PAYNET KIBRIS ÖDEME HİZMETLERİ LTD.

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019 AND
AUDITOR'S REPORT

AUDIT REPORT

To the Board of
PAYNET KIBRIS ÖDEME HİZMETLERİ LTD.

1. Opinion

We have audited the financial statement, the statement of profit or loss and other comprehensive income of PAYNET KIBRIS ÖDEME HİZMETLERİ LTD. (Company) for the fiscal period ending as of 31 December 2019 including significant accounting policies and footnotes of financial statements.

In our opinion, the financial statements in the annex of the report presents fairly, in all material respects, the financial status of the Company as of 31 December 2019 and its financial performance for the accounting period ending on the same date, in accordance with the International Financial Reporting Standards.

2. Basis for Opinion

Our audit work has been carried out in accordance with criteria expected from a generally accepted audit. Our responsibilities under these standards are described in the Auditor's Responsibilities section of our report.

We believe that the independent audit evidence we obtained during our audit is sufficient and appropriate to provide a basis for our opinion.

3. Management's Responsibilities for the Financial Statements

The management of the company is responsible for the preparation of financial statements in accordance with the International Financial Reporting Standards, their presentation in a fair manner and their preparation in a way that does not contain any significant mistakes and fraud.

While preparing the financial statements, management is responsible for evaluating the Company's ability to maintain continuity, to explain the issues related to continuity when necessary, and to apply the continuity principle of the business unless there is an intention or obligation to liquidate the Company or terminate its business activities.

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

4. Auditor's Responsibilities

The purpose of the audit we have carried out at the company is to obtain a reasonable assurance whether the financial statements are free from errors or fraudulent misstatements and to prepare an independent audit report containing our opinion. Reasonable assurance as a result of an audit conducted in a comprehensive manner is a high level of assurance but does not guarantee that any major misstatement may exist. Inaccuracies can result from errors and fraud. If inaccuracies are reasonably expected to affect the economic decisions of users of the financial statements, individually or collectively, those errors are considered significant.

As a requirement of the independent audit carried out, we use our professional judgment and maintain our professional skepticism throughout the independent audit.

We also performed following actions;

- Risks of "material misstatements" arising from errors and misstatements in the financial statements of the company are identified and evaluated; audit procedures that respond to these risks are designed and implemented, and an appropriate audit evidence is obtained that will be the basis for our opinion. Since fraud may include acts of cheating, collusion, intentional negligence, or false violations of internal control; the risk of failing to detect a significant fraud caused by fraud is higher than the risk of failing to detect a material misstatement.

- Internal control related to the audit is evaluated not for the purpose of giving an opinion about the effectiveness of the Company's internal control, but to design appropriate audit procedures.

- The appropriateness of accounting policies used by the company are evaluated, and it is also assessed whether the accounting estimations made and the related explanations are reasonable.

- Based on the audit records obtained, it is concluded whether there is any significant uncertainty about the events or conditions that may create serious suspicion about the ability of the Company to maintain continuity and the suitability of the Company Management to apply the continuity principle of the business. In the event that we conclude that there is a significant uncertainty, we should pay attention to the related disclosures in the financial statements, or give an opinion other than a positive opinion if these disclosures are inadequate. Our conclusions are based on audit evidence obtained up to the date of the independent audit report. However, future events and conditions may end the Company's continuity.

Among other issues, we report the planned scope and timing of the independent audit to those responsible for the senior management, including the significant internal audit deficiencies we identified during the audit. We have reported to those responsible for senior management that we have complied with ethical provisions regarding independence. In addition, we have provided information regarding all relations and other issues that may be considered to have an impact on independence, and, if applicable, relevant measures to those charged with governance of the Company.

Among the issues notified to senior management, we identify the issues that are most important in the independent audit of the financial statements of the current period; in other words, key audit matters. In cases where these issues are not allowed to be disclosed to the public, or in cases where the negative consequences of public disclosure are reasonably expected to exceed the public benefit of public disclosure, we can decide not to include the issue in the independent audit report.

Mümin Karamanlı

PAYNET KIBRIS ÖDEME HİZMETLERİ LTD.

CONTENTS **PAGE**

PAYNET KIBRIS ÖDEME HİZMETLERİ LTD.

SEPARATE STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated.)

ASSETS

	Notes	31 December 2019	31 December 2018
Current assets			
Cash and cash equivalents	4	490	415
Other current assets	5	2	3
Total current assets		**492**	**418**
Non current assets			
Intangible assets	6	8	11
Total non-current assets		**8**	**11**
Total assets		**500**	**429**

LIABILITIES AND EQUITY

	Notes	31 December 2019	31 December 2018
Current liabilities			
Trade payables	8	38	28
-Due to third parties		38	28
Other current liabilities		-	-
Total current liabilities		**38**	**28**
Total liabilities		**38**	**28**
Equity			
Share capital	9	400	400
Profit / (loss) for the year		61	(11)
Retained earnings		1	12
Total equity		**462**	**401**
Total liabilities and equity		**500**	**429**

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

PAYNET KIBRIS ÖDEME HİZMETLERİ LTD.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated.)

	Notes	1 January - 31 December 2019	1 January - 31 December 2018
Net sales	10	90	33
Cost of sales	10	(72)	(29)
Gross profit		**18**	**4**
Operating expenses	11	(11)	(56)
Other operating income / (expenses), net		-	(1)
Financial income / (expenses), net	12	54	42
Profit /(loss) before income taxes		**61**	**(11)**
Income tax expenses		-	-
Profit/(loss) for the period		**61**	**(11)**

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

PAYNET KIBRIS ÖDEME HİZMETLERİ LTD.

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated.)

	Share capital	Retained earnings and profit/(loss) for the year	Total equity
Balance at 1 January 2018	400	12	412
Loss for the year	-	(11)	(11)
Balance at 31 December 2018	400	1	401
Balance at 1 January 2019	400	1	401
Profit for the year	-	61	61
Balance at 31 December 2019	400	62	462

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

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated.)

	Notes	1 January- 31 December 2019	1 January- 31 December 2018
Profit/(loss) before income taxes		61	(11)
Adjustments for:			
Interest expenses, credit card commissions and other financial expenses	12	54	49
Depreciation and amortization expenses	6	3	4
Changes in working capital			
Change in other current and non current assets		1	-
Change in trade payables		10	(37)
Change in other current and non current liabilities		-	(1)
Net cash provided by operating activities		**129**	**4**
Purchase of property, equipment and intangible assets	6	-	(8)
Net cash used in investing activities		**-**	**(8)**
Cash flows from financing activities:			
Interest expenses, credit card commissions and other financial expenses paid		(54)	(49)
Net cash provided by financing activities		**(54)**	**(49)**
Net increase in cash and cash equivalents		75	(53)
Cash and cash equivalents at the beginning of year	**4**	**415**	**468**
Cash and cash equivalents at the end of year	**4**	**490**	**415**

NOTE 1 - ORGANISATION AND PRINCIPAL ACTIVITIES

Paynet (Kıbrıs/Cyprus) Ödeme Hizmetleri Ltd. established on 7 April 2017 with TL 400.000 share capital; to be operational at payment facilitation services in North Cyprus Turkish Republic. Paynet (Kıbrıs) Ödeme Hizmetleri Ltd. will be referred as the "Company" in these financial statements.

The address of its registered office is as follows:

7 İnegöl Sokak Karakol Gazimağusa Kıbrıs

There are no employees of the Company at 31 December 2019 (31 December 2018: None).

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL INFORMATION

a) Basis of Preparation

The Company maintains its books of account and prepares its statutory financial statements ("Statutory Financial Statements") in accordance with accounting principles promulgated by Turkish Commercial Code (the "TCC") and tax legislation.

The accompanying separate financial statements expressed in Turkish Lira are based on the statutory records, with adjustments and reclassifications, including remeasurement for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS, except as provided in paragraph 10 of IAS 27, "Separate Financial Statements". Investments in subsidiaries included in the Company's separate financial statements have been accounted for at cost.

The separate financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Company's functional currency is the Turkish Lira.

The Company has used exemption from consolidation in accordance with IFRS 10, "Consolidated Financial Statements" and elected to prepare separate financial statements on the grounds that:

- The Company is a wholly-owned subsidiary of Paynet Ödeme Hizmetleri A.Ş., which has been informed about, and do not object to, the Company not presenting consolidated financial statements;
- The Company's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- The Company did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market

Going Concern

The financial statements of the Company are prepared on a going concern basis, which presumes the realization of assets and settlement of liabilities in the normal course of operations and in the foreseeable future.

b) Standards, amendments and interpretations applicable as at 31 December 2019

- **Amendment to IFRS 9, 'Financial instruments';** effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL INFORMATION (continued)

b) Standards, amendments and interpretations applicable as at 31 December 2019 (continued)

- **Amendment to IAS 28, 'Investments in associates and joint venture';** effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

  IFRS 16, 'Leases'; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- **IFRIC 23, 'Uncertainty over income tax treatments';** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

- **Annual improvements 2015 - 2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

  - IFRS 3, 'Business combinations', - a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - IFRS 11, 'Joint arrangements', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, 'Income taxes' -a company accounts for all income tax consequences of dividend payments in the same way.
  - IAS 23, 'Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- **Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement';** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

  - use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement and
  - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL INFORMATION (continued)

c) Standards, amendments and interpretations that are issued but not effective as at 31 December 2019:

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

  i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting,
  ii) clarify the explanation of the definition of material and
  iii) incorporate some of the guidance in IAS 1 about immaterial information.

- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

- **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

The impacts of the new standarts, amendments and improvements on the financial position and performance of the Company is being assessed.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

3.1 Accounting Policies

Financial instruments

Financial assets and financial liabilities are recognised in the Company's financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Company classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income "FVTOCI":

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss "FVTPL".

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset; the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is recognised in profit or loss statement and is included in the "finance income - interest income" line item.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item,
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve,
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade receivables. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company utilizes a simplified approach for non-significant trade receivables, contract assets and lease receivables and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.
(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where IFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Company has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Revenue recognition

Revenue is recognized in the financial statements at the transaction cost. The transaction fee is the amount that the Company expects to receive in return for transferring the goods or services that it has committed to the customer, except for the amounts collected on behalf of third parties. When the control of the goods or services is transferred to the customers, the related amount is reflected to the financial statements as revenue.

Payment services

The Company provides payment intermediation services under the BRSA license within the framework of Law no. 6493 to its customers' credit card collections. This service is not only available to the customers of the Company's computer and by-products or security sector, but also the Company provides payment brokerage services to companies operating in many different sectors. Payment services allow customers to make credit card collections from a single channel without requiring them to be in separate contact with banks.

Revenue is recognized by invoicing the agreed charge-out rates over the transaction occurred within the period.

Cash and cash equivalents

Cash and cash equivalents are carried at cost value. Cash and cash equivalents comprise cash on hand and demand deposits, credit card receivables and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value (Note 4). Credit card receivables presented within cash and cash equivalents are transferred to bank accounts in the first business day following the reporting date without any discount in the nominal value.

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity if that person,

(i) has control or joint control over the reporting entity,

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Related parties (continued)

(ii) has significant influence over the reporting entity,

(iii)is a member of the key management personnel of the reporting entity or of a parent of the reporting entity

b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a)

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged (Note 6).

Property, equipment and related depreciation

Property and equipment are carried at cost less accumulated depreciation (Note 8). Depreciation is provided on a straight-line basis. The depreciation periods for property and equipment, which approximate the useful lives of such assets, are as follows:

	Years
Furniture and fixture	4 - 5

Intangible assets

Intangible assets include licences, computer software and non-compete agreements (Note 10). Acquired licences, computer software and non-compete agreements are capitalised on the basis of the costs incurred to acquire and bring to use. These costs are amortised over their estimated useful lives of 3 to 5 years.

Leases

The Company – as a lessee

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

a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
c) the Company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Leases (continued)

The Company – as a lessee (continued)

d) the Company has the right to direct use of the asset. The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:
   i. the Company has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
   ii. the Company designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

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

Right of use asset

The right of use asset is initially recognized at cost comprising of:

a) amount of the initial measurement of the lease liability;
b) any lease payments made at or before the commencement date, less any lease incentives received;
c) any initial direct costs incurred by the Company; and
d) an estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

The Company measure the right of use asset:

a) after netting-off depreciation and reducing impairment losses from right of use asset,
b) adjusted for certain re-measurements of the lease liability recognized at the present value

The Company applies IAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to asses for any impairment.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

a) fixed payments, including in-substance fixed payments;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
c) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewable period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

a) increasing the carrying amount to reflect interest on lease liability
b) reducing the carrying amount to reflect the lease payments made and

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Lease Liability (continued)

c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Extension and termination options

In determining the lease liability, the Company considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The Company remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

Variable lease payments

Company's lease contracts do not include any variable lease payments.

Exemptions and simplifications

Short-term lease payments are not included in the measurement of the lease liabilities in the scope of IFRS 16. Lease payments of these contracts are continued to be recognised in profit or loss in the related period. The Company applied a single discount rate to a portfolio of leases which have similar characteristics (asset classes which have similar remaining rent periods in a similar economic environment).

The Company – as a lessor

The Company's has no activities as a lessor.

Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Taxation

Turkish tax legislation does not permit a parent company and its subsidiary to file a tax return. Therefore, provisions for taxes, as reflected in the accompanying financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the financial statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

<u>Deferred income taxes</u>

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Taxation (continued)

Deferred income taxes (continued)

temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities and current tax assets and liabilities are offset if there is a legally enforceable right to do so and if the related income taxes levied by the same taxation authority and if the Company has an intention to pay current tax assets and liabilities net.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Events after the reporting period

Events after the reporting period comprise any event between the reporting date and the date of authorization of the financial statements, even if the event after the reporting date occurred subsequent to an announcement on the Company's profit or following any selected financial information that are released.

