# 3I INFOTECH (MIDDLE EAST) FZ-LLC

DUBAI

Annual report and financial statements

Year ended March 31, 2021

Contents

| | Page |
|---|---|
| Director's report | 1 |
| Independent Auditor's report | 2 - 4 |
| Financial statements | |
| - Statement of financial position | 5 |
| - Statement of comprehensive income | 6 |
| - Statement of changes in equity | 7 |
| - Statement of cash flows | 8 |
| - Notes to the financial statements | 9 - 26 |
| - Schedule of property, plant and equipment | 27 |

3I INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI

Director's report

---

The Director has pleasure in submitting his annual report and the financial statements of **3i Infotech (Middle East) FZ-LLC, Dubai** ("the Company") for the year ended March 31, 2021.

**Activities**

The principal activities of the Company are providing software consultancy and customer service, software developer and solution provider and support services.

**Financial position**

During the year, the Company achieved a turnover of AED 20,623,283 as against AED 104,453,832 in the previous year. The net profit for the year amounted to AED 111,486,150 (Previous year: AED 16,053,616). The Company's net assets as at the date of statement of financial position were AED 135,178,187.

**Auditors**

A resolution to reappoint M B C Auditing and Accounting, as the auditors for the ensuing year, will be put to the members at the Annual General Meeting.

**For and on behalf of the Company**

<u>Mrinal Ghosh</u>
Director

May 11, 2021

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

**Independent Auditor's report to the shareholders of 3i Infotech (Middle East) FZ-LLC, Dubai**

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

***Opinion***

We have audited the financial statements of 3i Infotech (Middle East) FZ-LLC, Dubai ("the Company"), which comprise the statement of financial position as at 31 March 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

***Basis for Opinion***

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

***Responsibilities of Management and Directors for the Financial Statements***

Management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and in compliance with the applicable provisions of the Company's Articles of Association and the Dubai Technology and Media Free Zone Private Companies Regulations 2003 issued under Law No. 1 of 2000 of the Emirate of Dubai (as amended), 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 and directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Directors are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

P.O.Box 75952
Dubai - U.A.E



مكتب: ٥٠١&٥٠٢، برج المنارا، الخليج التجاري، ص.ب: ٧٥٩٥٢ دبي - الامارات العربية المتحدة، تليفون: ١٣٥٢ ٥٥٢ ٤ ٩٧١+، فاكس: ١٣٢٨ ٥٥٢ ٤ ٩٧١+
Office 501 & 502, Al Manara Tower, Business Bay, P.O. Box : 75952, Dubai - U.A.E., T: +971 4 552 1352, F : +971 4 552 1328, E-mail: mbc_uae@mayurbatra.com
Singapore, UAE. Japan, china, India, Germany سنغافورة. الامارات. اليابان. الصين. الهند. ألمانيا

MBG CORPORATE SERVICES

**Independent Auditor's report to the shareholders of 3i Infotech (Middle East) FZ-LLC, Dubai *(Continued)***

***Auditor's Responsibilities for the Audit of the Financial Statements (continued)***

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with directors 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.

P.O.Box: 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

CORPORATE SERVICES

**Independent Auditor's report to the shareholders of 3i Infotech (Middle East) FZ-LLC, Dubai** ***(Continued)***

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

We have obtained all the information and explanations, which were necessary for the purposes of our audit and no violation of the rules and regulations issued pursuant to Dubai Technology and Media Free Zone Private Companies Regulations 2003 issued under Law No. 1 of 2000 of the Emirate of Dubai (as amended) or of the Memorandum of Association of the Company came to our attention, which would materially affect the Company's financial position.

According to the information and explanation available to us, in our opinion, the Company maintains proper books of account and the accompanying financial statements are in agreement therewith. The financial information contained in the Director's report conforms to the financial statements.

