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Chartered Accountants  
License No. 688  
Kingdom of Saudi Arabia



علي سالم العذري  
محاسبون قانونيون  
ترخيص رقم ٦٨٨  
المملكة العربية السعودية

**3i INFOTECH SAUDI ARABIA CO. LTD.**  
**(WITH LIMITED LIABILITY)**  
**RIYADH - SAUDI ARABIA**

**FINANCIAL STATEMENTS**  
**31 MARCH 2020**



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**3i INFOTECH SAUDI ARABIA CO. LTD.**  
**(WITH LIMITED LIABILITY)**  
**RIYADH - SAUDI ARABIA**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2020**

**INDEX**

- Independent auditor's report	
- Statement of financial position as at 31 March 2020	<b><u>Exhibit</u></b> A
- Statement of comprehensive income for the year ended 31 March 2020	B
- Statement of changes in partners' equity for the year ended 31 March 2020	C
- Statement of cash flows for the year ended 31 March 2020	D
- Notes to financial statements 1 to 17	<b><u>Pages</u></b> P-1 to P-12

## Independent Auditor's Report

To the Partners of 3i Infotech Saudi Arabia Co. Ltd.  
With Limited Liability  
Riyadh, Saudi Arabia

### Qualified Opinion

We have audited the financial statements of **3i Infotech Saudi Arabia Co. Ltd., (With Limited Liability)**, Riyadh, Saudi Arabia ("the Company") which comprise the statement of financial position as at 31 March 2020 and the statement of comprehensive income, statement of changes in partners' equity and statement of cash flows for the year then ended, and notes to the financial statements 1-17 including a summary of significant accounting policies.

In our opinion, except for effects of the matter described in Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of **3i Infotech Saudi Arabia Co. Ltd., (With Limited Liability)**, Riyadh, Saudi Arabia ("The Company") which comprise the statement of financial position as at 31 March 2020, and its financial performance, its cash flows for the year then ended in accordance with International Financial Reporting Standards for the Small and Medium sized Enterprises (IFRS for SMEs), and other versions endorsed by Saudi Organization for Certified Public Accountants (SOCPA).

### Basis for Qualified Opinion

A Partner's current account as at 31/03/2020 shows a debit balance which is violation of the Companies' Regulations.

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 ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Saudi Arabia 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 qualified opinion.

### Key Audit Matters

Key audit matters are those matters which were according to our professional judgment have the major importance at our audit of the financial statements for the year ended 31 December 2019, we consider all these matters in the context of our audit of the financial statements as a whole in making our opinion about the financial statements and we did not present a separate opinion of the financial statements. The key audit matters include the following:

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs, endorsed by SOCPA 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.

- 2 -

In preparing the financial statements, management is 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.

Those charged with governance 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.

### ***Report on Other Legal & Regulatory Requirements***

We are also of the opinion that the preparation and presentation of the above financial statements comply with the Companies' Regulations and the Articles of Association of Company and are in agreement with the computerised accounting records which are maintained by the Company in accordance with the related commercial books regulations.

**Ali Salem Alothri**



**Chartered Accountant**  
**License No. 688**  
Riyadh, 23/07/2020



**EXHIBIT-A**  
**3i INFOTECH SAUDI ARABIA CO. LTD.**  
**(WITH LIMITED LIABILITY)**  
**RIYADH - SAUDI ARABIA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