In the case of events requiring adjustments, the Company adjusts the amounts recognized in its financial statements to reflect the events.

Provision for employment termination benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

The provision for employment termination benefits represents the present value of the estimated total provision of the future probable obligation of the Company discounted with appropriate discount rate arising from the retirement of the employees calculated in accordance with the laws and regulations in force in the countries where they are registered.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation or a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities and contingent assets

A possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company have not been recognised in these financial statements and treated as contingent liabilities and contingent assets.

Capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Earnings per share

Earnings per share disclosed in the statement of profit or loss and other compherensive income has been determined by dividing net profit for the year by weighted average number of shares outstanding.

Statement of cash flows

In statement of cash flow, cash flows are classified as from operating, investment and finance activities. The Company presents its cash flows from operating activities in an indirect way where the net profit or loss is adjusted for the effects of non-cash transactions, cash inflows and outflows related to past and future transactions, accruals or deferrals and income or expense items related to cash flows related to investment or financing.

3.2 Use of Estimates

Preparation of the financial statements requires the use of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the reporting date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

3.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Change in Accounting Policies

Changes made in the accounting policies are applied retrospectively and prior year financial statements are restated. There are no changes in the accounting policies of the Company during the period.

3.5 Changes in the Accounting Estimates and Errors

If changes in the accounting estimates are related to only one period, they are applied in the current year; if they are related to the future period, they are applied both in current and future periods. If a significant accounting error detected, adjustments are applied retrospectively and prior year financial statements are restated.

3.6 Comparative Information and Restatement of Prior Period Financial Statements

Financial statements of the Company have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes. There are no changes in the financial statements of the prior periods of the Company during the period.

NOTE 4 - CASH AND CASH EQUIVALENTS

The analysis of cash and due from banks at 31 December 2019 and 2018 is as follows:

	31 December 2019	31 December 2018
Due from banks		
-Time deposits	-	390
-Demand deposits	484	21
Other cash and cash equivalents	6	4
	490	415

As at 31 December 2019 there are no time deposits are denominated (31 December 2018: 20% for Turkish Liras).

NOTE 5 - OTHER CURRENT ASSETS

The analysis of other current assets at 31 December 2019 and 2018 is as follows:

	31 December 2019	31 December 2018
Other	2	3

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated.)

NOTE 6 - INTANGIBLE ASSETS

The movements in intangible assets and related accumulated amortization for the years ended 31 December 2019 and 2018 are as follows:

	1 January 2019	Additions	31 December 2019
Cost:			
Establishment and organization (*)	19	-	19
Total	19	-	19
Accumulated depreciation:			
Establishment and organization (*)	(8)	(3)	(11)
Total	(8)	(3)	(11)
Net book value at 31 December 2019	11		8

	1 January 2018	Additions	31 December 2018
Cost:			
Establishment and organization (*)	19	-	19
Total	19	-	19
Accumulated depreciation:			
Establishment and organization (*)	(4)	(4)	(8)
Total	(4)	(4)	(8)
Net book value at 31 December 2018	15		11

(*) As of 31 December 2019 and 2018, establishment and organization additions due to establishment of Paynet (Kıbrıs/Cyprus) Ödeme Hizmetleri Şti. Ltd.

NOTE 7 - TAXATION ON INCOME

The Company and its Turkish subsidiaries are subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a tax return. Therefore, provisions for taxes, as reflected in the accompanying financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2019 is 22% (2018: 22%) for the Company.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2019 is 22%. (2018: 22%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated.)

NOTE 7 - TAXATION ON INCOME (continued)

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Ministers Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

Reconciliation of tax expense for the years ended at 31 December 2019 and 2018 is as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Profit/ (loss) before tax	61	(11)
Tax at the enacted tax rate of 21%	(13)	2
Currency translation differences and other	13	(2)
Taxation on income	-	-

Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

Tax rate used in the calculation of deferred tax assets and liabilities was %22 (The tax rate is considered as 20,90% since the Group has the right to use 5% tax deduction under the tax legislation) over temporary timing differences expected to be reversed in 2018, 2019 and 2020, and %20 over temporary timing differences expected to be reversed in 2021 and the following years (2018: 22%).

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

NOTE 8 – TRADE PAYABLES

The analysis of accounts payables at 31 December 2019 and 2018 is as follows:

	31 December 2019	31 December 2018
Trade payables	29	20
Other	9	8
	38	28

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated.)

NOTE 9 - SHARE CAPITAL

Paynet (Kıbrıs/Cyprus) Ödeme Hizmetleri Şti. Ltd. established on 7 April 2017 with TL 400.000 share capital and shareholding structure in terms of Turkish Lira is as follows:

	31 December 2019		31 December 2018	
	Share %	TL	Share %	TL
Paynet Ödeme Hizmetleri A.Ş.	100%	400.000	100%	400.000
Total	100,00	400.000	100,00	400.000

NOTE 10 - NET SALES AND COST OF SALES

The analysis of sales for the years ended 31 December 2019 and 2018 is as follows:

	1 January-31 December 2019	1 January-31 December 2018
Domestic and foreign sales	90	33
Net sales	90	33
Cost of sales	(72)	(29)
Gross profit	18	4

NOTE 11 - OPERATING EXPENSES

The analysis of operating expenses for the years ended at 31 December 2019 and 2018 is as follows:

	1 January-31 December 2019	1 January-31 December 2018
Depreciation and amortisation expenses	3	4
Consultancy expenses	8	6
Advertising expenses	-	33
Other expenses	-	13
	11	56

NOTE 12 - FINANCIAL INCOME AND EXPENSES, NET

The analysis of financial income and expenses for years ended 31 December 2019 and 2018 is as follows:

	1 January-31 December 2019	1 January-31 December 2018
Foreign exchange (gains)	-	(7)
Other	(6)	(6)
	(6)	(13)
Interest income	60	55
Financial expenses,net	54	42

NOTE 13 - FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, limited fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Company has no major interest rate risk as 31 December 2019 and 2018 since there are no assets or liabilities with floating interest rate.

i) Cash flow and fair value interest rate risk

The Company is not exposed to major interest rate risk since there is no significant interest bearing liabilities and assets.

ii) Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Company closely monitors its customers and the risks are monitored by limiting the aggregate risk to any individual counterparty.

	Receivables				
	Trade receivables		Other receivables		
31 December 2019	Related party	Other party	Related party	Other party	Bank deposits
The maximum amount of exposure to credit risk at the end of the reporting period	-	-	-	-	490
-Total receivable that have been secured with collaterals, other credit enhancements etc	-	-	-	-	-
Financial assets that are neither past due nor impaired	-	-	-	-	490
The amount of financial assets that are past due as at the end of the reporting period but not impaired	-	-	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc	-	-	-	-	-
The amount of financial assets that are impaired	-	-	-	-	-
-Past due (Gross book value)		-	-	-	-
-The amount of impairment (-)	-	-	-	-	-
-The amount that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-

NOTE 13 - FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

ii) Credit risk (continued)

	Receivables				
	Trade receivables		Other receivables		
31 December 2018	Related party	Other party	Related party	Other party	Bank deposits
The maximum amount of exposure to credit risk at the end of the reporting period	-	-	-	-	415
-Total receivable that have been secured with collaterals, other credit enhancements etc	-	-	-	-	-
Financial assets that are neither past due nor impaired	-	-	-	-	415
The amount of financial assets that are past due as at the end of the reporting period but not impaired	-	-	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc	-	-	-	-	-
The amount of financial assets that are impaired					
-Past due (Gross book value)	-	-	-	-	-
-The amount of impairment (-)	-	-	-	-	-
-The amount that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated.)

NOTE 13 - FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

iii) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

Due to the dynamic nature of the underlying businesses, the Company maintains flexibility in funding by maintaining availability under available credit lines.

The liquidity risk of the Company as of 31 December 2019 and 2018 is as follows:

31 December 2019	Carrying value	Cash outflows according to agreements (I+ II)	Less than 3 months (I)	Between 3-12 months (II)
Non derivative financial liabilities				
Trade payables	38	38	38	-
	38	38	38	-

31 December 2018	Carrying value	Cash outflows according to agreements (I+ II)	Less than 3 months (I)	Between 3-12 months (II)
Non derivative financial liabilities				
Trade payables	32	32	32	-
	32	32	32	-

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's 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 pay out dividends, return capital to shareholders, issue new shares or sell assets to reduce debt.

(Amounts expressed in thousands of Turkish Liras unless otherwise indicated.)

NOTE 14 – FINANCIAL INSTRUMENTS

Categories of financial instruments and fair values

31 December 2019	Loans and receivables	Financial liabilities at amortized cost	Carrying value	Fair value	Note
Financial assets					
Cash and cash equivalents	490	-	490	490	4
Financial liabilities					
Trade payables	-	38	38	38	8

31 December 2018	Loans and receivables	Financial liabilities at amortized cost	Carrying value	Fair value	Note
Financial assets					
Cash and cash equivalents	415	-	415	415	4
Financial liabilities					
Trade payables	-	32	32	32	8

NOTE 15 – SUBSEQUENT EVENTS

None.

REDINGTON UGANDA LIMITED

ANNUAL REPORT AND
FINANCIAL STATEMENTS

31 MARCH 2020

REDINGTON UGANDA LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

CONTENTS | PAGES

REDINGTON UGANDA LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS	Raj Shankar* Sriram Ganeshan** *Singaporean **Indian
REGISTERED OFFICE	Plot 15, Mulwana Road, Industrial Area, Opposite Uganda Baati P O Box 33009 Kampala, Uganda
AUDITORS	Deloitte & Touche Certified Public Accountant of Uganda 3rd Floor Rwenzori House 1 Lumumba Avenue P O Box 10314 Kampala, Uganda
BANKERS	Diamond Trust Bank Uganda Limited Diamond Trust Building Plot 17/19, Kampala Road P O Box 7155 Kampala, Uganda Stanbic Bank Uganda Limited Crested Towers Branch P O Box 7131, Kampala, Uganda

REDINGTON UGANDA LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020

The Directors present their annual report together with the audited financial statements for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is trading in computers, related peripherals and accessories. It also provides service to its customers.

FINANCIAL RESULTS

	2020 Ushs '000	2019 Ushs '000
Profit before taxation	201,654	455,191
Taxation charge	(61,562)	(145,668)
Profit for the year transferred to retained earnings	140,092	309,523

DIVIDENDS

The Directors do not recommend the payment of a dividend in respect of the year (2019 - Nil).

DIRECTORS

The present membership of the board is as shown on page 2.

AUDITORS

The auditors, Deloitte & Touche, Certified Public Accountant of Uganda have expressed their willingness to continue in office in accordance with section 167 (2) of the Ugandan Companies Act, 2012.

BY ORDER OF THE BOARD

Sriram

Director

2020

Kampala

REDINGTON UGANDA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Ugandan Companies Act, 2012 (The Act) requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results of the company for that year. The Act also requires the Directors to ensure the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. The Directors are also responsible for safeguarding the assets of the company.

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of the Ugandan Companies Act, 2012 and the Uganda Insurance Act Cap 213, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Ugandan Companies Act, 2012 and the Uganda Insurance Act Cap 213. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of these financial statements.

The world is currently experiencing a significant challenge emanating from the COVID-19 pandemic. Globally and locally, the authorities are attempting to stop the spread of the virus with the introduction of various measures, including complete lock downs of some countries.
At Company level, we are following the developments, particularly the impact on business, staff, customers and all other stakeholders. Preliminary measures and business continuity plans to mitigate adverse impact are being activated and will be closely monitored and the Company will continually assess them on an ongoing basis and adopt changes as events unfold. The directors note that the effects of COVID-19 pandemic will impact the company's business and financial results in 2020 but the full impact is yet to be ascertained.

Signed on behalf of the board of Directors by;

Sivam	DocuSigned by: Raj Shankar 4F3C25CE030549D
Director	Director
2020	2020

Deloitte & Touche
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF REDINGTON UGANDA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Redington Uganda Limited, set out on pages 8 to 37, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the Company at 31 March 2020 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs"), the requirements of the Ugandan Companies Act, 2012 and the Ugandan Insurance Act Cap 213.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibility 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 (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, 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

Other Information

The Directors are responsible for the other information, which comprises the information included in the 'Report of the Directors'. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Ugandan Companies Act, 2012 and the Ugandan Insurance Act Cap 213 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 the Directors.
- Conclude on the appropriateness of the Directors' 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

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

We communicate with the 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.

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

Report on Other Legal Requirements

As required by the Ugandan Companies Act, 2012, we report to you, based on our audit, that:

i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

ii) In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and

iii) The company's statement of financial position (balance sheet) and the statement of profit or loss and other comprehensive income (profit and loss account) are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditors' report is Norbert Kagoro, Practicing No. P0053.

