asset. The Establishment has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Establishment has the right to direct the use of the asset if either:
 - The Establishment has the right to operate the asset; or
 - The Establishment designed the asset in a way that predetermines how and for what purpose it will be used.



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

3.15. Leases (continued)

At inception or on a reassessment of a contract that contains a lease component, the Establishment allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

However, where the contract is not separable into a lease and non-lease component then the Establishment has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Establishment determines the lease term as the non – cancellable period of a lease, together with both:

- a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Establishment considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Establishment revises the lease term if there is a change in the non-cancellable period of a lease.

3.15.1. Right-of-use assets

The Establishment recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located and lease payments made at or before the commencement date less any lease incentives received unless the Establishment is reasonably certain to obtain ownership of the leased asset at the end of the lease term.

The recognised right-of-use assets are subsequently depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Also, the right-of-use assets are periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.



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

3.15. Leases (continued)

3.15.2. Short-term leases and leases of low-value assets

The Establishment applies the short-term lease recognition exemption to its short-term leases of property, plant and equipment (those leases that have a lease term of 12 months or less and do not contain a purchase option). It also applies the lease of low-value assets exemption to leases that are considered of low value. Lease payments on short-term leases and lease of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.15.3. Lease liability

The lease liability is initially recognised at the present value of the lease payments that are not paid in the commencement date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Establishment used its incremental borrowing rate.

After initial recognition, the lease liability is measured by:

- a) Increasing the carrying amount to reflect interest on the lease liability;
- b) Reducing the carrying amount to reflect the lease payments made; and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Where,

- a) There is a change in the lease term as a result of reassessment of certainty to exercise an exercise option, or not to exercise a termination option as discussed above; or
- b) There is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances in the contract of a purchase option, the Establishment remeasures the lease liability to reflect changes to lease payments by discounting the revised lease payments using a revised discount rate. The Establishment determined the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term if that rate can be readily determined.
- c) There is a change in the amounts expected to be payable under a residual value guarantee; or



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

3.15. Leases (continued)

3.15.3. Lease liability (continued)

- d) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review. The Establishment remeasures the lease liabilities by discounting the revised lease payments using an unchanged discount rate unless the change in lease payments results from a change in floating interest rates. In such case, the Establishment use a revised discount rate that reflects a change in the interest rate.

The Establishment recognises the amount of the re-measurements of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero, and there is a further deduction in the measurement of the lease liability, the Establishment recognises any remaining amount of the re-measurement in profit or loss.

The Establishment accounts for a lease modification as a separate lease if both:

- a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- b) The consideration for the lease increase by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the context.

For lease modifications that are not accounted for as a separate lease, the Establishment, at the effective date of the lease modification:

- a) Allocates the consideration in the modified contract;
- b) Determines the lease term of the modified lease; and
- c) Remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective rate of the modification, if the interest rate implicit in the lease cannot be readily determined.

3.16. 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.



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

3.16. Current and non-current classification (continued)

- 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.

3.17. Revenue recognition

Revenue is recognized to the extent that the economic benefits will probably flow to the entity and can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account the contractually defined terms of payment and excluding discounts, rebates, returns, price adjustments and other transaction taxes or duties. The following specific recognition criteria must also be met before revenue is recognized:

3.17.1. Revenue from contracts with customers

Revenue from contracts with customers is considered in line with IFRS 15; which outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model to recognize 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.



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

3.17. Revenue recognition (continued)

3.17.1. Revenue from contracts with customers (continued)

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: Allocate 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 at a point or over time.

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 rises to a contract liability.

3.17.2. 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.



Notes to the Financial Statements (continued)
For the year ended March 31, 2022

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

3.17. Revenue recognition (continued)

3.17.3. Finance income

Interest income

Interest income from financial assets is recognized when it is probable that the economic benefits flow to the entity and the amount of income can be estimated reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to the net carrying amount on initial recognition. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset.

3.18. 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.