<b>ASSETS</b>	<b>Note</b>	<b>31/03/2020</b>	<b>31/03/2019</b>
		<b>S.R.</b>	<b>S.R.</b>
<b><u>Current Assets</u></b>			
Cash and cash equivalents	3	103,656	1,306,621
Accounts receivable	4	19,591,081	18,616,396
Deposits and advances		2,536,446	3,151,696
Accrued income		17,120,732	10,058,545
Prepayments	5	239,990	92,296
Deferred tax assets	8	982,742	929,313
		-----	-----
<b><u>Total Current Assets</u></b>		<b>40,574,647</b>	<b>34,154,867</b>
		-----	-----
<b><u>Non-Current Assets</u></b>			
Property and equipment	6	34,855	89,408
		-----	-----
<b><u>Total Assets</u></b>		<b>40,609,502</b>	<b>34,244,275</b>
		=====	=====
<b><u>LIABILITIES AND PARTNERS' EQUITY</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	7	799,766	440,381
Advances from customers		94,357	52,394
Deferred income		2,644,076	3,502,758
Accruals		1,916,519	2,282,500
VAT payable		164,703	653,874
Provision for income tax and withholding tax	8	23,440,183	19,301,501
		-----	-----
<b><u>Total Current Liabilities</u></b>		<b>29,059,604</b>	<b>26,233,408</b>
		-----	-----
<b><u>Non-Current Liabilities</u></b>			
Provision for employees' end of service benefit	9	663,332	1,030,535
		-----	-----
<b><u>Total Liabilities</u></b>		<b>29,722,936</b>	<b>27,263,943</b>
		-----	-----
<b><u>Partners' Equity</u></b>			
Capital	10	500,000	500,000
Statutory reserve	11	250,000	250,000
Retained earnings		10,136,566	6,230,332
		-----	-----
<b><u>Total Partners' Equity</u></b>		<b>10,886,566</b>	<b>6,980,332</b>
		-----	-----
<b><u>Total Liabilities and Partners' Equity</u></b>		<b>40,609,502</b>	<b>34,244,275</b>
		=====	=====



The accompanying notes 1 to 17 form an integral part of these financial statements

**EXHIBIT-B**  
**3i INFOTECH SAUDI ARABIA CO. LTD.**  
**(WITH LIMITED LIABILITY)**  
**RIYADH - SAUDI ARABIA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	<u>Note</u>	<u>2019/2020</u> <u>S.R.</u>	<u>2018/2019</u> <u>S.R.</u>
Revenue		47,195,650	39,173,814
Operating expenses	12	(36,407,179)	(28,450,536)
<b><u>Gross operating profit</u></b>		10,788,471	10,723,278
Selling and marketing expenses		(53,661)	(40,177)
General and administration expenses	13	(6,150,002)	(5,133,413)
Foreign currency (loss)		(20,342)	(138,051)
Over accrual of expenses		3,080	159,794
Other income		24,509	27,137
<b><u>Net profit before income tax</u></b>		4,592,055	5,598,568
Income tax – provided	8	(1,135,955)	(1,234,582)
<b><u>Net profit for the year</u></b>		3,456,100	4,363,986
<b><u>Other comprehensive income</u></b>			
Re-measurement gain on employees end of service benefit		450,134	147,679
<b><u>Total comprehensive income for the year</u></b>		3,906,234	4,511,665



The accompanying notes 1 to 17 form an integral part of these financial statements

**EXHIBIT-C**  
**3i INFOTECH SAUDI ARABIA CO. LTD.**  
**(WITH LIMITED LIABILITY)**  
**RIYADH - SAUDI ARABIA**  
**STATEMENT OF CHANGES IN PARTNERS' EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	<u>2019/2020</u> <u>S.R.</u>	<u>2018/2019</u> <u>S.R.</u>
<b>Capital</b>		
Beginning of the year	500,000	500,000
<b>End of the year</b>	<u>500,000</u>	<u>500,000</u>
<b>Statutory Reserve</b>		
Beginning of the year	250,000	250,000
<b>End of the year</b>	<u>250,000</u>	<u>250,000</u>
<b>Retained Earnings</b>		
Beginning of the year	6,230,332	1,718,667
Net profit for the year	3,906,234	4,511,665
<b>End of the year</b>	<u>10,136,566</u>	<u>6,230,332</u>
<b>Total Partners' Equity</b>	<u><u>10,886,566</u></u>	<u><u>6,980,332</u></u>



The accompanying notes 1 to 17 form an integral part of these financial statements