Deloitte & Touche

Certified Public Accountant of Uganda

Norbert Kagoro
Partner

Kampala

REDINGTON UGANDA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 Ushs '000	2019 Ushs '000
REVENUE	5	90,562,917	82,750,189
COST OF SALES	6	(87,682,881)	(79,115,956)
GROSS PROFIT		2,880,036	3,634,233
ADMINISTRATIVE EXPENSES	7	(2,473,697)	(2,690,716)
NET FOREIGN EXCHANGE LOSSES		(204,685)	(488,326)
PROFIT BEFORE TAXATION		201,654	455,191
TAXATION CHARGE	9(a)	(61,562)	(145,668)
PROFIT FOR THE YEAR		140,092	309,523
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		140,092	309,523

REDINGTON UGANDA LIMITED

STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2020

	Notes	2020 Ushs '000	2019 Ushs '000
ASSETS			
Non-current assets			
Equipment	11	34,474	53,446
Right of Use Asset	10	358,579	-
Current assets			
Inventories	12	9,871,071	10,202,299
Trade and other receivables	13	23,215,801	20,429,960
Corporate tax recoverable	9(c)	12,782	233,617
Deferred tax asset	9(c)	251,759	47,486
Bank and cash balances	14	3,440,974	3,306,611
		36,792,387	34,219,973
Total assets		37,185,440	34,273,419
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	15,000	15,000
Retained earnings		1,342,947	1,202,855
Shareholders' funds		1,357,947	1,217,855
Non-Current Liabilities			
Lease Liability	10	148,641	-
		148,641	
Current liabilities			
Due to related companies	15(b)	34,254,019	32,799,631
Trade and other payables	17	1,164,755	255,933
Shor Term Lease Liability	10	260,078	-
		35,678,852	33,055,564
Total equity and liabilities		37,185,441	34,273,419

The financial statements on pages 8 to 37 were approved and authorized for issue by the Board of Directors on 2020 and signed on its behalf by:

Suvam

Director

DocuSigned by:
Raj Shankar
4F3C25CE030549D

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share Capital Ushs '000	Retained earnings Ushs '000	Total Ushs '000
At 1 April 2018	15,000	893,332	908,332
Total comprehensive income for the year		309,523	309,523
At 31 March 2019	15,000	1,202,855	1,217,855
At 1 April 2019	15,000	1,202,855	1,217,855
Total comprehensive income for the year	-	140,092	140.092
At 31 March 2020	15,000	1,342,947	1,357,947

REDINGTON UGANDA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 Ushs '000	2019 Ushs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Reconciliation of profit before tax to cash generated from operations			
Profit before taxation		201,654	455,191
Adjusted for:			
Depreciation		269,485	30,235
Operating profit before working capital changes		471,139	485,426
Increase in inventories		331,226	313,209
Increase in trade and other receivables		(2,785,841)	(5,058,731)
Decrease in due from related party balances		-	3,265
Increase / (Decrease) in trade and other payables		908,821	(103,451)
(Decrease)/Increase in Lease Liability		(188,913)	-
Increase in due to related party balances		1,454,391	4,532,113
Net cash generated from operations		190,823	171,831
Tax paid		(45,000)	-
Net cash generated from operating activities		145,823	171,831
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	9	(11,461)	(10,368)
Net cash used in investing activities		(11,461)	(10,368)
Increase in cash and cash equivalents		134,362	161,463
Cash and cash equivalents at beginning of year		3,306,611	3,145,148
		3,440,974	3,306,611
Represented by:			
Bank and cash balances	13	3,440,974	3,306,611

1 GENERAL

Redington Uganda Limited is a limited liability company incorporated and domiciled in Uganda under the Ugandan Companies Act. It is a subsidiary of Redington Gulf FZE U.A.E, a company incorporated in Dubai, United Arab Emirates. The ultimate holding company is Redington (India) Limited, a company incorporated in India.

For the reporting purposes under the Ugandan Companies Act, in these financial statements, the balance sheet is equivalent to the statement of financial position while profit and loss account is presented as statement of profit or loss and other comprehensive income.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's)

New and Amended IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2019

The new and amended standards generally require full retrospective or modified application (i.e. comparative amounts have to be restated), with some amendments requiring retrospective application.

IFRS 16 Leases

Amendments to IFRS 9 Financial instruments;

Amendments to IAS 28 Investments in Associates and Joint Ventures;
Amendments to IAS 19 Employee Benefits

Impact of initial application of IFRS 16 Leases

In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The date of initial application of IFRS 16 for the Company is 1 April 2019.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of the initial application is recognised in retained earnings at 1 JApril 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (CONTINUED)

New and Amended IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2019 (Continued)

Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease based on whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This contrasts with the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

Impact on Lessee Accounting

As a lessee, the Company leases branch offices including rental office space on Plot 15, Mulwana Road, Industrial Area,Opposite Uganda Baati, Kampala, Uganda. The Company previously classified these leases as operating leases under IAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for leases office premises – i.e. these leases are on-balance sheet.

Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;

Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's)

(CONTINUED)

New and Amended IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2019 (Continued)

Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Company's financial statements.

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular about how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

Financial impact of the initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current year. Since the Company applied the modified retrospective approach, prior year comparatives have not been restated.

	Shs'000
Right-of-use assets	597,632
Lease liabilities	(597,632)
Impact on opening retained earnings	1 April2019

Operating lease commitments at 31 March 2019 as disclosed under IAS 17	-
Discounted using the incremental borrowing rate at 1 April 2020	-
Recognition exemption for leases of low value assets	-
Recognition exemption for leases with less than 12 months of lease term at transition	-
Lease liabilities recognized at 1 April 2020	-

For tax purposes the Company receives tax deductions in respect of the right-of-use assets and the lease liabilities in a manner consistent with the accounting treatment.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (CONTINUED)

New and Amended IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2019 (Continued)

Company as a lessee:

(1) The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets of Ushs 597 Million and lease liabilities of Ushs (408,)Million. It also resulted in an increase in depreciation of Ushs 239 million and interest expense of 47 million.

Company as a lessor:

Redington Uganda Limited does not hold leases in the capacity of a lessor.

The adoption of IFRS 16 did not have an impact on net cash flows

Amendments to IFRS 9 Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019)

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

The amendments apply prospectively. However, the application of the above amendments does not have an impact on these financial statements.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019)

The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Company applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the Company does not take account of any adjustments to the carrying amount of long-term interests required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

The amendments apply prospectively. However, the application of the above amendments has not had an impact on these financial statements.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (CONTINUED)

New and Amended IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2019 (Continued)

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019)

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Company will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The amendments apply prospectively. However, the application of the above amendments has not had an impact on these financial statements.

New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ending 31 March 2020

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ending 31 March 2020*:

IFRS 17 Insurance Contracts
IFRS 10 and IAS 28 (amendments); Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 3 Definition of a business
Amendments to IAS 1 and IAS 8 Definition of material
Conceptual Framework Amendments to References to the Conceptual Framework in IFRS Standards

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (CONTINUED)

New and Amended IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2019 (Continued)

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendment to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2022.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;

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.

IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (continued)

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS's) (CONTINUED)

New and Amended IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2019 (Continued)

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to 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.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted. The impact is not expected to be material to the financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

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.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. Unless otherwise stated, the accounting policies are consistent with those of the prior year.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the Uganda Companies Act (Cap 110).

BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis of accounting and in accordance with International Financial Reporting Standards.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Uganda Shillings (Ushs), which is also the company's functional currency.

USE OF JUDGMENTS AND ESTIMATES

In the preparation of financial statements, management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

During the period, the areas involving a higher degree of judgment or complexity or where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The principal accounting policies adopted in the preparation of these financial statements are set out below. Unless otherwise stated, the accounting policies are consistent with those of the group.

REVENUE RECOGNITION

Sales of goods are recognized when goods are delivered and control has passed, net of discounts and returns.

Service income is recognized when the service is rendered.

EQUIPMENT

Equipment are carried at cost less accumulated depreciation and any identified impairment loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEPRECIATION

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, as follows:

Furniture and fixtures	20.00%
Motor vehicles	33.33%
Office equipment	20.00%
Computers	33.33%
Network Equipment	33.33%

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

BORROWINGS

Interest bearing borrowings are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Borrowing costs are recognized in the profit or loss in the year in which they are incurred.

IMPAIRMENT OF TANGIBLE ASSETS

At each end of reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the value of money and the risks specific to the assets.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as expense immediately, unless the relevant asset is land or buildings other than investment property carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses , the carrying amount of the asset (cash- generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

RECEIVABLES

Trade and other receivables are measured at their amortized cost as reduced by appropriate allowance for estimated doubtful debts.

PROVISIONS

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation.

Provisions including warranty are measured at the management's best estimate of the expenditure required to settle the obligation at the end of each reporting period.

RETIREMENT BENEFIT OBLIGATIONS

The company makes contributions to the National Social Security Fund (NSSF) which is a statutory retirement benefit scheme established under the NSSF Act. This is a defined contribution scheme into which the company contributes 10% of the employees' gross cash emoluments. The company's contribution is charged to profit or loss as it falls due.

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the end of each reporting period.

TRANSLATION OF FOREIGN CURRENCIES

Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions.

Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the balance sheet date.

Gains and losses arising from foreign currency transactions are included in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TAXATION

Current taxation is provided on the basis of the results for the year as shown in the financial statements adjusted in accordance with the Uganda tax legislation. The tax liability is calculated on the taxable profit at currently enacted tax rates.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, banks' current accounts, demand and time deposits with an original maturity of three months or less at date of placement, free of any encumbrances.

COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are measured at their amortized cost as reduced by appropriate allowance for estimated doubtful debts.

Trade and other payables

Trade and other payables are measured at their amortized cost.

Due from/to related parties

Amounts due from/to related parties are measured at their amortized cost.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, banks' current accounts, demand and time deposits with an original maturity of three months or less at date of placement, free of any encumbrances.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Where necessary, comparative figures have been adjusted to conform to changes in presentation in current year.

4 CRITICAL JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgment in applying the Company's accounting policies

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

Warranties

The Company's Original Equipment Manufacturer ("OEM") generally warrants the products distributed by the Company. The Company does not independently warrant the products it distributes and management does not consider that any provisions for warranties or claims are required. Warranty liability is therefore deemed to be resident on the OEM.

Key sources of estimation uncertainty

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

Allowance for doubtful debts

Allowance for doubtful debts is determined based using a combination of factors to ensure that the trade receivables are not overstated due to collectability. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of the receivables, continuing credit evaluation of the customers' financial conditions and collateral requirements from customers in certain circumstances.

In particular, specific provisions for individual accounts are recorded when the Company becomes aware of the customer's inability to meet its financial obligations such as in the case of deterioration in the customer's operating results or financial position.

4 CRITICAL JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made at the product group level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle, product pricing, physical deterioration and quality issues.

Based on the above factors, the Company has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Equipment

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

Leasehold improvements

Management determined the estimated useful life and related depreciation charges for its leasehold improvements. The estimate is based on the assumption that the company will renew its annual lease over the estimated useful life. Depreciation charge would change significantly should the annual lease not be renewed. Management will increase the depreciation charge when the useful life is less than the previously estimated useful life.

	2020 Ushs '000	2019 Ushs '000
5 SALES		
Revenue from IT Value	10,930,145	8,383,683
Revenue from IT Volume	59,075,414	59,568,552
Revenue from Telecom equipment	20,560127	14,700,788
IT Value Revenue-Related Party	-	93,730
IT Volume Revenue-Related Party	(3,697,001)	-
Other Charges IT	927,500	3,436
	90,562,917	82,750,189
6 COST OF SALES		
Inventories at beginning of year	10,202,298	10,355,799
Purchases	87,261,888	78,963,021
Inventories at end of year (excluding Goods in transit)	(9,781,304)	(10,202,864)
	87,682,881	79,115,956

	2020 Ushs '000	2019 Ushs '000
7 ADMINISTRATIVE EXPENSES		
Salaries and benefits	636,687	584,192
Rent	-	257,069
Sales promotion	165,823	575,522
Freight outwards	271,638	246,980
Communication	103,120	92,147
Depreciation on property and equipment	269,485	30,235
Repairs and maintenance	78,315	73,441
Travelling	98,188	117,054
Auditors fees	48,506	37,481
Legal and professional	22,494	58,513
Utilities	42,171	40,352
Insurance	75,161	62,771
Postage, printing and stationery	13,003	23,095
Bank charges	(26,912)	47,120
Interest	54,275	-
Allowance For bad debts	24,796	-
Ware house expenses	41,363	16,414
Cash discount on sales	514,655	427,563
License fees	10,473	2,964
Provision for / (Write back of) slow moving inventories	30,456	(2,196)
Other Expenses	-	1,190
	2,473,697	2,690,716

8 PROFIT BEFORE TAXATION

The profit before taxation is arrived at after charging:

	2020	2019
Auditors' remuneration	48,506	37,481
Depreciation	269,485	30,235

	2020 Ushs '000	2019 Ushs '000
9 TAXATION		
(a)Taxation charge		
Current taxation charge	265,835	122,819
Deferred taxation credit - note 9 (d)	(204,273)	22,849
	61,562	145,668
(b) Reconciliation of taxation charge		
Accounting profit before taxation	201,654	455,191
Tax at the applicable rate of 30%	60,496	136,557
Tax effect of non-deductible expenses		8,283
Prior year adjustments		828
Taxation charge	60,496	145,668
c) Corporate tax recoverable		
At beginning of year	233,617	356,436
Tax paid during the year	45,000	-
Withholding tax	-	-
Tax charge for the year	(265,835)	(122,819)
At end of year	12,782	233,617

d) Deferred taxation

Deferred taxation is calculated on all temporary differences under the liability method using a principal tax rate of 30%.