4. Significant judgments and estimation uncertainty

The preparation of the financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur, which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1. Judgments

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. 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. Significant judgments and estimation uncertainty (continued)

4.1. Judgments (continued)

4.1.2. Revenue recognition

Management considers recognizing revenue over time; if one of the following criteria is met, otherwise, revenue will be recognized at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Establishment's performance as the Establishment performs;
- 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 entity, and the entity has an enforceable right to payment for performance completed to date.

4.1.3. Judgements in determining the timing of satisfaction of performance obligations

The Establishment generally recognise revenue over time as it performs continuous transfer of control of goods/services to the customers. Because customers simultaneously receive and consume the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of the transfer of each performance obligation. In determining the method of measuring progress for these performance obligations, the Establishment considers the nature of these goods and services as well as the nature of its performance.

4.1.4. Determination of transaction prices

In the process of determining transaction prices in respect of its contracts with customers, the Establishment assesses the impact of any variable consideration in the contract due to discounts, penalties, the existence of any significant financing component or any non-cash consideration. In determining the impact of variable consideration, the Establishment uses the most likely amount method under IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

4.1.5. Transfer of control in contracts with customers

In cases where the Establishment determines that performance obligations are satisfied at a point in time, revenue is recognized when control over the assets is transferred to the customer or benefits of the services being provided is received and consumed by the customer.



4. Significant judgments and estimation uncertainty (continued)

4.1. Judgments (continued)

4.1.5. Transfer of control in contracts with customers (continued)

When evaluating whether a customer obtains control of an asset, the Establishment considers its present right to payment for the asset, the customer's legal title to the asset, physical possession of the asset, significant risks and rewards related to the ownership of the asset, the acceptance of the asset by the customer and also any agreements to repurchase the assets.

In cases where the Establishment determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the consideration for the unit has been substantially received, and there are no impediments in the handing over of the unit to the customer.

4.1.6. Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated) including the consideration of the life of underlying assets on the premises.

4.1.7. Contingencies

Contingent assets and liabilities are not recognized in the financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, a legal and constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an inflow or outflow, respectively of resources embodying economic benefits is remote.

4.1.8. Control over investee

When determining control over an investee, management considers whether the Establishment has a "de facto" power to control an investee if it holds less than 50% of the investee's voting rights. The assessment of the investee's relevant activities and the ability to use the Establishment's power to affect the investee's variable returns requires significant judgement.



4. Significant judgments and estimation uncertainty (continued)

4.1. Judgments (continued)

4.1.9. Significant influence assessment

When determining significant influence over an investee, management considers whether the Establishment has the power to participate in the financial and operating policies of decisions of the investee if it holds less than 20% of the investee's voting rights. The assessment, which requires significant judgement, involves consideration of the Establishment's representation of the investees' board of directors, participation in policy-making decisions and material transactions between the entities.

4.1.10. Impairment of non-financial assets

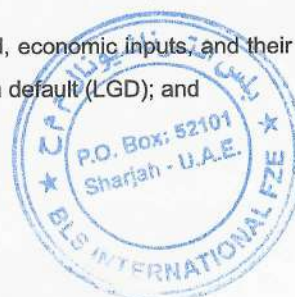
The Establishment assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Establishment estimates the asset's recoverable amount.

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.

4.1.11. Impairment of financial assets

In measuring the expected credit loss allowance for financial assets measured at amortised cost, management uses the Expected Credit Loss (ECL) model and assumptions about future economic conditions and credit behaviour such as likelihood of customer defaulting. Management considers the following judgements and estimates:

- Development of ECL model, including formula and choice of inputs;
- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessments;
- The segmentation of financial assets when the ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGD); and



4. Significant judgments and estimation uncertainty (continued)

4.1. Judgments (continued)

4.1.11. Impairment of financial assets (continued)

– Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

The Establishment recognises lifetime expected credit loss (ECL) for accounts and other receivables using the simplified approach (Note 11). Allowance for impairment losses on accounts receivables is AED 3,699,405/- (2021: AED 1,839,489/-).

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. Useful life of property, plant and equipment

Property, plant 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. Useful life of 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.