**For M B C Auditing and Accounting**

P.O.Box 75952
Dubai - U.A.E.
MBC AUDITING & ACCOUNTING

**Ahmed Hasan Yousef Alhosani**
**Reg. No. 518**

**Dubai, United Arab Emirates**

**17 May 2021**

3I INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI

Statement of financial position at March 31, 2021

| | Notes | 31/03/2021 AED | 31/03/2020 AED |
|---|---|---|---|
| **ASSETS** | | | |
| **Non current assets** | | | |
| Property, plant and equipment | 5 | **56,938** | 194,184 |
| Investments | | **5,806** | 5,806 |
| Total non current assets | | **62,744** | 199,990 |
| **Current assets** | | | |
| ***Financial assets*** | | | |
| Accounts and other receivables | 6 | **2,141,397** | 22,835,156 |
| Contract assets | 7 | **2,636,908** | 24,086,619 |
| Due from related parties | 8 | **598,659,334** | 593,979,024 |
| Other current financial assets | 9 | **3,338,820** | 224,812 |
| Bank balances and cash | 10 | **886,183** | 730,136 |
| Total current assets | | **607,662,641** | 641,855,747 |
| **Current liabilities** | | | |
| ***Financial liabilities*** | | | |
| Borrowings | 11 | - | 6,050,127 |
| Trade and other payables | 12 | **1,520,534** | 18,270,172 |
| Due to related parties | 8 | **470,866,813** | 593,660,627 |
| Total current liabilities | | **472,387,347** | 617,980,926 |
| **Net current assets** | | **135,275,294** | 23,874,821 |
| **Non current liabilities** | | | |
| Borrowings | 11 | - | - |
| Provision for employees' end of service benefits | | **159,852** | 382,773 |
| Total non current liabilities | | **159,852** | 382,773 |
| **Net assets** | | **135,178,187** | 23,692,037 |
| **Equity** | | | |
| Share Capital | 13 | **46,174,000** | 46,174,000 |
| Application money pending allotment | | **4,048,001** | 4,048,001 |
| Retained earnings / accumulated losses | | **84,956,186** | (26,529,964) |
| **Total equity** | | **135,178,187** | 23,692,037 |

The financial statements have been approved by the Board of Directors on May 11, 2021 and are signed on its behalf by:

**Mrinal Ghosh**
**Director**

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

The notes on pages 9 to 27 form an integral part of these financial statements

3I INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI

Statement of comprehensive income for the year ended March 31, 2021

| | Notes | 31/03/2021 AED | 31/03/2020 AED |
|---|---|---|---|
| Revenue | | 20,623,283 | 104,453,832 |
| Cost of revenue | | (21,069,719) | (63,030,561) |
| **Gross (loss) / profit** | | (446,436) | 41,423,271 |
| Other income | 14 | 106,773,071 | 1,908,751 |
| Salaries and other benefits | | (2,147,565) | (10,180,790) |
| Administration and general expenses | 15 | (1,873,101) | (12,872,590) |
| Depreciation | 5 | (79,950) | (146,447) |
| Finance costs | | (3,934,370) | (4,292,564) |
| | | (8,034,986) | (27,492,391) |
| **Profit from continuing operations** | | 98,291,649 | 15,839,631 |
| **Profit from discontinuing operations** | 16 | 13,193,873 | - |
| **Other comprehensive income** | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Remeasurement of defined employee benefit plans | | 628 | 213,985 |
| **Total comprehensive income for the year** | | 111,486,150 | 16,053,616 |

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

3I INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI

Statement of changes in equity for the year ended March 31, 2021

| | Share Capital<br>AED | Application money pending allotment<br>AED | Retained earnings / accumulated losses<br>AED | Total equity<br>AED |
|---|---|---|---|---|
| **Balance at March 31, 2019** | 46,174,000 | 4,048,001 | (46,239,243) | 3,982,758 |
| Adjustment of opening accumulated losses | - | - | 3,655,663 | 3,655,663 |
| Total comprehensive income for the year | - | - | 16,053,616 | 16,053,616 |
| **Balance at March 31, 2020** | **46,174,000** | **4,048,001** | **(26,529,964)** | **23,692,037** |
| Total comprehensive income for the year | - | - | 111,486,150 | 111,486,150 |
| **Balance at March 31, 2021** | **46,174,000** | **4,048,001** | **84,956,186** | **135,178,187** |