	2020 Ushs '000	2019 Ushs '000
The deferred tax asset comprises:		
Accelerated capital allowances	(8,542)	(6,823)
Unrealized exchange losses	(211,600)	(39,596)
Bad debt provision	(7,439)	-
Provision for slow moving inventory	(9,137)	659
Leave pay provision	(1,726)	(1,726)
Other temporary differences	(15,041)	-
	(251,759)	(47,486)
The movement in the deferred tax account is as follows:		
At beginning of year	(47,486)	(70,335)
Statement of comprehensive income		
Charge for the year - note 9(a)	(204,273)	22,849
At end of year	(251,759)	(47,486)

	2020	2019
	Ushs '000	Ushs '000
10 RIGHT OF USE ASSET		
Cost		
At the beginning of the year	-	-
Additions	597,632	-
Depreciation charge for the year	(239,053)	-
Carrying amount	358,579	-
Lease Liability		
As 1 April 2019	-	597,632
Interest for the year	-	47,254
Accrued Interest	-	7,021
	-	651,907
Lease payments		243,188
As at Mar 2020		408,719

The Maturity Analysis of these Lease Liabilities is disclosed Below

Analysed as:

Non-Current	148,641
Current	260,078
Total	408,719

11 EQUIPMENT

	Furniture and fixtures Ushs '000	Motor vehicles Ushs '000	Office equipment Ushs '000	Computers Ushs '000	Network equipment Ushs '000	Total Ushs '000
COST						
At 1 April 2018	146,714	129,839	130,159	69,304	23,923	499,939
Additions	-		1,149	5,002	4,217	10,368
At 31 March 2019	146,714	129,839	131,308	74,306	28,140	510,307
At 31 March 2019	146,714	129,839	131,308	74,306	28,140	510,307
Additions	-	4,693	4,656	2,112	-	11,461
At 31 March 2020	146,714	134,532	135,964	76,417	28,140	521,767
DEPRECIATION						
At 1 April 2018	145,163	110,373	112,211	58,202	677	426,626
Charge for the year	557	6,780	8,987	5,938	7,973	30,235
At 31 March 2019	145,720	117,153	121,198	64,140	8,650	456,861
At 1 April 2019	145,720	117,153	121,198	64,140	8,650	456,861
Charge for the year	557	7,429	6,714	6,352	9,380	30,432
At 31 March 2020	146,277	124,582	127,912	70,492	18,030	487,293
NET BOOK VALUE						
At 31 March 2020	437	9,950	8,052	5,925	10,110	34,474
At 31 March 2019	994	12,686	10,110	10,165	19,490	53,445

There are no restrictions on the equipment held by the entity as none has been pledged as security

12 INVENTORIES

	2020 Ushs '000	2019 Ushs '000
Goods held for sale	9,812,327	10,202,864
Allowance for slow moving items	(31,023)	(565)
	9,781,304	10,202,299
Goods in Transit	89,767	-
	9,871,071	10,202,299

There are no restrictions on the Inventory held by the entity as no inventories have been pledged as security

13 TRADE AND OTHER RECEIVABLES

	2020 Ushs '000	2019 Ushs '000
Trade	19,617,656	16,338,635
Allowance for doubtful debts	(24,796)	-
	19,592,861	16,338,635
Prepayments and other receivables	16,408	18,426
VAT recoverable	3,605,853	4,072,399
Staff advances	679	500
	23,215,801	20,429,960

The movement in the allowance for doubtful debts is as follows;

At beginning of year	-	-
Additional allowance made for the year	24,796	-
At end of the year	24,796	-

The average credit period is 30 days upon delivery of the goods. No interest is charged on overdue amounts. An allowance has been made for amounts whose collectability is in doubt. Due to the short term nature of the receivables, the carrying values disclosed above approximate the fair values of the receivables.

	2020 Ushs '000	2019 Ushs '000
14 BANKS AND CASH BALANCES		
Cash at banks	3,440,974	3,306,611

15 RELATED PARTY BALANCES AND TRANSACTIONS

(a) Related parties

Redington Gulf FZE U.A.E
Redington Middle East LLC U.A.E
Redington Africa Distribution FZE
Redington Egypt Limited
Redington Nigeria Limited
Redington Kenya Limited
Redington Kenya (EPZ) Limited
Redington Qatar WLL
Redington Qatar Distribution
Redington (India) Limited
Redington Gulf & Co LLC
Redington Kuwait Service
Redington Kuwait Distribution
Redington Arabia Limited
Redington Bahrain SPC
Redington Singapore PTE
Redington Libya
Redington Ghana
Cadensworth UAE LLC
Cadensworth FZE U.A.E
Redington International Holdings Limited
Ensure Services Limited

The companies are related through common shareholding. The ultimate holding company is Redington (India) Limited, a company incorporated in India.

	2020	2019
(b) Amounts due to related companies		
Redington Gulf FZE U.A.E	34,254,019	32,799,631
	34,254,019	32,799,631

The amounts due to and from related parties are denominated in US Dollars, are unsecured and Interest free.

	2020 Ushs '000	2019 Ushs '000
(c)Related party transactions		
Purchases from related parties		
Redington Gulf FZE U.A.E	78,963,022	67,196,176
Sales to related parties		
Redington Kenya Limited	-	3,265

	2020 Ushs '000	2019 Ushs '000
16 SHARE CAPITAL		
Authorized, issued and fully paid:		
1,000 ordinary shares of Ushs 15,000 each	15,000	15,000
17 TRADE AND OTHER PAYABLES		
Trade Payables	853,884	97,372
Accrued expenses	287,819	141,443
Employee Leave provisions	23,052	17,118
	1,164,755	255,933

The average repayment period for trade payables is 60 days. No interest is charged on overdue amounts.

18 FINANCIAL RISK MANAGEMENT

The company has exposure to the following risks from its use of financial instruments

- Credit Risk
- Liquidity Risk
- Market Risk
- Capital Management

The company's business activities involve trading in computers, related peripherals and accessories and providing service to its customers. Management endeavours at all times to minimise risks and has put in place elaborate policies in all its functions as a control against risk exposure.

The company is exposed to various risks, including credit risk, interest risk, liquidity risk and foreign exchange risk. The company's risk management strategy is based on a clear understanding of various risks, disciplined risks assessment procedures and continuous monitoring.
The policies and procedures established for this purpose are continuously benchmarked with the industry best practices. Management is responsible for the assessment, management and mitigation of risk in the company.

The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks
The financial management objectives and policies are as outlined below:

18 FINANCIAL RISK MANAGEMENT

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company's credit risk is primarily attributable to its trade and other receivables and amounts due from related parties, estimated by the company's finance departments based on prior experience, existing financial and economic factors faced by the debtor and the exit options available.

The credit risk on liquid funds with financial institutions is also low, because the institutions are banks with high credit-ratings.

Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposure to credit risk represents a worst case scenario of credit risk exposure to the company at the comparative end of reporting periods, without taking account of any collateral held or other credit enhancements attached. For assets carried on the statement of financial position, this exposure is based on net carrying amounts as reported.

The company holds no collateral for the trade debtors.

The amount that best represents the company's maximum exposure to credit as at 31 March 2020 are made as follows:

	Fully Performing Ushs'000	Past due Ushs'000	Impaired Ushs'000	Total Ushs'000
31 March 2019				
Financial assets				
Bank balances	3,306,611	-	-	3,306,611
Trade receivables	16,338,635	-	-	16,338,635
Other receivables	4,091,325	-	-	4,091,325
	23,736,571	-		23,736,571

The amounts that best represents the company's maximum exposure to credit as at 31 March 2020 are as follows:

	Fully Performing Ushs'000	Past due Ushs'000	Impaired Ushs'000	Total Ushs'000
31 March 2020				
Financial assets				
Bank balances	3,440,974	-	-	3,440,974
Trade receivables	19,592,861	-	-	19,592,861
Other receivables	3,622,941	-	-	3,622,941
Amounts due from related parties	-	-	-	-
	26,656,775			26,656,775

18 FINANCIAL RISK MANAGEMENT

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The company's operations are such that mismatch of assets and liabilities according to their maturity profiles cannot be avoided. However; management ensures that the mismatch is controlled in line with allowable risk levels. The table below analyses the company's financial instruments into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year Ushs'000	Between 1 and 2 years Ushs'000	Between 2 and 5 years Ushs'000	Over 5 years Ushs'000	Total Ushs'000
As at 31 March 2019					
Financial assets					
Bank balances and Fixed deposits	3,306,611	-	-	-	3,306,611
Trade receivables	16,338,635	-	-	-	16,338,635
Other receivables	4,091,325	-	-	-	4,091,325
	23,736,571	-	-	-	23,736,571
Financial liabilities					
Due to related parties	32,799,631	-	-	-	32,799,631
Trade and other payables	255,933	-	-	-	255,933
	33,055,564	-	-		33,055,564
Net liquidity gap	(9,318,993)	-	-	-	(9,318,993)

18 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk management (continued)

	Less than 1 year Ushs'000	Between 1 and 2 years Ushs'000	Between 2 and 5 years Ushs'000	Over 5 years Ushs'000	Total Ushs'000
As at 31 March 2020					
Financial assets					
Bank balances	3,440,974				3,440,974
Trade receivables	19,592,861				19,592,861
Other receivables	3,622,941				3,622,941
Amounts due from related parties					
	26,656,776				26,656,776
Financial liabilities					
Due to related parties	34,254,019				34,254,019
Trade and other payables	1,164,755				1,164,755
	35,418,774				35,418,774
Net liquidity gap	(8,761,999)				(8,761,999)

(c) Market risk

(i) Foreign exchange risk

The company undertakes 90% of its transactions denominated in, mainly, US Dollars. Exchange rate exposures are managed within approved policy parameters.

18 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

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

	US$ Ushs'000	GBP Ushs'000	EURO Ushs'000	ZAR Ushs'000	Total Ushs'000
As at 31 March 2019					
Financial assets					
Cash and bank balances	3,055,479	-	-	-	3,055,479
Trade and other receivables	13,882,659	-	-	-	13,882,659
Total assets	16,938,138	-	-	-	16,938,138
Financial liabilities					
Trade and other payables	-	-	-	-	-
Amounts due to related parties	32,799,631	--		32,799,631	
Total liabilities	32,799,631	-	-	-	32,799,631
As at 31 March 2020					
Financial assets					
Cash and bank balances	2,995,872				2,995,872
Trade and other receivables	17,973,975				17,973,975
Amounts due from related parties	-				
Total assets	20,969,847				20,969,847
Financial liabilities					
Trade and other payables	-				-
Amounts due to related parties	34,254,022				34,254,022
Total liabilities	34,254,022				34,254,022

Foreign exchange risk – appreciation/depreciation of Ushs against other currencies by 10%.

18 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

(i) Foreign exchange risk (Continued)
The following sensitivity analysis shows how profit and equity would be affected if the market risk variables had been different at reporting date with all other variables held constant.

	31-Mar-2020		31-Mar-2019	
	Effect on Equity	Effect of profit	Effect on equity	Effect of profit
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
+ Five percentage movement	2,761,193	2,761,193	1,256,681	1,256,681
- Five percentage movement	(2,761,193)	(2,761,193)	(1,256,681)	(1,256,681)

(ii) Interest rate risk

Interest rate risks arise from fluctuations in the bank borrowing rates. The interest rates vary from time to time depending on the prevailing economic circumstances. The company closely monitors the interest rat

(d) Capital Management

The company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of debt, which includes cash and cash equivalents and equity attributable to equity holders, comprising issued capital and retained earnings.

The company is not subject to any externally imposed capital requirements.

The company was not geared as at 31 March 2020 (2019: Nil).

19 ULTIMATE HOLDING COMPANY

The company is a subsidiary of Redington Gulf FZE U.A.E., a company incorporated and domiciled in Dubai, United Arab Emirates. The ultimate holding company is Redington (India) Limited, a company incorporated in India.

20 CONTINGENT LIABILITY

The company had no contingent liability as at year end.

21 CAPITAL COMMITMENTS

The company had no capital commitments as at year end.

22 EVENTS AFTER REPORTING PERIOD

Except as disclosed in the notes to the financial statements, there are no events after the reporting date that require disclosure in or adjustments to the financial statements as at the date of the report.

The world is currently experiencing a significant challenge emanating from the COVID-19 pandemic. Globally and locally, the authorities are attempting to stop the spread of the virus with the introduction of various measures, including complete lock downs of some countries.
At Company level, we are following the developments, particularly the impact on business, staff, customers and all other stakeholders. Preliminary measures and business continuity plans to mitigate adverse impact are being activated and will be closely monitored and the Company will continually assess them on an ongoing basis and adopt changes as events unfold. The directors note that the effects of COVID-19 pandemic will impact the company's business and financial results in 2020 but the full impact is yet to be ascertained.

23 INCORPORATION OF COMPANY

The company is incorporated in Uganda under the Companies Act 2012.

ENSURE SERVICES UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

PKF Uganda
Certified Public Accountants
A member firm of PKF International

CONTENTS **Page**

COMPANY INFORMATION

BOARD OF DIRECTORS	: Raj Shankar : Sriram Ganeshan
REGISTERED OFFICE	: Plot 15 : Mulwana Road : Industrial Area : P.O. Box 33009 : Kampala, Uganda
INDEPENDENT AUDITOR	: PKF Uganda : Certified Public Accountants : Plot 1B, Kira Road : P .O. Box 24544 : Kampala, Uganda
COMPANY SECRETARY	: Hem Registrars Limited : P .O. Box 26898 : Kampala, Uganda
PRINCIPAL BANKERS	: Diamond Trust Bank (U) Limited : P.O. Box 7155 : Kampala, Uganda
PARENT	: Reddington Uganda : Plot 15 : Mulwana Road : Industrial Area : P .O. Box 33009 : Kampala, Uganda

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 March 2020 which disclose the state of affairs of the company.

PRINCIPAL ACTIVITIES

The company's principal activity is trading and servicing of various categories of products and accessories of information technology.

RESULTS

	2020 Shs'000	2019 Shs'000
Loss before tax	(27,961)	(46,004)
Tax (charge)/credit	(15,658)	2,376
Loss for the year	(43,619)	(43,628)

SHARE CAPITAL

The authorised, issued and paid up share capital is Shs. 5,000,000 (2019: Shs. 5,000,000) divided into 1,000 ordinary shares (2019: 1,000 ordinary shares) with a par value of Shs. 5,000 each.

PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging and this has a resultant effect on overall demand of the Company's services. The Company's strategic focus is to enhance revenue growth whilst maintaining profit margins, the success of which remains dependent on overall market conditions and other factors such as the impact of the recent coronavirus outbreak. Whilst at this stage it is too early to predict the full potential impact of this outbreak on the Company operations, the directors continue to monitor this situation closely with a view to assessing and mitigating its impact on the Company.

DIVIDENDS

The directors do not recommend the declaration of a dividend for the year (2019: Nil).

DIRECTORS

The directors who held office during the period and at the date of this report are shown on page 1.