**EXHIBIT-D**  
**3i INFOTECH SAUDI ARABIA CO. LTD.**  
**(WITH LIMITED LIABILITY)**  
**RIYADH - SAUDI ARABIA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	<b>2019/2020</b>	<b>2018/2019</b>
	<b>S.R.</b>	<b>S.R.</b>
<b>Cash flows from operating activities</b>		
Net profit for the year before income tax	4,592,055	5,598,568
Depreciation charge for the year	56,953	122,730
Provision for employees' end of service benefit	222,556	279,119
	-----	-----
Operating profit before working capital changes	4,871,564	6,000,417
(Increase) in accounts receivable	(974,685)	(9,149,174)
Decrease/(increase) in deposits and advances	615,250	(933,598)
(Increase) in accrued income	(7,062,187)	(416,485)
(Increase)/decrease in prepayments	(147,694)	78,014
Increase in accounts payable	359,385	140,870
Increase/(decrease) in advances from customers	41,963	(16,557)
(Decrease)/increase in deferred income	(858,682)	1,477,581
(Decrease)/increase in VAT payable	(489,171)	281,159
(Decrease)/increase in accruals	(365,981)	597,527
	-----	-----
Cash (used in) operations	(4,010,238)	(1,940,246)
Income tax and withholding tax paid	(1,230,669)	(257,815)
Withholding tax charged to non-resident service providers	4,179,967	3,272,840
Employees' end of service benefit paid	(139,625)	(30,135)
	-----	-----
Net cash (used in)/generated from operating activities	(1,200,565)	1,044,644
	-----	-----
<b>Cash flows from investing activities</b>		
Payment to acquire property and equipment	(2,400)	--
	-----	-----
Net cash (used in) investing activities	(2,400)	--
	-----	-----
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,202,965)	1,044,644
<b>Cash and cash equivalents at beginning of the year</b>	1,306,621	261,977
<b>Cash and cash equivalents at end of the year</b>	103,656	1,306,621
	=====	=====



The accompanying notes 1 to 17 form an integral part of these financial statements



**3i INFOTECH SAUDI ARABIA CO. LTD.**  
**(WITH LIMITED LIABILITY)**  
**RIYADH - SAUDI ARABIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 MARCH 2020**

**1. STATUS AND ACTIVITIES OF THE COMPANY**

3i Infotech Saudi Arabia Co. Ltd., (with limited liability) (the Company) is registered in Riyadh, Saudi Arabia, as a Saudi Limited Liability Company with foreign capital under Commercial Registration No. 1010291105 dated 22/07/1431H corresponding to 04/07/2010G.

The main objectives of the Company are to engage in providing the software programs and solutions, programs for banking services through Internet and programs for customer services management in accordance with the Licence No. 122029104822 of 19/10/1427H corresponding to 11/11/2006G issued by Saudi Arabian General Investment Authority (SAGIA).

The Company operates a branch, registered in Al Khobar, Saudi Arabia, under Commercial Registration No. 2051049724 dated 27/08/1433H corresponding to 17/07/2012G.

These financial statements include operating activities of the Head and the Branch.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**2.1) BASIS OF PREPARATION**

The principal accounting policies adopted in the preparation of the financial statements are set out in note 2.3. The Company has consistently applied the same accounting policies throughout all periods presented.

**2.1.1) Statement of Compliance**

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs), issued by the International Accounting Standard Board (IASB) as endorsed by Saudi Organisation for Certified Public Accountants (SOCPA).



## 2.2) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

### Judgments

In the process of applying the Company's accounting policies, management has made various judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the Financial Statements.

### Estimates and Assumptions

The presentation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dated the financial statements. This involves the estimation of bad debts, stock valuation, and life of fixed assets for the purpose of calculating the depreciation. Although these estimates are based on management's best knowledge of current events and actions, actuals ultimately may differ from those estimates.

## 2.3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Company are set out below.

### 2.3.1) Foreign Currency Translation

The Financial Statements are presented in Saudi Riyals, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the dated the transaction. Monetary assets and liabilities expressed in foreign currencies at the statement of financial position date are translated into Saudi Riyals at the rates prevailing at the statement of financial position date. Any gains and losses arising out of these are credited or charged to the results of the year /period in which they arise. Non-monetary items measured at historical cost and expressed in foreign currencies are translated using the exchange rates at the date when these were acquired.

### 2.3.2) Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances, cash in hand and investments that are readily convertible into known amounts of cash and have a maturity of three months or less when purchased.

For the purpose of cash flow statement cash and cash equivalents consist of cash and equivalents as defined above.