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

The notes on pages 9 to 27 form an integral part of these financial statements

3I INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI

Statement of cash flows for the year ended March 31, 2021

| | Notes | 31/03/2021 AED | 31/03/2020 AED |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit for the year | | **111,486,150** | 16,053,616 |
| Adjustments for: | | | |
| Depreciation | 5 | **79,950** | 146,447 |
| Financial charges | | **3,934,370** | 4,292,564 |
| (Reversal ) / allowance for impairment on contract assets | 7 | **(8,077,708)** | **1,759,676** |
| Provision / (reversal) for employees' end of service benefits | | **29,980** | (50,293) |
| Cashflow before working capital changes | | **107,452,742** | 22,202,009 |
| Decrease in trade and other receivables | 6 | **20,693,759** | 6,675,791 |
| (Increase) in other current financial assets | 9 | **(3,114,008)** | (193,493) |
| Decrease / (increase) in contract assets | 7 | **29,527,420** | (9,452,206) |
| (Increase) / decrease in due from related parties | 8 | **(4,680,310)** | 10,047,479 |
| Decrease in due to related parties | 8 | **(122,793,814)** | (24,087,417) |
| (Decrease) in trade and other payables | 12 | **(16,749,638)** | (1,718,299) |
| Payment of employees' end of service benefits | | **(252,902)** | (24,893) |
| ***Net cash generated from operating activities*** | | **10,083,249** | 3,448,972 |
| **Cash flow from investing activities** | | | |
| Purchase of property, plant and equipment | 5 | **(59,484)** | (188,977) |
| Net proceeds from disposal of property, plant and equipment | 5 | **116,779** | - |
| ***Net cash generated from / (used in) investing activities*** | | **57,295** | (188,977) |
| **Cash flow from Financing Activitues** | | | |
| Finance cost paid | | **(3,934,370)** | (4,292,564) |
| Adjustment to opening accumulated losses | | **-** | 3,655,663 |
| Movements in borrowings, net | 11 | **(6,050,127)** | (4,005,207) |
| ***Net Cash (used in) Financing activities*** | | **(9,984,497)** | (4,642,108) |
| ***Net increase / (decrease) in cash and cash equivalents*** | | **156,047** | (1,382,113) |
| Cash and cash equivalents at beginning of year | | **730,136** | 2,112,249 |
| **Cash and cash equivalents at end of year** | 10 | **886,183** | 730,136 |

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

The notes on pages 9 to 27 form an integral part of these financial statements

## 1 Status and activity

3I INFOTECH (MIDDLE EAST) FZ-LLC, DUBAI ("the Company") is a Limited Liability Free Zone Company incorporated under Commercial license number 16385 in the Emirate of Dubai pursuant to Dubai Technology and Media Free Zone Private Companies Regulations 2003 issued under Law No. 1 of 2000 of the Emirate of Dubai (as amended). The principal place of the Company is located at Office 301, Building #1, Al Falak Street, Dubai, United Arab Emirates. The parent shareholder of the Company is 3i Infotech Holdings Private Limited, Mauritius and the Ultimate Parent Company is 3i Infotech Limited, Mumbai, India.

The principal activities of the Company are providing software consultancy and customer service, software developer and solution provider and support services.

The financial statements for the year ended March 31, 2021 were authorized for issue by the Board of Directors on May 11, 2021.

These financial statements are presented in UAE Dirhams (AED).

## 2 Application of new and revised International Financial Reporting Standards (IFRSs)

***New standards, interpretations and amendments effective from January 1, 2020***

***Amendments to IFRS 3: Definition of a Business***

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

These amendments had no impact on the financial statements of the Company.

***COVID-19 Related Rent Concessions (Amendments to IFRS 16)***

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction is lease payments affects only payments originally due on or before 30 June 2021; and

(c) There are is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Company has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria.

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

## 2 Application of new and revised International Financial Reporting Standards (IFRSs) *(Continued)*

Accounting for the rent concessions as lease modifications would have resulted in the Company remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Company is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

These amendments had no impact on the financial statements of the Company.