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

INDEPENDENT AUDITOR

The company's auditor, PKF Uganda, has indicated willingness to continue in office in accordance with the Ugandan Companies Act, 2012.

BY ORDER OF THE BOARD

Suram

DIRECTOR
KAMPALA

_____________ 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Ugandan Companies Act, 2012 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; that disclose, with reasonable accuracy, the financial position of the company and that enable them to prepare financial statements of the company that comply with the International Financial Reporting Standards and the requirements of Ugandan Companies Act, 2012. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of financial statements in accordance with International Financial Reporting Standards and in the manner required by the Ugandan Companies Act, 2012. They also accept responsibility for:

i. designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
ii. selecting and applying appropriate accounting policies; and
iii making accounting estimates and judgments that are reasonable in the circumstances;

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 March 2020 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Ugandan Companies Act,

The Company ceased operations on 31st March 2020 and therefore the financial statements have been prepared on a basis other than going concern.

So far as each of the directors is aware, there is no relevant audit information which the auditor is unaware of, and each of the directors has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on ________________ 2020 and signed on its behalf by:

____
DIRECTOR

____
DIRECTOR

Report of the independent auditor to the members of Ensure Services Uganda Limited

Opinion

We have audited the financial statements of Ensure Services Uganda Limited set out on pages 7 to 24 which comprise the statements of financial position as at 31 March 2020, the statement of profit or loss, the statement of changes in equity and the 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 give a true and fair view of the financial position of the company as at 31 March 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS's) and the Ugandan Companies Act, 2012.

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 (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, 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.

Other information

The directors are responsible for the other information. The other information comprises the directors' report, the schedule of cost of sales and expenditure but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS's and the requirements of the Ugandan Companies Act, 2012, and for such internal control as the directors determine 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, the 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 the directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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PKF

Report of the independent auditor to the members of Ensure Services Uganda Limited (continued)

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.

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 the directors.
- Conclude on the appropriateness of director'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.

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

PKF

Report of the independent auditor to the members of Ensure Services Uganda Limited (continued)

Report on other legal and regulatory requirements

As required by the Ugandan Companies Act, 2012 we report to you, based on our audit, that:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
(ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
(iii) the company's statement of financial position and statement of profit or loss are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Sumesh D'Cruz- P0366.

Sumesh J. D'Cruz

PKF Uganda

Certified Public Accountants
Kampala

STATEMENT OF PROFIT OR LOSS

	Notes	2020 Shs'000	2019 Shs'000
Revenue from contracts with customers	3	3,382	514,352
Cost of sales		(29,797)	(477,077)
Gross (loss)/profit		(26,415)	37,275
Administrative expenses		(15,478)	(58,578)
Other operating expenses		-	(20,809)
Operating loss	4	(41,893)	(42,112)
Net finance income/(charge)	5	13,932	(3,892)
Loss before tax		(27,961)	(46,004)
Tax (charge)/credit	7	(15,658)	9,373
Loss for the year		(43,619)	(36,631)

The notes on pages 11 to 24 form an integral part of these financial statements.

Report of the independent auditor - pages 4-6.

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 2020 Shs'000	2019 Shs'000
CAPITAL EMPLOYED			
Share capital	8	5,000	5,000
Retained earnings		113,060	156,679
Equity attributable to owners of the company		118,060	161,679
REPRESENTED BY			
Non-current assets			
Deferred tax	9	-	15,658
		-	15,658
Current assets			
Inventories	10	21,936	26,825
Trade and other receivables	13	162,390	264,751
Cash and cash equivalents	11	239,449	180,200
Tax recoverable		129,242	128,531
		553,017	600,307
Current liabilities			
Trade and other payables	14	434,957	454,286
Net current assets		118,060	146,021
		118,060	161,679

The financial statements on pages 7 to 22 were approved and authorised for issue by the Board of directors on ____________2020 and signed on its behalf by:

Swam ____________DIRECTOR ____________DIRECTOR

The notes on pages 11 to 22 form an integral part of these financial statements.

Report of the independent auditor - pages 4-6

STATEMENT OF CHANGES IN EQUITY

	Share capital Shs'000	Retained earnings Shs'000	Total Shs'000
Year ended 31 March 2020			
At start of year	5,000	156,679	161,679
Loss for the year	-	(43,619)	(43,619)
At end of year	5,000	113,060	118,060

	Share Shs'000	Retained Shs'000	Total Shs'000
Year ended 31 March 2019			
At start of year	5,000	193,310	198,310
Loss for the year	-	(36,631)	(36,631)
At end of year	5,000	156,679	161,679

The notes on pages 11 to 24 form an integral part of these financial statements.

Report of the independent auditor - pages 4-6

STATEMENT OF CASH FLOWS

	Notes	2020 Shs'000	2019 Shs'000
Operating activities			
Cash generated by operations	15	53,131	37,270
Tax paid		(711)	(57,843)
Net cash from operating activities		52,420	(20,573)
Increase/(decrease) in cash and cash equivalents		52,420	(20,573)
Movement in cash and cash equivalents			
At start of year		180,200	210,489
Effect of exchange rate changes		6,829	(9,716)
Increase/(decrease) in cash and cash equivalents		52,420	(20,573)
At end of year	11	239,449	180,200

The notes on pages 11 to 24 form an integral part of these financial statements.

Report of the independent auditor - pages 4-6

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements comply with the requirements of Ugandan Companies Act, 2012. The statement of profit or loss and statement of comprehensive income represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

a) **Basis of preparation**

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with International Financial Reporting Standards (IFRS). The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Transfer between levels of the fair value hierarchy are recognised by the directors at the end of the reporting period during which the change occurred.

Going concern

The financial performance of the company is set out in the director's report and in the statement of profit or loss. The financial position of the company is set out in the statement of financial position. Disclosures in respect of risk and capital management are set out in notes 16 and 17 respectively.

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the forseable future and as a result the financial statements are prepared on a basis other than going concern basis.

These financial statements comply with the requirements of the Ugandan Companies Act, 2012. The statement of profit or loss represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Other standards and amendments

The following, which became effective from 1 January 2019, have been adopted but have not had a significant impact on the Company's financial statements.

- Amendments to IAS 12 'Income Taxes' effective for annual periods beginning on or after 1 January 2019 clarifying on the recognition of income tax consequences of dividends.
- Amendments to IAS 19 'Employee Benefits' effective for annual periods beginning on or after 1 January 2019 clarifying the effects of a retirement benefit plan amendment, curtailment or settlement.
- Amendments to IAS 23 'Borrowing Costs' effective for annual periods beginning on or after 1 January 2019 clarifying that specific borrowings remaining unpaid at the time the related asset is ready for its intended use or
- IFRIC 23 'Uncertainty over Income Tax Treatments' (issued June 2017) effective for annual periods beginning on or after 1 January 2019 clarifies the accounting for uncertainties in income taxes.

NOTES: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New standards, amendments and interpretations issued but not effective

At the date of authorization of these financial statements the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective for the year presented:

- Amendments to IAS 1 and IAS 8 'Definition of Material' (issued in October 2018) applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.

The directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The company plans to apply the changes above from their effective dates.

b) **Critical accounting estimates and judgement**

In the application of the accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Measurement of expected credit losses (ECL):

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behavior.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL.
- Establishing groups of similar financial assets for the purposes of measuring ECL.

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.

NOTES: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) **Critical accounting estimates and judgement**

- **Measurement of expected credit losses (ECL) (continued):**

- When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

  Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments that are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The Company uses these guidelines in determining the staging of its financial assets unless there is persuasive evidence available to rebut these presumptions

  For trade receivables, the Company has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognized on the basis of a provisioning matrix.

- **Effect of COVID-19**

  During the year, a highly infectious respiratory disease COVID-19 caused by a new virus called corona virus broke out in China and was announced by the end of December 2019. The rate of spread of this disease has forced various governments and businesses to take serious actions to contain the disease. These actions may have a serious impact on financial statements. Whereas it is difficult to estimate the financial effect attributed to COVID-19 on the Company at this stage, management is aware of the implications of the epidemic and is currently deliberating how to factor in the estimation models. The total expected loss from COVID-19 cannot be quantified at this time.

- **Useful lives of property and equipment** - management reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

c) - **Revenue recognition**

The Company recognises revenue from direct sales of Ensure Services Uganda Limited. The Company recognises revenue as and when it satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognised is the amount the Company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

i) **Direct sales of spare parts**

Sales of spare parts are recognised upon delivery to, and acceptance by, the customer. Having accepted the goods, customers do not have the right to return them. There is no variable element to the contract price, and payment, less any deposit already paid, is typically due within 30 days of delivery.

d) **Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Ugandan Shilling (the functional currency), at rates ruling at the transaction dates. Assets and liabilities at the reporting date which are expressed in foreign currencies are translated into Ugandan Shilling at rates ruling at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

NOTES : SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) **Property, plant and equipment**

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation . Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised 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 can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation on all other assets is calculated on a straight line basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	Rates %
Furniture and fittings	20.0
Office equipment	20.0
Computer equipment	33.3

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss.

f) **Financial instruments**

Financial instruments are recognised when, and only when, the company becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

- *Financial assets*

The company classifies its financial assets into the following categories:

i) **Amortised cost;**
Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost; The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the group has transferred substantially all risks and rewards of ownership, or when the group has no reasonable expectations of recovering the asset.

Financial instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

NOTES : SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) **Financial instruments (continued)**

Impairment

The Company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost or at fair value through other comphrensive income (FVTOCI):

- Cash and cash equivalents
- Trade and other receivables
- Other financial assets

No impairment loss is recognised on investments measured at FVTPL.

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

- **Financial liabilities**

  Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The company may also,on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

- All other financial liabilities are classified and measured at amortised cost.

  All financial liabilities are classified as non-current except those held for trading, those 'expected to be settled in the Company's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

NOTES : SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) **Financial instruments (continued)**

- **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

h) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first out method. The cost of raw and packing materials, consumables, work-in-progress and finished goods comprises raw materials, direct labour, other direct costs and related production overheads, attributable to bringing the inventory to its present location and condition but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

i) **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

l) **Share capital**

Ordinary shares are classified as equity.

m) **Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss , except to the extent that it relates to items recognised in the comprehensive income or in equity .In this case, the tax is also recognised in other comprehensive income and equity.

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary timing differences can be utilised.

NOTES : SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) **Retirement benefit obligations**

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

o) **Comparatives**

Where necessary, comparative figures have been adjusted to confirm with changes in the presentation in the current year.

NOTES (CONTINUED)

	2020 Shs' 000	2019 Shs' 000
3. **Revenue**		
Revenue from Sale of spares	3,382	514,352
4. **Operating profit**		
The following items have been charged in arriving at operating profit:		
Depreciation on property and equipment	-	3,688
Auditor's remuneration	9,498	11,145
Repairs and maintenance of equipment	-	5,743
Staff costs (Note 4)	-	16,345
5. **Staff costs**		
Salaries and wages	-	11,005
Staff medical	-	4,239
NSSF employer contribution	-	1,101
	-	16,345
6. **Net finance income**		
Realised exchange gain	(7,103)	(5,824)
Unrealised foreign exchange (gain)/loss	(6,829)	9,716
Net foreign exchange gains	(13,932)	3,892
7. **Tax**		
Current tax	-	-
Deferred tax charge/(credit)(Note 9)	15,658	(9,373)
	15,658	(9,373)
The tax on the company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:		
Profit before tax	(27,961)	(46,004)
Tax calculated at domestic rate of 30% (2019: 30%)	(8,388)	(13,801)
Tax effect of:		
Expenses not deductible for tax purposes	573	4,428
Deferred tax reversal	15,658	-
Unrecognised deferred tax movement	7,815	-
	15,658	(9,373)
8. **Share capital**		
Authorised, issued and fully paid:		
1,000 ordinary (2017: 1,000) shares of Shs. 5,000 each.	5,000	5,000

NOTES (CONTINUED)

9. **Deferred tax**

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2019: 30%). The movement in the deferred tax account is as follows:

	2020 Shs'000	2019 Shs'000
At start of year	(15,658)	(6,285)
Credit to profit or loss (Note 7)	-	(9,373)
Reversal of deferred tax asset recognised in prior years	15,658	
At end of year	-	(15,658)

Deferred tax (assets) and liabilities, deferred tax charge/(credit) in profit or loss are attributable to the following items:

	At start of year Shs'000 (Derecognised)	Charge to profit or loss Shs'000 (Derecognised)	At end of year Shs'000 (Derecognised)
Deferred tax assets			
Unrealised exchange gains	-	2,049	2,049
Deferred tax assets			
Property and equipment			
- historical cost	(5,747)	1,150	(4,597)
Unrealised exchange loss	(2,915)	2,915	-
Tax losses carried forward	(6,997)	(13,928)	(20,925)
	(15,659)	(9,864)	(25,523)
Net deferred tax asset	(15,659)	(7,815)	(23,474)

	2020 Shs'000	2019 Shs'000
10. **Inventories**		
Consumables	21,936	26,825
11. **Cash and cash equivalents**		
Cash at bank and in hand	239,449	180,200

For the purpose of statement of cash flows, the year end cash and cash equivalents comprise the above.

The carrying amounts of the company's cash and cash equivalents are denominated in the following currencies.