### 2.3.3) Accounts Receivable

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Bad debts are written off when determined and approved by the Board of Directors.

### 2.3.4) Property and Equipment

Property and equipment is recognised initially at cost. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated depreciation percentages range as follows:

Motor vehicles	9.5%
Furniture and fixtures	6.33% - 10%
Office equipment	4.75%
Computer equipment	16.21%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.



### 2.3.5) **Assets Impairment**

At each reporting date, property and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

### 2.3.6) **Borrowing Costs**

Borrowing cost directly attributable to acquisition, construction or productions of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended uses, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in profit or loss in the year in which they are incurred.

### 2.3.7) **Accounts Payable and Accruals**

Liabilities are recognized and accrued at fair value for amounts to be paid in the future for goods received or services rendered, whether billed by the supplier or not.

### 2.3.8) **Revenue and Expense Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts. The following specific criteria are used for the purpose of recognition of revenue.

#### **Rendering of Services**

Revenue represents the invoiced value of services rendered by the Company net of discounts, if any, accrued revenue applicable for the year and net of reimbursable cost.

#### **Expenses**

Expenses are recognized when incurred.

### 2.3.9) **Employees' Benefits**

#### **Short-term Obligations**

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare etc that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.



### **Employees' end of service benefit**

The liability or asset recognized in the statement of financial position in respect of the defined end of service benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method.

### **2.3.10) Related Party Relationship and Transactions**

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.

### **2.3.11) Impairment and Uncollectibility of Financial Assets**

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exist, any impairment loss is recognised in the income statement.

### **2.3.12) Income Tax**

The Company is liable for income tax according to the regulations in the Kingdom of Saudi Arabia and the provision (if any), is charged to the statement of comprehensive income.



### 3. CASH AND CASH EQUIVALENTS

For the purpose of preparation of cash flow statement, cash and cash equivalents comprise the following:

	<u>31/03/2020</u>	<u>31/03/2019</u>
	<u>S.R.</u>	<u>S.R.</u>
Cash at bank	103,656	1,306,621
	-----	-----
Exhibit-A	103,656	1,306,621
	=====	=====

### 4. ACCOUNTS RECEIVABLE

Accounts receivable – trade  
Provision for bad debts

	10,804,369	18,557,518
	(3,268,830)	(3,255,784)
	-----	-----
	7,535,539	15,301,734
Accounts receivable – related parties	11,985,583	3,239,029
Accounts receivable – others	69,959	75,633
	-----	-----
Total Exhibit-A	19,591,081	18,616,396
	=====	=====

### 5. PREPAYMENTS

Rent  
Medical insurance  
Licences

	54,983	22,167
	115,325	--
	69,682	70,129
	-----	-----
Total Exhibit-A	239,990	92,296
	=====	=====



**6. PROPERTY AND EQUIPMENT**

<b><u>COST</u></b>	<b>Motor</b>	<b>Furniture</b>	<b>Office</b>	<b>Computer</b>	<b><u>Total</u></b>
	<b><u>Vehicles</u></b>	<b><u>and</u></b>	<b><u>Equipment</u></b>	<b><u>Equipment</u></b>	
	<b><u>S.R.</u></b>	<b><u>S.R.</u></b>	<b><u>S.R.</u></b>	<b><u>S.R.</u></b>	<b><u>S.R.</u></b>
As at 01/04/2019	144,000	996,376	62,701	83,128	1,286,205
Additions during the year	--	--	--	2,400	2,400
Disposals during the year	--	--	--	(41,263)	(41,263)
	-----	-----	-----	-----	-----
As at 31/03/2020	144,000	996,376	62,701	44,265	1,247,342
	-----	-----	-----	-----	-----
<b><u>DEPRECIATION</u></b>					
Accumulated as at					
01/04/2019	125,725	948,043	42,159	80,870	1,196,797
Charge for the year	8,052	44,106	2,936	1,859	56,953
On disposals	--	--	--	(41,263)	(41,263)
	-----	-----	-----	-----	-----
Accumulated as at					
31/03/2020	133,777	992,149	45,095	41,466	1,212,487
	-----	-----	-----	-----	-----
Net book value as at					
31/03/2020 - Exhibit-A	10,223	4,227	17,606	2,799	34,855
	=====	=====	=====	=====	=====
Net book value as at					
31/03/2019 - Exhibit-A	18,275	48,333	20,542	2,258	89,408
	=====	=====	=====	=====	=====