***Impact of the initial application of other new and amended IFRS Standards that are effective for the current year***

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

| | |
|---|---|
| *Amendments to References to the Conceptual Framework in IFRS Standards* | The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. |

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

## 2 Application of new and revised International Financial Reporting Standards (IFRSs) *(Continued)*

*Amendments to IAS 1 and IAS 8*
*Definition of material*

The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

**New and revised IFRS in issue but not yet effective and not early adopted**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretation, if applicable, when they become effective.

| New and revised IFRS | Effective for annual periods beginning on or after |
|---|---|
| **IFRS 17 Insurance Contracts**<br>In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. | 1 January 2023 |

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

## 2 Application of new and revised International Financial Reporting Standards (IFRSs) *(Continued)*

| New and revised IFRS | Effective for annual periods |
|---|---|
| **Amendments to IAS 1 - Classification of Liabilities as Current or Non-current**<br>The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.<br><br>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. | 1 January 2023 |
| - **Amendments to IFRS 3 - Reference to the Conceptual Framework**<br>The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events.<br><br>For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. | 1 January 2022 |

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

## 2 Application of new and revised International Financial Reporting Standards (IFRSs) *(Continued)*

| New and revised IFRS | Effective for annual periods beginning on or after |
|---|---|
| - **Amendments to IAS 16 - Property, Plant and Equipment—Proceeds before Intended Use**<br>The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.<br><br>The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.<br><br>The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. | 1 January 2022 |

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

2 Application of new and revised International Financial Reporting Standards (IFRSs) *(Continued)*

| New and revised IFRS | Effective for annual periods beginning on or after |
|---|---|
| **Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** | Effective date not notified |
| The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. | |
| - **Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract** | 1 January 2022 |
| The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). | |
| The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. | |

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

## 2 Application of new and revised International Financial Reporting Standards (IFRSs) *(Continued)*

| New and revised IFRS | Effective for annual periods |
|---|---|
| **Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract**<br>The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).<br><br>The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. | 1 January 2022 |
| **Annual Improvements to IFRS Standards 2018-2020 Cycle** | |
| *IFRS 1 First-time Adoption of International Financial Reporting Standards*<br>The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). | 1 January 2022 |

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

## 2 Application of new and revised International Financial Reporting Standards (IFRSs) *(Continued)*

| New and revised IFRS | Effective for annual periods |
|---|---|
| *IFRS 9 Financial Instruments*<br>The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.<br>The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. | 1 January 2022 |
| *IAS 41 Agriculture*<br>The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.<br>The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment. | 1 January 2022 |

## 3 Significant accounting policies

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. These financial statements also comply with the Dubai Technology and Media Free Zone Private Companies Regulations 2003 issued under Law No. 1 of 2000 of the Emirate of Dubai (as amended).
The significant accounting policies adopted in the preparation of these financial statements are set out below. The policies have been consistently applied to all years presented unless otherwise stated.

**Property, plant and equipment**

Property, plant and equipment are initially recognized at cost. 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 Company and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the year in which they are incurred.

Subsequent to the initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are tested for impairment at each statement of financial position date.

P.O.Box 75952
Dubai - U.A.E
MISC AUDITING & ACCOUNTING

## 3 Significant accounting policies *(Continued)*

### Property, plant and equipment *(Continued)*

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognized in the statement of comprehensive income.

***Depreciation***

Depreciation is consistently provided on the straight line basis so as to write off the cost of property, plant and equipment over their estimated useful lives. The expected useful lives of the property, plant and equipment are estimated as follows:

| | |
|---|---|
| Computer equipment | 3 years |
| Furniture and fixtures | 10 years |
| Office equipment | 5 years |
| Asset under lease | 2 years |

***Impairments***

The carrying amounts of the Company's assets are reviewed annually at each date of the statement of financial position to determine whether the assets have been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognized as an expense in the statement of comprehensive income.

***Financial assets***

Financial assets, measured at fair value on initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

***Amortised cost***

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

***Fair value through other comprehensive income***

They are carried at fair value with changes in fair value recognized in other comprehensive income and accumulated in the fair value through other comprehensive income reserve.

***Fair value through profit or loss***

They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income.

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

## 3 Significant accounting policies *(Continued)*

***Impairment***

Impairment provisions for trade receivables are recognized based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

Impairment provisions for receivables from related parties and loans to related parties are recognized based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognized.

For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognized.

For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognized.

***Derecognition***

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset

***Financial liabilities***

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

***Subsequent measurement***

The measurement of financial liabilities depends on their classification, as described below:

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

***Loans and borrowings***

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

***Derecognition***

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

3 Significant accounting policies *(Continued)*

***Derivative financial instruments***

Derivative foreign exchange contracts are initially recognized at fair value and subsequently re-measured at their fair value which are obtained from quoted market prices or other available valuation techniques available. All derivative contracts are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative contracts are included in statement of comprehensive income.