	2020 Shs'000	2019 Shs'000
Uganda Shillings	15,202	3,387
US Dollars	224,247	176,813
	239,449	180,200

NOTES (CONTINUED)

12 Property and equipment

Year ended 31 March 2020	**Furniture, fitting and equipment Shs'000**	**Office equipment Shs'000**	**Computer equipment Shs'000**	**Total Shs'000**
Cost				
At start and end of year	51,808	22,183	3,235	77,226
Depreciation				
At start of year	51,808	22,183	3,235	77,226
Charge for the year	-	-	-	-
At end of year	51,808	22,183	3,235	77,226
Net book value	-	-	-	-

Year ended 31 March 2019	**Furniture, fitting and equipment Shs'000**	**Office equipment Shs'000**	**Computer equipment Shs'000**	**Total Shs'000**
Cost				
At start of year	51,808	22,183	3,235	77,226
Depreciation				
At start of year	49,225	21,078	3,235	73,538
Charge for the year	2,583	1,105	-	3,688
At end of year	51,808	22,183	3,235	77,226
Net book value	-	-	-	-

13 Trade and other receivables

	2020 Shs'000	**2019 Shs'000**
Trade receivables	-	135,911
Other receivables	139,214	125,164
Receivables from related party (Note 16)	23,176	3,676
	162,390	264,751

	2020 Gross amount Shs	**2020 ECL allowance Shs**	**2020 Carrying amount Shs**	**2019 Gross amount Shs**	**2019 ECL allowance Shs**	**2019 Carrying amount Shs**
Trade receivables	-	-	-	135,911	-	135,911
Other receivables	139,214	-	139,214	125,164	-	125,164
Receivables from related party	23,176		23,176	3,676		3,676
	162,390	-	162,390	264,751	-	264,751

NOTES (CONTINUED)

13 **Trade and other receivables (Continued)**

The company's credit risk arises from trade receivables. The directors are of the opinion that the company's exposure is limited because the debt is widely held

The carrying amounts of the companys trade and other receivables are denominated in the following currencies.

	2020 Shs'000	2019 Shs'000
Uganda Shillings	139,214	125,164
US Dollars	23,176	139,587
	162,390	264,751

In the estimate of the directors, the carrying amounts of the receivables and prepayments approximate to their fair value

14. **Trade and other payables**

	2020 Shs'000	2019 Shs'000
Trade payables	-	8,212
Accruals	13,582	11,315
Other payables	9,185	17,939
Payables to related parties (Note 16)	412,190	416,820
	434,957	454,286

In the opinion of the directors, the carrying amount of trade and other payables aproximate to their fair value. The above analysis represents the earliest contractual date that payment can be demanded. The date of actual payment may be different.

The carrying amounts of the company's trade and other payables are denominated in the following currencies:

	2020 Shs'000	2019 Shs'000
Uganda Shillings	22,767	29,254
US Dollars	412,190	425,032
	434,957	454,286

The maturity analysis of company's trade and other payables is as follows:

	0 to 1 months Shs'000	2 to 3 months Shs'000	Above 3 months	Total Shs'000
For the year ended 31 March 2020				
Trade payables	-	-	-	0
Accruals	13,582	-	-	13,582
Other payables	9,185	-	-	9,185
Amount due to related party	412,190	-	-	412,190
	434,957	-	-	434,957

NOTES (CONTINUED)

14. **Trade and other payables (Continued)**

	0 to 1 months Shs'000	2 to 3 months Shs'000	Above 3 months Shs'000	Total Shs'000
For the year ended 31 March 2019				
Trade payables	8,212	-	-	8,212
Accruals	11,315	-	-	11,315
Other payables	17,939	-	-	17,939
Amount due to related party	416,820	-	-	416,820
	454,286	-	-	454,286

15. **Cash from operations**

		2020 Shs'000	2019 Shs'000
Reconciliations of profit before tax to cash from operations:			
Loss before tax		(27,961)	(46,004)
Adjustments for:			
Depreciation on property and equipment (Note 9)		-	3,688
Unrealised foreign exchange loss/(gain)		(6,829)	9,716
Changes in working capital:			
- inventories	10	4,889	(4,231)
- trade and other receivables	13	102,361	(13,748)
- trade and other payables	14	(19,329)	87,849
Cash from operations		53,131	37,270

16. **Related party transactions and balances**

The company is controlled by Ensure Gulf Fze incorporated in Dubai zone, UAE which owns 99% of the company's shares. The remaining 1% of the shares are held by Cadensworth Fze. The ultimate parent company is Reddington Uganda.

The following transactions were carried out with related parties

	2020 Shs'000	2019 Shs'000
i) Purchase of services Immediate parent company	-	338,850
ii) Payables to related parties (Note 14)	412,190	416,820
iii) Receivables from related parties (Note 13)	23,176	3,676

17. **Risk management objectives and policies**

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk.

The company's overall risk management programme focuses on the unpredictabiluty of the financial markets and seeks to minimise potential adverse effects on the company's financial performance.

NOTES (CONTINUED)

17. **Risk management objectives and policies (continued)**

Financial Risk Management (continued)

Risk management is carried out by the management under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks in close co-operation with various departmental heads. The board provides written principles for overall risk mangement, as well as written policies covering specific areas, such as foreign exchange risk.

a) **Market Risk**

- *Foreign exchange risk*

The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. The risk arises from future transactions, assets and liablilties in the statement of financial position.

The table below summarises the effect on post-tax profit and components of equity had the Uganda Shilling weakened by 10% against the United States Dollar (US $), with all other variables held constant. If the Uganda shilling strengthened by 10% against the United States Dollar (US $), the effect would have been the opposite.

Effect on profit in Shillings:		
Effect on profit - decrease	(11,534)	(7,604)

(b) **Credit risk**

Credit risk arises from cash and cash equivalents, and credit exposures to customers, including outstanding receivables.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Individual limits are set based on internal or external information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

(c) **Liquidity risk**

Cash flow forecasting is performed by the finance department of the company by monitoring the company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the company does not breach borrowing limits or covenants (where applicable) on any of their borrowings.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Note 13 discloses the maturity analysis of trade and other payables.
The table below disclose the undiscounted maturity profile of the company's financial liabilities:

NOTES (CONTINUED)

(c) **Liquidity risk (continued)**
Year ended 31 March 2020

	Less than six month Shs '000	Between 6 - 12 months Shs '000	Total Shs '000
Non-interest bearing liabilities			
- Trade and other payables	434,957	-	434,957

Year ended 31 March 2019

	Less than six month Shs '000'	Between 6 - 12 months Shs '000'	Total Shs '000'
Non-interest bearing liabilities			
- Trade and other payables	454,286	-	454,286

18. **Capital management**

Internally imposed capital requirements

The group's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk;
- to comply with the capital requirements set out by the company's bankers;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong asset base to support the development of business.
- to maintain an optimal capital structure to reduce the cost of capital.

The company sets the amount of capital in proportion to risk. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. 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. Consistently with others in the industry, the company monitors capital on the basis of the gearing ratio.This ratio is calculated as net debt : capital. Net debt is calculated as total debt less equivalents. Capital comprises all components of equity (i.e. share capital, retained earnings).

The debt-to-capital ratio at 31 March 2020 was nil because the company had no borrowings.

19. **Country of incorporation**

Ensure Services Uganda Limited is incorporated in Uganda under the companies Act as a private limited liability and is domiciled in Uganda.

20. **Presentation currency**

The financial statements are presented in thousands of Uganda Shillings rounded off to the nearest thousands (Shs 000).

SCHEDULE OF OTHER OPERATING INCOME AND EXPENDITURE

	2020 Shs'000	2019 Shs'000
1 ADMINISTRATIVE EXPENSES		
Employment:		
Salaries and wages	-	11,005
Staff medical expenses	-	4,239
NSSF employer contribution	-	1,101
Total employment costs	-	16,345
Other adminstration expenses		
Postage and telephone	-	3,322
Professional fees	3,750	-
Audit fees	9,498	21,229
Travelling expenses	1,909	15,443
Bank charges	320	2,159
Miscellaneous expenses	(1)	10
Discounts and rebates	2	70
Total other administrative expenses	15,478	42,233
Total administrative expenses	15,478	58,578
2 OTHER OPERATING EXPENSES		
Establishment:		
Repairs and maintenance	-	5,743
Licenses	-	886
Inspection charges	-	10,492
Depreciation on equipment	-	3,688
Total other operating expenses	-	20,809
3 NET FINANCE INCOME		
Realised exchange gain	(7,103)	(5,824)
Unrealised foreign exchange (gain)/loss	(6,829)	9,716
Total net finance income	(13,932)	3,892

Ensure Services Uganda Limited
Tax Computation
For the year ended 31 March 2020

PERIOD COVERED: 12 MONTHS

	2020 Shs	2019 Shs
Loss per financial statements	(27,961,000)	(46,004,000)
Add:		
Depreciation on equipment	-	3,688,000
Travelling expenses	1,909,000	-
Work permit renewals	-	14,758,480
Unrealised exchange loss	-	9,716,000
Unrealised exchange gain for prior year now realised	-	-
	1,909,000	28,162,480
LESS		
Wear and tear	3,831,124	4,788,904
Unrealised foreign exchange loss now realised	9,716,000	693,000
Unrealised exchange gain	6,829,000	
	20,376,124	5,481,904
Adjusted loss for the year	(46,428,124)	(23,323,424)
Tax losses brought forward	(23,323,424)	-
Add: Trade loss for the year	(46,428,124)	(23,323,424)
Tax losses carried forward	(69,751,548)	(23,323,424)
Tax at 30%	NIL	NIL
Less Tax Paid		
Corporation tax		
Tax credit B/F	121,271,461	72,103,259
WHT paid	-	49,168,202
Total	121,271,461	121,271,461
Outstanding principal tax /(credit c/f)	(121,271,461)	(121,271,461)
Penalties		
Under-declaration of corporation tax		
Tax declared in provisional return	-	-
Likely penalty for under provision TPCA 51	-	-
Total penalties	-	-
Total tax claimable	(121,271,461)	(121,271,461)

WEAR AND TEAR SCHEDULE

	Class(iv) 20% Shs	Total Shs
Written down values 1/4/2019	19,155,618	19,155,618
Additions	-	-
	19,155,618	19,155,618
Wear and Tear allowance	(3,831,124)	(3,831,124)
	15,324,494	15,324,494
Class I write off	-	-
Written down values 31/3/2020	15,324,494	15,324,494

PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

Financial statements and reports
Year ended 31 March 2020

PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

Financial statements and reports
Year ended 31 March 2020

CONTENTS **PAGE**

PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

MANAGER'S REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The manager submits his report and financial statements for the year ended 31 March 2020. I approve the financial statements and confirm that I am are responsible for these, including selecting the accounting policies and making the judgments underlying them. I confirm that I have made available all relevant accounting records and information for their compilation.

Results and dividends
The profit for the year amounted to AED 4,516,529. The directors do not recommend any dividend for the year ended 31 March 2020.

Review of the business
The principal activity of the Company during the year was providing air, sea and road freight forwarding services and general warehousing.

Legal and regulatory requirements
The Company has complied with the applicable provisions of the UAE Federal Law No. (2) of 2015.

Events during the year
During the last quarter of the year, there was an outbreak of COVID-19 (Coronavirus) across the globe, causing disruptions to economic activity and business operations. The management currently believes that it has adequate business plans to continue with the operations and mitigate the risks, if any associated with COVID-19 outbreak. Management will continue to monitor the situation in order to assess potential financial impact, if any.

Events since the end of the year
There were no major events occurred after the reporting date which materially affect the financial statements for the year ended 31 March 2020.

Shareholders and their interests
The shareholders at 31 March 2020 and their interests as at that date in the share capital of the Company were as follows:

Name	No. of shares	AED
Mr. Nasser Mohammed Nasser Saeed Bin Jarsh Alsuwaidi	1,887	188,700
Reddington Gulf FZE, Dubai, UAE (Represented by Mr. Sriram Ganeshan)	1,813	181,300
	3,700	**370,000**

Independent auditor
PKF were appointed as independent auditor for the year ended 31 March 2020 and it is proposed that they be re-appointed for the year ending 31 March 2021.

Sriram

Manager
24 May 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C** (the "Company"), which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other 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 give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, 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.

Emphases of Matter

We draw attention to:

i) Note 2 (a) to the financial statements which states that these financial statements are the separate financial statements of the Company. The consolidated financial statements of Company and its subsidiary, which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements, are presented by the Parent Company.

ii) Note 11 to the financial statements, which states that 61% of total revenue (previous year 63% of total revenue) and 61% of cost of revenue (previous year 67% of cost of revenue) are from its related parties and its terms are determined by the management and the respective related parties. Therefore, the operations of the Company are dependent upon continued revenue from related parties.

Our opinion is not modified in respect of the above matters.

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INDEPENDENT AUDITOR'S REPORT
(continued)

Other Matter
The financial statements of the company for the year ended 31 March 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 9 January 2020.

Other Information
Management is responsible for the other information. Other information comprises the Manager's report as required by the UAE Federal Law No. (2) of 2015, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

continued...

INDEPENDENT AUDITOR'S REPORT
(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 gives a true and fair view.

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

Report on Other Legal and Regulatory Requirements
As required by the UAE Federal Law No. (2) of 2015, we report that:

i) We have obtained all the information we considered necessary for the purpose of our audit;
ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
iii) The Company has maintained proper books of account;
iv) the financial information included in the Manager's report is consistent with the books of account of the Company;

continued...

PKF
Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT
(continued)

v) The Company has not purchased or invested in any shares during the financial year ended 31 March 2020;
vi) Note 11 to the financial statements reflects material related party transactions and balances, and the terms under which they were conducted;
vii) The Company has not made any social contributions during the financial year ended 31 March 2020; and
viii) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 March 2020 and there are no penalties imposed on the Company.