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Notes to the Financial Statements (continued)
For the year ended March 31, 2022

5. Property, plant and equipment

March 31, 2022

	<u>Leasehold improvements</u>	<u>Office equipment</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>
Cost			
As at March 31, 2021	280,512	604,102	884,614
Additions	-	-	-
As at March 31, 2022	280,512	604,102	884,614
Accumulated depreciation			
As at March 31, 2021	(280,258)	(386,488)	(666,746)
Depreciation for the year	-	(96,708)	(96,708)
As at March 31, 2022	(280,258)	(483,196)	(763,454)
Carrying amount:			
As at March 31, 2022	254	120,906	121,160

March 31, 2021

	<u>Leasehold improvements</u>	<u>Office equipment</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>
Cost			
As at March 31, 2020	280,512	554,811	835,323
Additions	-	49,291	49,291
As at March 31, 2021	280,512	604,102	884,614
Accumulated depreciation			
As at March 31, 2020	(216,086)	(295,798)	(511,884)
Depreciation for the year	(64,172)	(90,690)	(154,862)
As at March 31, 2021	(280,258)	(386,488)	(666,746)
Carrying amount:			
As at March 31, 2021	254	217,614	217,868



Notes to the Financial Statements (continued)
For the year ended March 31, 2022

6. Intangible assets

	<u>Capital work in progress</u> <u>AED</u>	<u>Software</u> <u>AED</u>	<u>Total</u> <u>AED</u>
Cost			
As at March 31, 2020	-	9,238,108	9,238,108
Additions	-	-	-
As at March 31, 2021	-	9,238,108	9,238,108
Additions	7,769,213	-	7,769,213
As at March 31, 2022	7,769,213	9,238,108	17,007,321
Amortization			
As at March 31, 2020	-	(4,560,227)	(4,560,227)
Amortization for the year	-	(2,169,475)	(2,169,475)
As at March 31, 2021	-	(6,729,702)	(6,729,702)
Amortization for the year	-	(694,355)	(694,355)
As at March 31, 2022	-	(7,424,057)	(7,424,057)
Carrying amount:			
As at March 31, 2022	7,769,213	1,814,051	9,583,264
As at March 31, 2021	-	2,508,406	2,508,406

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>2022</u> <u>%</u>	<u>2021</u> <u>%</u>	<u>2022</u> <u>AED</u>	<u>2021</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	99	99	50,988	50,988
BLS International Services Canada Inc.	Canada	100	100	36	36
BLS VAS Singapore Pte. Limited	Singapore	-	70	-	-
BLS International Services	U.A.E	100	100	-	-
BLS International Services Norway AS.	Norway	75	75	-	-
BLS International Services (UK) Limited	England	100	100	-	-
Consular Outsourcing BLS Services Inc.	USA	100	100	-	-
BLS International Services Limited	Hong Kong	100	100	4,738	4,738
BLS International (pty) Limited	South Africa	-	100	-	47,240
BLS Worldwide (PTY) Ltd.	South Africa	100	-	-	-
				789,663	836,903



BLS International FZE
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Notes to the Financial Statements (continued)
For the year ended March 31, 2022

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, Singapore and BLS International Vize Hizmetleri Ltd. Sriketi, Turkey.

During the year BLS International (pty) Limited having 100% ownership and BLS VAS Singapore Pte. Limited having 70% ownership have been voluntarily liquidated

Movements:

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Cost		
Balance at the beginning of the year	836,903	836,903
Disposal	<u>(47,240)</u>	<u>-</u>
Balance at the end of the year	<u>789,663</u>	<u>836,903</u>

8. Investment in associates

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

<u>Name</u>	<u>Country of incorporation</u>	<u>Ownership interest</u>		<u>Carrying amount</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</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	2,388	2,388
BLS Algeria	Algeria	49	49	1,735	1,735
BLS International Visa Services	Austria	25	25	172,419	172,419
BLS International Visa Services-Baltic	Lithuania	50	50	4,629	4,629
BLS International Visa Services Poland SP.Z.O.O.	Poland	25	25	988	988
				<u>13,785,969</u>	<u>13,785,969</u>

Movements:

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Cost		
Balance at the beginning of the year	13,785,969	13,607,933
Additions	<u>-</u>	<u>178,036</u>
Balance at the end of the year	<u>13,785,969</u>	<u>13,785,969</u>



Notes to the Financial Statements (continued)
For the year ended March 31, 2022

8. Investment in associates (continued)

Movements: (continued)

DSS Gulf Realtors Limited Dubai is real estate development activity and is owning a land in Al Barsha South Fourth, Dubai, United Arab Emirates. The value represents 50% share in value of land. There are no activities in this associate during the year and also there is no impairment on the same land. Other entities are in the initial stage of setup and there are no operations. Hence no adjustments are made in the equity value of these entities.

9. Investment in FVTOCI

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Investment in bonds*	23,427,318	-
Change in fair value	<u>(1,193,658)</u>	<u>-</u>
	<u>22,233,660</u>	<u>-</u>

*It represents the investments in bonds listed in exchanges outside UAE.

10. Related party transactions

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Due from related parties	<u>72,463,270</u>	<u>37,977,540</u>
<u>Presented in the statement of financial position as:</u>		
Accounts and other receivables (Note 11)	<u>72,463,270</u>	<u>37,977,540</u>

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Due to related parties	<u>122,315,118</u>	<u>104,834,651</u>
<u>Presented in the statement of financial position as:</u>		
Accounts and other payables (Note 15)	<u>122,315,118</u>	<u>104,834,651</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:



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Notes to the Financial Statements (continued)
For the year ended March 31, 2022

10. Related party transactions (continued)

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
<i>With entities under common management and control:</i>		
Consultancy charges	11,173,776	7,466,192
<i>With subsidiaries and associates:</i>		
Admin expenses	-	325,543
Interest expenses (Note 22)	4,698	24,230
Service revenue	4,804,613	32,105,105
Other services	15,580,519	6,495,972
Net funding transactions	<u>25,631,435</u>	<u>57,256,157</u>

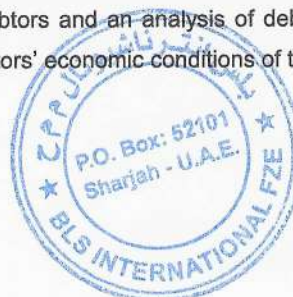
11. Accounts and other receivables

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Receivable from customers	9,335,066	18,755,569
Less: loss allowance (Note 11.3)	<u>(3,699,405)</u>	<u>(1,839,489)</u>
	5,635,661	16,916,080
Due from related parties (Note 10)	<u>72,463,270</u>	<u>37,977,540</u>
	78,098,931	54,893,620
Prepayments	667,705	7,493
Others	<u>1,156,617</u>	<u>145,797</u>
	<u>79,923,253</u>	<u>55,046,910</u>

11.1. Age-wise analysis of accounts receivable

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Not past due	1,007,361	43,921
Past due:		
1 - 30 days	3,035,161	9,491
31 - 90 days	1,178,301	104,653
91 - 180 days	1,483,251	242,210
181 - 365 days	1,823,985	1,995,285
More than 365 days	<u>807,007</u>	<u>16,360,009</u>
	<u>9,335,066</u>	<u>18,755,569</u>

The Establishment measures the loss allowances for accounts receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit loss on accounts receivables is estimated by using a provision matrix by reference to past default experience of debtors and an analysis of debtor's current financial positions, adjusted for factors that are specific to the debtors' economic conditions of the industry.



11. Accounts and other receivables (continued)

11.1. Age-wise analysis of accounts receivable (continued)

The Establishment has recognized a loss allowance of AED 3,699,405/-, based on specific provisions and the following provision matrix:

11.2. Provision matrix for loss allowance

<u>Accounts receivables</u>	<u>Expected loss rate</u>
Not past due	0.90%
Past due:	
Less than 180 days	1%
More than 180 days	10.47%

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 owned by the Establishment to the counterparty. The average credit period is 90 days. No interest is being charged on accounts receivables.