***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.

***Employees' end of service gratuities***

Provision for employees' end of service gratuities is made on the basis prescribed in the UAE Labour Law, for the accumulated year of service at the date of the statement of financial position. In accordance with the consistent policy being followed in this regard, provision for employees' end of service gratuities is treated as a long term liability.

***Provisions***

Provisions are recognized in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

***Revenue recognition***

Revenue from the sale of goods is recognized net of discounts, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount is measured reliably. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Company has applied IFRS 15 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. There has been no impact on the application of IFRS 15 on the financial statements as the current revenue recognition policy and methods are already aligned with IFRS 15 revenue recognition.

***Leasing***

*Right-of-use asset*

The Company recognizes 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 recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

## 3 Significant accounting policies *(Continued)*

*Lease Liabilities*

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

*Short-term leases and leases of low-value assets*

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

***Foreign currencies***

Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the date of the statement of financial position. All gains and losses on exchange are taken to the statement of comprehensive income.

***Cash and cash equivalents***

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances.

## 4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note: 3 management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

## 4 Critical accounting judgments and key sources of estimation uncertainty *(Continued)*

*Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the 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.

*Property, plant and equipment*

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

*Impairment of financial assets*

The loss allowance for financial assets is based on assumptions about the risk of default and expected loss rates. The management uses judgments in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of key assumptions and inputs uses are disclosed.

## 5 Property, plant and equipment

Movements in property, plant and equipment are given on page 27.

## 6 Accounts and other receivables

| | 31/3/2021<br>AED | 31/3/2020<br>AED |
|---|---|---|
| Accounts Receivables | 1,515,937 | 26,010,427 |
| Less: allowance for impairment | (129,645) | (4,201,099) |
| | 1,386,292 | 21,809,329 |
| Prepayments | 722,657 | 917,079 |
| Deposits | 26,500 | 27,731 |
| Advances paid to staff | 5,680 | 18,647 |
| Advance to supplier | 268 | 62,369 |
| | 2,141,397 | 22,835,156 |

The carrying amount of trade receivables approximates to its fair value, which is based on an estimate of the recoverable amount.

## 7 Contract assets

| | 31/3/2021<br>AED | 31/3/2020<br>AED |
|---|---|---|
| Excess of Revenue recognized over billing | 3,204,064 | 32,731,484 |
| Less: allowance for impairment | (567,156) | (8,644,864) |
| | 2,636,908 | 24,086,619 |

MBC AUDITING & ACCOUNTING
P.O.Box 75952
Dubai - U.A.E

## 8 Related parties

Related parties include the shareholders, key management personnel, subsidiaries, associates, joint ventures and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due from / to such party which have been disclosed separately in the financial information, are unsecured, interest free and are repayable on demand.

| | 31/3/2021 AED | 31/3/2020 AED |
|---|---|---|
| Receivables: | | |
| 3I Infotech Limited - MEA Branch | 589,771,553 | 588,915,336 |
| 3i Infotech Nigeria Limited | 3,045,704 | 3,120,332 |
| 3I Infotech Software Solution LLC | 2,928,188 | - |
| 3I INFOTECH (AFRICA) LIMITED | 1,120,723 | 415,666 |
| 3I Infotech UK Limited | 1,018,570 | 824,368 |
| 3I Infotech Limited(Formerly Black Barret),Cyprus | 486,695 | 420,590 |
| 3I Infotech Proprietary Limited, South Africa | 287,903 | 279,164 |
| 3I Infotech Thailand Limited | - | 3,567 |
| | 598,659,334 | 593,979,024 |
| Payables: | | |
| 3I Infotech Inc. | 352,936,250 | 478,471,838 |
| 3I Infotech Holdings Private Limited (Mauritius) | 42,759,544 | 42,690,677 |
| 3I Infotech Saudi Arabia Limited | 32,649,518 | 32,013,741 |
| 3I Infotech Limited, India | 29,549,024 | 28,326,033 |
| 3I Infotech SDN BHD | 12,512,824 | 11,889,433 |
| 3I INFOTECH MIDDLE EAST FZ-LLC-FOREIGN COMPANY BRANCH | 452,193 | - |
| 3I Infotech Thailand Limited | 7,461 | - |
| 3I Infotech Software Solution LLC | - | 268,905 |
| | 470,866,813 | 593,660,627 |