For PKF

S. D. Pereira
Partner
Auditor registration no. 552
Dubai
United Arab Emirates
31 May 2020

PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	2020 AED	2019 AED
ASSETS			
Non-current assets			
Property, plant and equipment	6	**6,991,662**	236,725
Intangible assets	7	**30,994**	4,444
Investment in subsidiary	8	**504,390**	504,390
		7,527,046	745,559
Current assets			
Trade and other receivables	9	**8,067,550**	6,219,750
Other current assets	10	**888,668**	2,143,339
Due from related parties	11	**14,283,972**	5,896,472
Other financial assets	12	**297,000**	297,000
Cash and cash equivalents	13	**497,866**	738,907
		24,035,056	15,295,468
Total assets		**31,562,102**	16,041,027
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	14	**370,000**	370,000
Statutory reserve		**185,000**	150,000
Retained earnings		**14,135,931**	9,751,583
Total shareholders' funds		**14,690,931**	10,271,583
Non-current liabilities			
Provision for staff end-of-service benefits	15	**800,745**	482,766
Lease liabilities	16	**5,499,974**	--
		6,300,719	482,766
Current liabilities			
Trade and other payables	17	**6,759,304**	4,968,814
Other current liabilities	18	**600,198**	317,864
Due to related parties	11	**2,378,739**	--
Lease liabilities	16	**832,211**	--
		10,570,452	5,286,678
Total liabilities		**16,871,171**	5,769,444
Total equity and liabilities		**31,562,102**	16,041,027

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 5.

Approved and authorised for issue by the Shareholders on 24 May 2020 and signed on their behalf by Mr. Sriram Ganeshan.

For **PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C**

Sriram

SRIRAM GANESHAN
MANAGER

PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 AED	2019 AED
Revenue	20	**66,179,279**	62,493,333
Cost of revenue	21	**(53,792,185)**	(49,803,654)
Gross profit		**12,387,094**	12,689,679
General and administrative expenses	22	**(7,392,439)**	(7,142,830)
Impairment of financial assets	23	**(181,975)**	(269,216)
Finance costs	24	**(296,151)**	--
PROFIT FOR THE YEAR		**4,516,529**	5,277,633
Other comprehensive income:			
Items that will not be reclassified subsequently to profit and loss:			
Actuarial loss on defined employee benefit plan		**(97,181)**	--
Other comprehensive income for the year		**(97,181)**	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,419,348**	5,277,633

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 5.

PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share Capital AED	Statutory reserve AED	Retained earnings AED	Total AED
At 1 April 2018	370,000	150,000	4,473,950	4,993,950
Total comprehensive income for the year	--	--	5,277,633	5,277,633
Balance at 31 March 2019	370,000	150,000	9,751,583	10,271,583
- Profit for the year	--	--	4,516,529	4,516,529
- Other comprehensive income				
Items that will not be reclassified subsequently to profit and loss:				
Actuarial loss on defined employee benefit plan	--	--	(97,181)	(97,181)
Total comprehensive income for the year	--	--	4,419,348	4,419,348
Transfers	--	35,000	(35,000)	--
Balance at 31 March 2020	**370,000**	**185,000**	**14,135,931**	**14,690,931**

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 5.

PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020 AED	2019 AED
Cash flows from operating activities		
Profit for the year	4,516,529	5,277,633
Adjustments for:		
Depreciation of property, plant and equipment	1,075,333	91,646
Amortisation of intangible assets	6,525	10,394
Finance costs on lease liabilities	296,151	--
Allowance for expected credit losses on trade receivables	181,975	269,216
Provision for staff end-of-service benefits	135,296	189,248
	6,211,809	5,838,137
Changes in:		
- Trade and other receivables	(2,029,775)	(1,588,821)
- Other current assets	921,572	(33,003)
- Trade and other payables	1,749,291	1,129,241
- Other current liabilities	282,334	3,510
Staff end-of service benefits paid	(24,566)	(131,717)
Cash generated from operations	7,100,665	5,217,347
Interest paid	(236,553)	--
Net cash from operating activities	6,874,112	5,217,347
Cash flows from investing activities		
Payments for property, plant and equipment	(319,690)	(1,470)
Payments for intangible assets	(33,075)	--
Payments to related parties (net)	(8,295,831)	(5,173,400)
Net cash used in investing activities	(8,648,596)	(5,174,870)
Cash flows from financing activities		
Payments of lease liability	(845,296)	--
Receipt from related party (net)	2,378,739	--
Net cash from financing activities	1,533,443	--
Net (decrease)/increase in cash and cash equivalents	(241,041)	42,477
Cash and cash equivalents at beginning of year	738,907	696,430
Cash and cash equivalents at end of year (note 13)	497,866	738,907

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 5.

1. **LEGAL STATUS AND BUSINESS ACTIVITY**

a) **PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C.** (the "Company") with license number 687611 is a limited liability company registered in Dubai, United Arab Emirates, in accordance with the provision of Article 218 of the UAE Commercial Companies Law No. 8 of 1984 as amended (repealed by UAE Federal Law No. (2) of 2015). The registered address is P.O Box 12816, Office 307, The Atrium Centre, Bank Street, Dubai, United Arab Emirates. The Company was registered on 4 April 2013 and commenced operations on 15 March 2015.

b) The Company also operates through its following branches in the Emirates of Dubai.

- Proconnect Supply Chain Logistics L.L.C (Branch) with license number 145323 registered in Jebel Ali Free Zone, Dubai.
- Proconnect Supply Chain Logistics L.L.C (Branch) with license number 3901 registered in Dubai Airport Free Zone, Dubai.

These financial statements include the assets, liabilities and business results of these branches.

c) The Company is mainly engaged in the business of providing air, sea and road freight forwarding services and general warehousing.

d) The parent company is Reddington Gulf FZE, a company registered in Jebel Ali Free Zone, Dubai, UAE who owns 100% of the beneficial interest in the Company and the ultimate parent company is Reddington (India) Limited, India.

2. **BASIS OF PREPARATION**

a) **Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 January 2019, and the requirements of UAE Federal Law No. (2) of 2015.

These financial statements are the separate financial statements of the Company. The consolidated financial statements of the Company and its subsidiaries which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements, are presented by the parent company.

b) **Basis of measurement**

The financial statements are prepared using historical cost. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) **Going concern**

The financial statements are prepared on a going concern basis.

When preparing the financial statements, management makes an assessment of the Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The uncertainty due to recent COVID-19 outbreak with regard to the future impact on the Company's business performance has been considered as part of the management's assessment of the Company's ability to continue as a going concern. As at the date of approval of the financial statements, management is in the process of assessing the impact of this event, if any (refer note 29).

d) **Adoption of new International Financial Reporting Standards**

Standards, amendments, improvements and interpretations effective for the current period

The International Financial Reporting Standard, amendments, improvements and interpretation that became effective for the current reporting period are as follows:

- IFRS 16: Leases
- Amendments to IFRS 9: Prepayment Features with Negative Compensation and Modification of financial liabilities
- Amendments to IAS 28: Investment in Associates and Joint Ventures relating to long-term interests in associates and joint ventures
- Annual Improvements 2015-2017 Cycle:
  - IFRS 3 Business Combinations
  - IFRS 11 Joint Arrangements
  - IAS 12 Income Taxes
  - IAS 23 Borrowing Costs
- Amendments to IAS 19: Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRIC 23: Uncertainty over Income Tax Treatments

The impact of adoption of the above standard, amendments, improvements and interpretation and the new accounting policies are explained below in more detail:

IFRS 16: Leases

Impact of adoption

IFRS 16 was issued in January 2016 and is effective for annual periods beginning on or after 1 January 2019, which supersedes the previous guidance in IAS 17 leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases – Initiatives and SIC-27 evaluating the substance of transactions involving the legal form of a lease. The standard requires lessees to account for most leases under a single on-balance sheet model and sets out the principles for the recognition, measurement, presentation and disclosure of leases. Lessor accounting remains similar to previous accounting policies. Lessors will continue to classify leases as either operating or finance leases using similar principals as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted modified retrospective transition approach permitted by IFRS 16 with the date of initial adoption of 1 January 2019. Accordingly, the comparative information has not been restated. The Company has opted to measure right-of-use assets at the amount of the lease liabilities adjusted for any related prepaid and accrued lease payments previously recognised. Based on the approach adopted by the Company, there is no impact on the retained earnings as on 1 April 2019. On transition to IFRS 16, the Company applied the standard only to those contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed after 1 April 2019.

In applying IFRS 16 for the first time, the Company also applied the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- reliance on previous assessments on whether leases are onerous; the election, by class of underlying asset, not to separate non-lease components from lease components, and instead for each lease component and any associated non-lease components as a single lease component.
- exemptions to operating leases with a remaining lease term of less than 12 months at the date of initial application.
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The following table summarises the impact of transition to IFRS 16:

	At 1 April 2019 AED
Right-of-use assets	7,510,580
Lease liabilities	7,177,481
Adjustments of prepayments	333,099

With regard to the impact for current year, the Company has recognised depreciation and interest expense, instead of operating lease expenses. Accordingly, the Company has recognised AED 944,024 of depreciation charge and AED 277,752 of interest expense on these leases. The Company has presented right-of-use assets within 'Property, Plant and Equipment' and lease liabilities under current/non-current liabilities in the statement of financial position. Adoption of IFRS 16 has also impacted the presentation in the statement of cash flows.

IFRS 16 accounting policies

The application of the new standard required the management to apply the new accounting policy, which is summarised in note 3 (h) to the financial statements under significant accounting policies.

Other amendments, improvements and interpretation
The following amendments, improvements and interpretation which became effective 1 January 2019, did not have any significant impact on the Company's financial statements:

- Amendments to IFRS 9: Prepayment Features with Negative Compensation and Modification of financial liabilities
- Amendments to IAS 28: Investment in Associates and Joint Ventures relating to long-term interests in associates and joint ventures
- Annual Improvements 2015-2017 Cycle:
  - IFRS 3 Business Combinations
  - IFRS 11 Joint Arrangements
  - IAS 12 Income Taxes
  - IAS 23 Borrowing Costs
- Amendments to IAS 19: Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRIC 23: Uncertainty over Income Tax Treatments

New and revised IFRSs in issue but not yet effective
The following amendments and improvements that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IAS 1 and IAS 8: Definition of Material (1 January 2020)
- The Conceptual Framework for Financial Reporting (1 January 2020)

e) **Functional and presentation currency**
The financial statements are presented in UAE Dirhams ("AED") which is also the Company's functional currency.

3. **SIGNIFICANT ACCOUNTING POLICIES**
The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Property, plant and equipment**
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Right-of-use assets	7-8 years
Furniture, fixtures and office equipment	3-5 years
Vehicles	3 years

The Company has presented right-of-use assets representing the right to use the underlying assets under property, plant and equipment [Refer notes 3 (h) and 6].

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Company and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income/expenses' in profit or loss.

b) **Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The cost of computer software is amortised over three years.

An assessment of amortisation method and useful lives is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the amortisation charge.

c) **Impairment of tangible and intangible assets**

At each reporting date, the management reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

d) **Investments in subsidiary**

Subsidiaries are entities over which the Company exercises control. Control is achieved when the Company is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investment in subsidiary is accounted for at cost less impairment losses, if any. Consolidated financial statements of the parent and its subsidiary are presented by the parent company.

e) **Staff end-of-service benefits**

The company operates a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The company's gratuity plan is unfunded, the defined benefit obligation of which is determined annually by a qualified actuary using the projected unit credit method at each reporting date. Re-measurement of defined benefit obligation, which comprises of actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. The company determines the net interest expenses on the net defined benefit obligation, taking into account any changes in the defined benefit liability during the period as a result of contribution and benefit payments. Net interest expenses related to defined benefit plan are recongised in "finance cost" in the statement of profit or loss.

f) **Statutory reserve**

Statutory reserve is created by appropriating 10% of the profit of the Company as required by Article 103 of the UAE Federal Law No. (2) of 2015. The Shareholders may resolve to discontinue such deduction when the reserve totals 50% of the paid-up share capital. The reserve is not available for distribution except as provided in the Federal Law.

g) **Revenue recognition**

The Company is engaged in providing air, sea and road freight forwarding services and general warehousing.

Revenue from contracts with customers is recognised when the control of services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Company satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

Sale of services

The Company provides services that are sold separately. The services can be obtained from other providers and do not significantly modify or customise the services to be rendered.

Contracts for composite sale of services comprise of two performance obligations because the promise to provide services are capable of being distinct and separately identifiable. The Company allocates the transaction price based on the relative stand-alone selling prices of the services.

Freight forwarding income

Freight forwarding income represents amounts invoiced to the customers net of discounts, for services rendered as freight forwarders. Income from freight forwarding is recognised at point in time when the services are rendered to the customers.

Warehousing rental income

The Company provides warehousing services to the customers. Contracts for warehouse rental services comprise of a single performance obligation because the promise to provide services cannot be distinct and separately identifiable. The Company recognises revenue from rental services over time to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company.

h) **Leases**

The Company leases office premises and warehouses. Rental contracts are typically made for fixed period of 1 year but may have extension options. However, the management of the Company has the intention to continue its operations in the same premises for a longer period. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognises right-of-use assets at 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 reimbursement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial costs; and
- restoration costs.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised 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.

Lease liabilities

The Company recognises lease liabilities at the commencement date of the lease. The lease liabilities are measured at the net present value of lease payments to be made over the lease term. The lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;

- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Company; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

The Company uses the incremental borrowing rate of the parent company as the discount rate in calculating the present value of lease payments and uses the incremental borrowing rate at the commencement date of the lease if the profit rate implicit in the lease is not readily determinable. Further, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance lease payments or a change in the assessment to purchase the underlying asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases
The Company applies the short-term lease recognition exemption to its short-term leases (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). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

i) **Cash and cash equivalents**
Cash and cash equivalents comprise cash and bank current accounts.

j) **Other financial assets**
Other financial assets comprise margin deposits with banks under encumbrance and/or with a maturity date of more than three months from the date of deposit.

k) **Foreign currency transactions**
Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

l) **Provisions**
A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, it's carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

m) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person. The Company is required to file its VAT returns and compute the payable tax (which is output tax less input tax) for the allotted tax periods and deposit the same within the prescribed due dates of filing VAT return and tax payment.

n) **Current versus non-current classification**

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

o) **Financial instruments**

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at FVTPL or at amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

Recognition

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

Derecognition

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  (a) the Company has transferred substantially all the risks and rewards of the asset, or
  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities are de-recognised when, and only when, they are extinguished i.e. when obligation specified in the contract is discharged, cancelled or expired.