11.3. Movement in the loss allowance of accounts receivables

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Balance at the beginning of the year	1,839,489	853,376
Loss allowance on receivables (Note 19)	2,182,906	986,113
Amounts written off	(322,990)	-
	<u>3,699,405</u>	<u>1,839,489</u>

12. Other financial assets

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Term deposits	<u>64,511,116</u>	<u>89,298,094</u>

At the year-end, term deposits carried an interest @ 0.50% to 2.25% per annum (2021: 0.50% to 3.30% per annum).

13. Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Bank balances:		
In current accounts	<u>2,070,942</u>	<u>152,956</u>



14. Overdraft

Overdraft facility is for exclusively for investing in bonds (Note 9). The overdraft is carrying an interest of 2% per annum and the below are the summary of the arrangements:

Summary of borrowing arrangements

1. A memorandum of charge executed by the Establishment in favour of the bank in respect of the assets in the accounts with the bank and its Hong Kong Branch/ Singapore Head Office.

2. An irrevocable deed of guarantee executed by the shareholder.

15. Accounts and other payables

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Payable to suppliers	955,976	677,663
Due to related parties (Note 10)	122,315,118	104,834,651
Accruals	<u>54,975</u>	<u>346,342</u>
	<u>123,326,069</u>	<u>105,858,656</u>

16. Revenue

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Service revenue	<u>63,595,074</u>	<u>33,017,645</u>

17. Direct expenses

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Rendering of services	18,496,165	8,368,420
Other direct expenses	<u>16,370,063</u>	<u>6,322,372</u>
	<u>34,866,228</u>	<u>14,690,792</u>

18. Other income

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Excess payables written back	<u>323,213</u>	<u>-</u>



Notes to the Financial Statements (continued)
For the year ended March 31, 2022

19. General, selling and administrative expenses

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Salaries and allowances	2,574,129	2,007,194
Short-term leases (Note 23)	315,973	347,657
License and professional	1,021,346	879,963
Advertising	124,439	-
Loss allowance on receivables (Note 11.3)	2,182,906	986,113
Bank charges	13,506	5,534
Computer expenses	19,014	13,539
Printing and stationery	47,024	73,447
Related party balance written off	516,865	26,474
Repairs and maintenance	-	3,787
Office expenses	40,297	103,084
Communication	112,042	97,291
Vehicle maintenance	112,657	6,002
Exchange rate loss	333,844	-
Utilities	100,730	72,093
Others	92,096	106,569
	<u>7,606,868</u>	<u>4,728,747</u>

20. Depreciation and amortization

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Depreciation of property, plant and equipment (Note 5)	96,708	154,862
Amortization of intangible assets (Note 6)	694,355	2,169,475
	<u>791,063</u>	<u>2,324,337</u>

21. Finance income

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Interest on bonds (Note 9)	308,831	-
Interest on term deposits (Note 12)	612,173	942,226
	<u>921,004</u>	<u>942,226</u>

22. Finance cost

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Interest expense	116,668	24,230

This includes AED 4,698/-, the interest charged @ 6% per annum on an advance by a subsidiary (Note 10).



Notes to the Financial Statements (continued)
For the year ended March 31, 2022

23. Lease payments not recognised as a liability

The Establishment has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Short-term leases (Note 19)	<u>315,973</u>	<u>347,657</u>

24. Cash and cash equivalents for cash flow purpose

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Cash and cash equivalents (Note 13)	2,070,942	152,956
Less: Overdraft (Note 14)	<u>(1,508,769)</u>	<u>-</u>
	<u>562,173</u>	<u>152,956</u>

25. Financial instruments

Significant accounting policies

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

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Financial assets		
Measured at amortised cost:		
Cash and cash equivalents	2,070,942	152,956
Accounts and other receivables (less prepayments)	79,255,548	55,039,417
Other financial assets	64,511,116	89,298,094
Financial assets at FVTOCI:		
Investments in FVTOCI	<u>22,233,660</u>	<u>-</u>
	<u>168,071,266</u>	<u>144,490,467</u>



25. Financial instruments (continued)

Categories of financial instruments (continued)

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Financial liabilities		
<i>Measured at amortised cost:</i>		
Accounts and other payables	123,326,069	105,858,656
Overdraft	<u>1,508,769</u>	<u>-</u>
	<u>124,834,838</u>	<u>105,858,656</u>

26. Financial and other risk management

Management reviews overall financial and other risks covering specific areas, such as capital risk, liquidity risk, credit risk and market risk.