**7. ACCOUNTS PAYABLE**

Accounts payable – other

Exhibit-A

<b><u>31/03/2020</u></b>	<b><u>31/03/2019</u></b>
<b><u>S.R.</u></b>	<b><u>S.R.</u></b>
799,766	440,381
-----	-----
799,766	440,381
=====	=====



## 8. PROVISION FOR INCOME TAX AND WITHHOLDING TAX

The Company has submitted its financial statements and tax declarations up-to the year ended 31 March 2019 and has obtained restricted tax clearance certificates.

General Authority of Zakat & Tax (GAZT) has issued assessments amounting to S.R. 8,936,649 and S.R. 1,732,774 as additional tax and withholding tax, for the years 2007 to 2010 and 2012, respectively. The matters are still pending with the GAZT. The Company has made an additional provision against this liability amounting to S.R. 2,389,815.

The Company has paid above stated S.R. 1,732,774 to GAZT and shown under advances until settlement of the appeal.

The Company has paid additional withholding tax liability of S.R. 2,042,006 under protest and subsequently filed an objection against the assessment of GAZT. The matter is pending with GAZT.

### 8.1 Income Tax Base

	<u>2019/2020</u>	<u>2018/2019</u>
	<u>S.R.</u>	<u>S.R.</u>
Adjusted net profit for the year	5,946,922	6,789,365
<b>Less:</b> Loss brought forward	--	(636,013)
<b>Tax Base</b>	<u>5,946,922</u>	<u>6,153,352</u>
Tax liability @ 20% thereon	<u>1,189,384</u>	<u>1,230,670</u>
<b><u>Income Tax Charge for the year</u></b>		
<b>Current Income Tax</b>		
Current income tax charge	1,189,384	1,230,670
Over provision of income tax in prior year	--	(79,618)
<b>Deferred Tax</b>		
Relating to origination and reversal of temporary difference	(53,429)	83,530
	<u>1,135,955</u>	<u>1,234,582</u>
Net profit is adjusted for provisions and expenses which are not allowable and for depreciation as per the Regulations of GAZT.		

### 8.2 Withholding Tax

Amount subject to withholding tax	26,739,174	20,984,774
Withholding tax liability	4,010,877	3,147,717
Penalty	169,090	125,123
	<u>4,179,967</u>	<u>3,272,840</u>

### 8.3 Movement of Provision for Income Tax and Withholding Tax

Beginning of the year	19,301,501	15,135,424
Income tax provided during the year	1,189,384	1,230,670
Over provision of income tax in prior year	--	(79,618)
Withholding tax and delay penalty	4,179,967	3,272,840
Paid during the year	(1,230,669)	(257,815)
End of the year	<u>23,440,183</u>	<u>19,301,501</u>





**8.4 Deferred Tax**

	<u>2019/2020</u>	<u>2018/2019</u>
	<u>S.R.</u>	<u>S.R.</u>
Beginning of the year	929,313	1,012,843
<b><u>Movement during the year</u></b>		
End of service benefit	(73,441)	20,261
Bad and doubtful debts	2,609	10,233
Provisions	100,817	--
(Loss) carry forward	--	(127,203)
Depreciation of property and equipment	656	13,179
Correction to opening balance	22,788	--
Net movement during the year	53,429	(83,530)
<b>End of the year</b>	<b>982,742</b>	<b>929,313</b>

**9. EMPLOYEES END OF SERVICES BENEFITS**

Balance as at 01 April	1,030,535	929,230
Current service cost	222,556	279,119
Re-measurement of obligations	(450,134)	(147,679)
Paid during the year	(139,625)	(30,135)
Exhibit-A	663,332	1,030,535
Discount rate - per annum	4.20%	2.70%
Salary increment rate - per annum	1.00%	2.00% - 3.00%