## 9 Other current financial assets

| | 31/3/2021 AED | 31/3/2020 AED |
|---|---|---|
| Margin accounts | 73,639 | 224,812 |
| Deposit accounts | 3,265,181 | - |
| | 3,338,820 | 224,812 |

## 10 Bank balances and cash

| | 31/3/2021 AED | 31/3/2020 AED |
|---|---|---|
| Cash in hand | 1,000 | 218,712 |
| Bank current accounts | 885,183 | 511,424 |
| | 886,183 | 730,136 |

The carrying amount of these assets approximates to their fair value. Bank current account balance was verified based on bank statement only.

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

## 11 Borrowings

| | 31/3/2021<br>AED | 31/3/2020<br>AED |
|---|---|---|
| Term loans | - | 5,981,876 |
| Lease Liability | - | 68,251 |
| | - | 6,050,127 |
| Borrowings *(current portion)* | - | 6,050,127 |
| Borrowings (non - current portion) | - | - |

The borrowings are secured by the personal guarantee of the shareholders. The Company's obligations under finance lease are secured by the lessor's charge over the leased assets.

## 12 Trade and other payables

| | 31/3/2021<br>AED | 31/3/2020<br>AED |
|---|---|---|
| Trade payables | **441,753** | 427,555 |
| Accrued expenses | **728,723** | 5,839,110 |
| Advance from customers | **106,785** | 11,604,950 |
| Other Payable | **243,273** | 398,557 |
| | **1,520,534** | 18,270,172 |

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

## 13 Share Capital

| | 31/3/2021<br>AED | 31/3/2020<br>AED |
|---|---|---|
| Authorized, issued and paid up capital | | |
| 46,174 shares of AED 1,000 each | **46,174,000** | 46,174,000 |

| **Name of the Shareholders** | **No of shares** | **Amount** |
|---|---|---|
| 3i Infotech Holdings Private Limited, Mauritius | **46174** | **46,174,000** |
| | **46174** | **46,174,000** |

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

## 14 Other Income

| | 31/03/2021 AED | 31/03/2020 AED |
|---|---|---|
| Gain on transfer of Orion and Non-Orion undertaking | **106,008,970** | - |
| Gain on early setllement of borrowings | **755,066** | - |
| Foreign exchange gain | **9,035** | 1,889,584 |
| Other non-operating income | - | 19,167 |
| | **106,773,071** | 1,908,751 |

**Note:**

Pursuant to a Business Transfer Agreement dated December 28, 2020 and subsequent novation agreements dated March 25, 2021, the Company has transferred its Orion and Non-Orion product lines to Azentino Software Private Limited, for a consideration of 131,658,787 AED (equivalent INR 2.60 billion).

| | 31/03/2021 AED |
|---|---|
| Consideration received | **131,658,787** |
| Less: net assets transffered | **(22,415,146)** |
| Net gain on transfer of undertaking | **109,243,641** |
| Less: transfer expenses | **(3,234,671)** |
| | **106,008,970** |

## 15 Administration and general expenses

| | 31/03/2021 AED | 31/03/2020 AED |
|---|---|---|
| Forex loss | **681,688** | - |
| Legal, visa and professional fees | **366,128** | 2,809,352 |
| Travelling and conveyance | **95,038** | 3,693,167 |
| Communication and utilities | **67,985** | 515,871 |
| Impairment allowance | **49,328** | 3,725,854 |
| Insurance | **33,439** | 245,731 |
| Rent | **31,961** | 677,484 |
| Business promotion and advertisement | **2,014** | 126,500 |
| Other expenses | **545,520** | 1,078,632 |
| | **1,873,101** | 12,872,590 |

## 16 Discontinued operations

Pursuant to a Business Transfer Agreement dated December 28, 2020 and subsequent novation agreements dated March 25, 2021, the Company has transferred its Orion and Non-Orion product lines to Azentino Software Orion (Middle East) FZ LLC and Azentino Software (Middle East) FZ LCC respectively, for a consideration of 131,658,787 AED (equivalent INR 2.60 billion).

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

## 17 Financial instruments - risk management

**Capital management**

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the debt equity ratio. This ratio is calculated as net debt divided by total capital. The capital structure of the company comprises of equity funds as presented in the statement of financial position together with shareholders current accounts. Debt comprises of total amounts payable to third parties net of cash and cash equivalents.