The Establishment's profile concerning exposure to financial risks identified below continues to be consistent.

26.1. 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 debt, which includes borrowings (Note 14), cash and cash equivalents and equity attributable to the shareholder of the Establishment; comprising of share capital and retained earnings as disclosed in the statement of changes in equity.

26.2. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Establishment's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. The Establishment's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

26.3. Foreign currency risk

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.



26. Financial and other risk management (continued)

26.3. Foreign currency risk (continued)

The carrying amount of the Establishment's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	<u>2022</u>	<u>2021</u>
	<u>AED</u>	<u>AED</u>
Bank balances:		
In USD	<u>87,514</u>	<u>61,443</u>

26.4. Interest rate risk

The Establishment is not exposed to significant interest rate risk as it does not hold any assets or liabilities with floating interest rates.

26.5. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Establishment and arises principally from the Establishment's accounts and other receivables and bank balances. The Establishment has adopted a policy of only dealing with creditworthy counterparties. However, significant revenue is generated by dealing with entities related to the Establishment, for whom the credit risk is assessed below.

The Establishment attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries.

The concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have identical economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Establishment's performance to developments affecting a particular industry or geographic location. All balances with banks represent local commercial banks.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counterparties fail to perform their obligations, generally approximates their carrying value. Accounts and other receivables and balances with banks are not secured by any collateral. The tables below detail the credit quality of the Establishment's financial assets, contract assets and financial guarantee contracts, as well as the Establishment's maximum exposure to credit risk by credit risk rating grades.



26. Financial and other risk management (continued)

26.5. Credit risk (continued)

Credit risk grading framework:

The Establishment's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-months ECL
Doubtful	The amount is >90 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	The amount is >365 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Establishment has no realistic prospect of recovery.	The amount is written off

The tables below detail the credit quality of the Establishment's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

Group	Rating	12 months or Lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
<u>March 31, 2022</u>					
Accounts receivables	(i)	Lifetime ECL (Simplified approach)	<u>9,335,066</u>	<u>(3,699,405)</u>	<u>5,635,661</u>
<u>March 31, 2021</u>					
Accounts receivables	(i)	Lifetime ECL (Simplified approach)	<u>18,755,569</u>	<u>(1,839,489)</u>	<u>16,916,080</u>

(i) For accounts receivables, the Establishment has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Establishment determines the expected credit losses on these items based on historical credit loss experience, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

26.6. Liquidity risk

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



26. Financial and other risk management (continued)

26.6. Liquidity risk (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.

	<u>Within 1 year</u> <u>AED</u>
<u>As at March 31, 2022</u>	
<i>Measured at amortised cost:</i>	
Accounts and other payables	123,326,069
Overdraft	<u>1,508,769</u>
	<u>124,834,838</u>
<u>As at March 31, 2021</u>	
<i>Measured at amortised cost:</i>	
Accounts and other payables	<u>105,858,656</u>

27. Fair value hierarchy

The Establishment measures financial assets such as financial assets at FVTOCI at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes places either:

- In the principal market for asset or liability, or
- In the absence of the principal market, in the most advantageous market for asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy mentioned in Note 3 and described below.

At year end, the Establishment held the following assets measured at fair value:

	<u>Level 1</u> <u>AED</u>
<u>As at March 31, 2022</u>	
Investment in FVTOCI	<u>22,233,660</u>



28. Segment information

Operating segment:

Information regarding the Establishment's operating segments is set out below in accordance with IFRS 8 "Operating Segments". The management of the Establishment assessed the Establishment into the following key business segments:

Management consultancy services.

These businesses are the basis on which the Establishment reports its primary segment information to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

Geographical segment:

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

29. Comparative figures

Specific comparative figures have been reclassified/regrouped, wherever necessary, as to conform to the presentation adopted in these financial statements.