**10. CAPITAL**

<u>500 Shares of S.R. 1,000 each fully paid</u>	<u>No. of Shares</u>	<u>31/03/2020</u>	<u>31/03/2019</u>
		<u>S.R.</u>	<u>S.R.</u>
3i Infotech Co. Ltd. - India	250	250,000	250,000
3i Infotech Co. Ltd. - U.K.	250	250,000	250,000
	500		
<b>Total Exhibit-A</b>	<b>500</b>	<b>500,000</b>	<b>500,000</b>

**11. STATUTORY RESERVE**

In accordance with the Article 176 of Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to set aside 10% of its net profit each year. The partners may decide to discontinue such transfer upon reaching 30% of the paid up capital. The balance of statutory reserve as at 31/03/2020 is S.R. 250,000 (31/03/2019 – S.R. 250,000).

**12. OPERATING EXPENSES**

	<u>2019/2020</u>	<u>2018/2019</u>
	<u>S.R.</u>	<u>S.R.</u>
Salaries and wages	2,593,556	2,984,285
Employees' end of service benefit	222,556	279,119
Software cost	578,177	618,709
Travel and transport	1,247,083	943,867
Sales commission	883,666	--
Project implementation costs	30,882,141	23,624,556
	-----	-----
Total Exhibit-B	36,407,179	28,450,536
	=====	=====

**13. GENERAL AND ADMINISTRATION EXPENSES**

Salaries and wages	1,165,221	1,340,766
Staff bonus	432,820	96,956
Staff welfare	2,338	1,972
Social insurance	121,063	119,703
Insurance	234,908	230,173
Leave pay	--	33,599
Travel and transport	1,089,046	937,099
Training	8,047	--
Printings and stationery	4,752	6,894
Electricity and water	28,782	22,638
Postage and telephone	217,798	211,840
Car rental	950	3,537
Vehicles running expenses	23,967	49,073
General repairs and maintenance	7,830	5,596
Fees and legalisation expenses	310,247	236,262
Subscription	6,000	584
Rent	591,364	400,553
Bank charges	21,755	21,541
Legal fees	82,000	58,500
Audit and professional fees	398,018	121,929
Recruitment expenses	3,811	9,000
Bad debts written off	1,294,898	871,021
Depreciation of property and equipment	56,953	122,730
Business development cost	47,267	84,747
Penalties	--	146,400
Miscellaneous expenses	167	300
	-----	-----
Total Exhibit-B	6,150,002	5,133,413
	=====	=====



#### 14. RELATED PARTY TRANSACTIONS

Following are the major transactions during the year.

<u>Related Party</u>	<u>Nature of Transaction</u>	<u>2019/2020</u> <u>S.R.</u>	<u>2018/2019</u> <u>S.R.</u>
3i Infotech Co. Ltd. – India, Partner	Services obtained	26,739,174	20,984,774

#### 15. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an assets could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Financial instruments comprise financial assets and financial Liabilities.

The Company's financial assets consist of bank balances, cash, accounts receivable and prepayments. Its financial liabilities consist of accounts payable, accruals and instalments payable.

The fair values of financial instruments are not materially different from their carrying values.

#### 16. RISK MANAGEMENT

The Company is subjected to various financial risks due to its activities including: Market risk (including currency risk, fair value and cash flows of interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Senior management is responsible for risk management.

##### Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The management seeks to manage its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow-ups.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date.



### **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Company manages its liquidity by ensuring funding is provided by the partners of the Company.

### **Currency Risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company is not exposed to significant currency risk as the Saudi Riyal is pegged to the US Dollar and transactions denominated in other currencies are not considered to represent significant currency risk.

## **17. SUBSEQUENT EVENTS**

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread across multiple geographies, causing disruption to business and economic activities. The Company considers this outbreak to be a non-adjusting post balance sheet event. As this situation is rapidly evolving, the Company's management is reviewing the potential risks around its business, labour and uninterrupted functioning of branch in Al Khobar. It is not practicable to provide a quantitative estimate of the potential impact at this stage. The management is continuously monitoring the situation.

In the opinion of management, there have been no further significant subsequent events since the year ended 31 March 2020 till the authorization of financial statements by the Company that require adjustment or disclosure in these financial statements.