**Financial risk factors**

The Company's use of financial instruments exposes it to a variety of financial risks such as credit risk, market risk, liquidity risk and political risk. The company continuously reviews its risk exposures and takes measures to limit it to acceptable levels. Risk management is carried out by the finance department under policies approved by the Board of Directors. Finance department identifies and evaluates financial risks in close co-operation with the company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk. interest rate risk, credit risk and investment of excess liquidity. The significant risks that the company is exposed to are discussed below:

a. **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

b. **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the company to credit risk, consist principally of fixed and short notice bank deposits and receivables due from related parties. The company manages this risk by placing fixed and short term bank deposits with high credit rating financial institutions. Credit risk with respect to receivables is limited due to dispersion across large number of customers.

Trade and other receivables are stated net of the allowance for doubtful receivables. There are no significant concentrations of credit risks to debtors outside the UAE.

Trade receivables mainly represent amounts due from customers (trade receivables) engaged in business of retail trading and construction.

As part of company's credit risk management where it is considered necessary, such receivables are covered by letters of credit in favor of the company, issued by high credit quality financial institutions.

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING

## 17 Financial instruments - risk management (*Continued)*

**Financial risk factors**

**c. Liquidity risk**

Liquidity risk is the risk that the company may not be able to meet its funding requirements. Liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The company maintains flexibility in funding by maintaining availability under committed credit lines.

**d. Market risk management**

The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates (currency risk) and market prices (other price risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or the Company, or factors affecting all similar financial instruments traded in the market.

**e. Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operational activities, when revenue or expenses are denominated in a different currency from the Company's functional currency which is United Arab Emirates Dirham (AED). The Company manages risk through regular monitoring of the currency markets to determine appropriate action to minimize the exposure to the foreign currency risk. The financial assets and liabilities are denominated in U.A.E. Dirhams. There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in U.A.E. Dirhams.

## 18 Fair value

The fair value of a particular asset or liability 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. The fair values of the financial assets and liabilities approximate their carrying amounts as reflected in these financial statements.

## 19 Contingencies and commitments

There are contingent liabilities outstanding amounting to AED 3,149,616 (2020: AED 2,191,595) as at the date of statement of financial position.

## 20 Comparative figures

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable with those of the current year. These reclassifications are immaterial.

P.O.Box 75952
Dubai - U.A.E.
MBC AUDITING & ACCOUNTING

**Schedule of property, plant and equipment**

| | Computer equipment AED | Furniture and fixtures AED | Office equipment AED | Right of use asset AED | Total AED |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At April 1, 2019 | 434,153 | 38,896 | 141,710 | - | 614,759 |
| Additions | 55,550 | 3,150 | - | 130,277 | 188,977 |
| At March 31, 2020 | 489,703 | 42,046 | 141,710 | 130,277 | 803,736 |
| Additions | 53,249 | - | 6,235 | - | 59,484 |
| Disposals | - | - | (46,506) | (86,852) | (133,358) |
| Elimination on transfer of business | (88,223) | (42,046) | (94,512) | - | (224,781) |
| **At March 31, 2021** | **454,729** | **-** | **6,927** | **43,425** | **505,081** |
| **Depreciation** | | | | | |
| At April 1, 2019 | 356,240 | 14,243 | 92,623 | - | 463,106 |
| Charge for the year | 51,057 | 4,584 | 25,667 | 65,139 | 146,447 |
| At March 31, 2020 | 407,297 | 18,827 | 118,290 | 65,139 | 609,553 |
| Charge for the year | 42,703 | - | 4,595 | 32,651 | 79,950 |
| Related to disposal | - | - | (28,939) | (54,365) | (83,304) |
| Elimination on transfer of business | (47,533) | (18,827) | (91,696) | - | (158,056) |
| **At March 31, 2021** | **402,467** | **-** | **2,250** | **43,425** | **448,143** |
| **Net Book Value** | | | | | |
| **At March 31, 2021** | **52,262** | **-** | **4,677** | **-** | **56,938** |
| At March 31, 2020 | 82,406 | 23,219 | 23,420 | 65,139 | **194,184** |

P.O.Box 75952
Dubai - U.A.E
MBC AUDITING & ACCOUNTING