Measurement

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Transactions costs of financial assets carried at FVTPL are expensed in profit or loss.

The following accounting policies apply to the subsequent measurement of financial assets and liabilities.

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition) using the effective interest method. All other financial assets are subsequently measured at fair value.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

Foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The financial assets at amortised cost comprise of trade and other receivables, due from related parties, other financial assets and cash and cash equivalents.

Financial liabilities

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

Financial liabilities at amortised cost comprise of trade and other payables, due to related parties and lease liabilities.

Impairment of financial assets

The Company recognised an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances are measured on either of the following basis:

- 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures the loss allowance at an amount equal to lifetime ECLs, except for the following which are measured as 12-month ECLs:

- Bank balances, amounts due from related parties, other financial assets (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. The Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognised a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.
The Company considers a financial asset to be in default when:

- The customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

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

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

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

Offsetting
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Share capital
Share capital is recorded at the value of proceeds received towards interest in share capital of the Company.

p) **Fair value measurement**

The Company measures financial instruments, such as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Company also discloses the fair value of financial instruments measured at amortised cost.

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

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

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. **SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Impairment

At each reporting date, management conducts an assessment of property, plant and equipment and intangible asset to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

The Company applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs or Lifetime ECLs depending on credit risk characteristics and how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

Leases

Determining the lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Company considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

The right-of-use assets and lease liabilities recognised as at 1 April 2019 are mainly determined based on the Company's expected lease renewal terms derived primarily from the Company's long-term business plans.

Discounting of lease payments

The lease payments are discounted using the parent company's incremental borrowing rate ("IBR") of 4.16%, due to the absence of implicit rates in the lease contracts.

Management has applied judgments and estimates to determine the IBR at the transition date, using borrowing rates that certain financial institutions would charge the Company against financing the different types of assets it leases over different terms and different ranges of values. IBR is further adjusted for Company's specific risk, term risk and underlying asset risk. Majority of the leases are present in the UAE and accordingly no adjustment for the economic environment was deemed required.

Recognition of revenue and allocation of transaction price

Identification of performance obligations

The Company provides air, sea and road freight forwarding services and general warehousing, that are either sold separately or bundled together with other services to the customers.

The Company determined that all the services are capable of being distinct. The fact that the Company regularly sells both the services on a separate basis the transaction prices are allocated to the service provided based on the relative stand-alone selling prices.

Determine timing of satisfaction of performance obligation

The Company concluded that the revenue from freight forwarding services is to be recognised at a point in time when the services have been rendered to the customers.

The Company concluded that revenue from warehousing service is to be recognised over time as the customer simultaneously receives the benefit as the company performs. The fact that another entity would not need to re-perform the installation that the Company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Company's performance as it performs.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Impairment

Assessments of net recoverable amounts of property, plant and equipment and intangible assets are based on assumptions regarding future cash flows expected to be received from the related assets.

Impairment of financial assets

The loss allowance for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement 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.

Staff end-of-service benefits

The Company computes the provision for the liability to staff end-of-service benefits stated at AED 800,745 (previous year AED 482,766) covering all eligible employees. The amount of provision in the current year is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include determination of discount rate; future salary increases, mortality and withdrawal rate. Due to the complexity of valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

6. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets [a]	Furniture, fixtures and office equipment	Vehicles	Total
	AED	AED	AED	AED
Cost				
At 1 April 2018	--	356,322	16,990	373,312
Additions	--	1,470	--	1,470
At 31 March 2019	--	357,792	16,990	374,782
Additions	--	319,690	--	319,690
Adoption of IFRS 16 [note 2(d)]	7,510,580	--	--	7,510,580
At 31 March 2020	**7,510,580**	**677,482**	**16,990**	**8,205,052**
Accumulated depreciation				
At 1 April 2018	--	42,224	4,187	46,411
Depreciation	--	86,008	5,638	91,646
At 31 March 2019	--	128,232	9,825	138,057
Depreciation	944,024	126,052	5,257	1,075,333
At 31 March 2020	**944,024**	**254,284**	**15,082**	**1,213,390**
Carrying amount				
At 1 April 2018	--	314,098	12,803	326,901
At 31 March 2019	--	229,560	7,165	236,725
At 31 March 2020	**6,566,556**	**423,198**	**1,908**	**6,991,662**

a) Right-of-use assets represent the following:

- Leasehold interest in warehouses located at Dubai Airport Free Zone and Jebel Ali Free Zone. The lease agreements are in the name of Company and are renewable on an annual basis. However, considering the substance of the arrangement the leases have been considered as long-term with an estimated lease period up to 28 February 2027 and 31 March 2027 respectively. The leasehold interest in the warehouses are capitalised as Right-of-use assets.

- Leasehold interest in the office premise located at Redington Gulf FZE, Jebel Ali Free Zone. The lease agreement is in the name of the Company and is renewed annually. However, considering the substance of the arrangement the lease has been considered as long term with an estimated lease period up to 31 October 2027. The leasehold interest in the office premise is capitalised as Right-of-use asset.

- Leasehold interest in the staff accommodation at Jebel Ali Free Zone. The lease agreement is in the name of a related party and is renewed annually. However, considering the substance of the arrangement the lease has been considered as long term with an estimated lease period up to 30 April 2026. The leasehold interest in the staff accommodation is capitalised as Right-of-use asset.

7. INTANGIBLE ASSETS

	Computer software AED
Cost	
At 1 April 2018 and 31 March 2019	31,017
Additions	33,075
At 31 March 2020	**64,092**
Accumulated amortization	
At 1 April 2018	16,179
Amortisation	10,394
At 31 March 2019	26,573
Amortisation	6,525
At 31 March 2020	**33,098**
Carrying amount	
At 1 April 2018	14,838
At 31 March 2019	4,444
At 31 March 2020	**30,994**

8. INVESTMENT IN SUBSIDIARY

	2020 AED	2019 AED
Interest in share capital at cost		
510 shares of SAR 1,000 each in Proconnect Saudi LLC (a limited liability company registered in the Kingdom of Saudi Arabia). (SAR 510,000 converted @ SAR 1 = AED 0.989)	**504,390**	504,390

The nature of investments in subsidiaries held by the Company are as follows:

Name of subsidiary	Principal Activities	Country of incorporation	Registered proportion (%) of ownership interest 2020	2019
Proconnect Saudi LLC	Logistics and warehousing	Kingdom of Saudi Arabia	**51**	51

9. TRADE AND OTHER RECEIVABLES

	2020 AED	2019 AED
Trade receivables	**6,363,870**	5,287,878
Less: Allowance for expected credit losses	**(684,264)**	(541,072)
	5,679,606	4,746,806
Deposits	**897,818**	875,985
Jobs-in-progress	**1,320,296**	542,710
Other receivables	**169,830**	54,249
	8,067,550	6,219,750

A reconciliation of the movements in the allowance for expected credit losses for trade receivables is as follows:

	2020 AED	2019 AED
Opening balance	541,072	431,669
Provision made during the year	181,975	269,216
Amount written off	(38,783)	(159,813)
Closing balance	684,264	541,072

The company holds post-dated cheques amounting to AED 258,554 (previous year AED 93,320) as security against trade receivables.

10. OTHER CURRENT ASSETS

	2020	2019
Prepayments	173,585	991,845
Advance for goods and services	699,405	1,133,484
VAT receivables (net)	15,678	18,010
	888,668	2,143,339

11. RELATED PARTIES

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise the parent company, subsidiary, fellow subsidiaries and companies under common ownership and/or common management control.

At the reporting date significant balances with related parties were as follows:

	Parent company AED	Subsidiary AED	Fellow subsidiaries AED	Total 2020 AED	Total 2019 AED
Due from related parties	–	13,246,336	1,037,636	14,283,972	
	5,144,192	–	752,280		5,896,472
Due to related parties	2,378,739	–	–	2,378,739	
	–	–	–		–
Included in trade and other receivables	58,188	–	–	58,188	
	12,190	–	–		12,190
Included in trade payables	2,406,755	–	–	2,406,755	
	1,515,523	–	–		1,515,523
Investments in subsidiary	–	504,390	–	504,390	
	–	504,390	–		504,390

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in note 26.

Significant transactions with related parties during the year were as follows:

	Parent company AED	Subsidiary AED	Fellow subsidiaries AED	Total 2020 AED	Total 2019 AED
Revenue	27,371,052	2,350	12,806,302	**40,179,704**	
	26,175,070	–	13,472,609		39,647,679
Cost of revenue	23,216,064	1,940	8,992,235	**32,210,239**	
	21,925,332	–	11,220,128		33,145,460
Transfer of provision of short-term staff benefits by a related party	62,227	–	–	**62,227**	
	–	–	–		–
Transfer of provision of short-term staff benefits to a related party	(5,548)	–	–	**(5,548)**	
	–	–	–		–
Transfer of provision of staff-end of service benefits by a related party	113,200	–	–	**113,200**	
	–	–	–		–
Transfer of provision of staff-end of service benefits to a related party	(21,531)	–	–	**(21,531)**	
	(4,853)	–	–		(4,853)

The Company earns 61% of total revenue (previous year 63% of total revenue) and 61% of cost of revenue (previous year 67% of cost of revenue) from its related parties and its terms are determined by the management and the respective related parties. Therefore, the operations of the Company are dependent upon continued revenue from related parties.

The Company also provides funds to/receives funds from related parties as working capital facilities, free of interest.

	2020 AED	2019 AED
12. OTHER FINANCIAL ASSETS		
Margin deposits at amortised cost [(a)]	**297,000**	297,000

a) Margin deposits are held as security against letters of guarantee issued (refer note 27).

	2020 AED	2019 AED
13. CASH AND CASH EQUIVALENTS		
Cash in hand	**80,435**	158,883
Bank balances in current accounts	**417,431**	580,024
	497,866	738,907

	2020 AED	2019 AED
14. SHARE CAPITAL		
Issued and paid up		
3,700 shares of AED 100 each	**370,000**	370,000

15. PROVISION FOR STAFF END-OF-SERVICE BENEFITS

The amount included in the statement of financial position in respect of defined benefit plan is as follows:

	2020 AED	2019 AED
Present value of unfunded obligation	800,745	482,766

Movements in the present value of defined employee benefits obligation are as follows:

	2020	2019
Opening obligation	482,766	430,088
Service cost	135,296	189,248
Interest cost	18,399	--
Actuarial loss on obligation	97,181	--
Transferred from a related party	113,200	--
Transferred to a related party	(21,531)	(4,853)
Benefits paid during the year	(24,566)	(131,717)
Closing obligation	800,745	482,766

Expense recognised in profit or loss during the year are as follows:

	2020	2019
Service cost (note 22)	135,296	189,248
Interest cost (note 24)	18,399	--
	153,695	189,248

Cumulative loss recognised in other comprehensive income are as follows:

	2020	2019
Opening balance	--	--
Actuarial loss for the current year	97,181	--
Closing balance	97,181	--

Principal assumptions used for the purpose of actuarial valuation are as follows:

	2020	2019
Discount rate	3.00%	--
Salary escalation rate (per annum)	3.00%	--
Mortality rate (table)	Per AM (80) table	--
Withdrawal rate	19.00%	--

In accordance with the provisions of IAS 19, the management has carried out an exercise to assess the present value of its obligations as at 31 December 2019, using the projected unit credit method, in respect of employees' end-of-service benefits payable under the local Labour Laws. Under this method, an assessment has been made of an employee's expected service life with the company and the expected basic salary as at the date of leaving the service.

		2020 AED	2019 AED
16.	**LEASE LIABILITIES**		
	Lease liabilities for long-term leases	**6,332,185**	--

A reconciliation of the movements in the lease liabilities is as follows:

	2020 AED	2019 AED
Opening balance	--	--
Adjustment as at 1 April 2019 (upon adoption of IFRS 16)	**7,177,481**	--
Payments made during the year	**(845,296)**	--
Closing balance	**6,332,185**	--

Disclosed in the statement of financial position as follows:

	2020 AED	2019 AED
Non-current liabilities	**5,499,974**	--
Current liabilities	**832,211**	--
	6,332,185	--

A maturity analysis of lease liabilities is as follows:

	2020 AED	2019 AED
0 – 1 month	**69,351**	--
1 – 3 months	**138,702**	--
3 months – 1 year	**624,158**	--
Presented as current liabilities	**832,211**	--
1 year – 5 years	**3,328,845**	--
Later than 5 years	**2,171,129**	--
Total	**6,332,185**	--

		2020 AED	2019 AED
17.	**TRADE AND OTHER PAYABLES**		
	Trade payables	**6,564,034**	4,687,001
	Accrued interest on lease liabilities	**41,199**	--
	Other accruals	**154,071**	281,813
		6,759,304	4,968,814

The entire trade and other payables are due for payment within one year from the reporting date.

		2020 AED	2019 AED
18.	**OTHER CURRENT LIABILITIES**		
	Advance received from customers	**34,246**	--
	Liabilities for staff benefits	**565,952**	317,864
		600,198	317,864

19. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to ensure that the Company continues as a going concern and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position together with amounts due to/due from related parties. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Company is subject to externally imposed capital requirements as per the provisions of Article 301 of the UAE Federal Law No. (2) of 2015. The Company has complied with all the capital requirements to which it is subject.

Funds generated from internal accruals together with funds received from related parties net of funds provided to related parties are retained in the business according to the business requirements and to maintain capital at desired levels.

20. REVENUE

The Company generates revenue from providing air, sea and road freight forwarding services and general warehousing. The disaggregated revenue from contracts with customers by contract type and timing of revenue recognition are presented below. The management believes that this best depicts the nature, amount, timing and uncertainty of the Company's revenue and cash flows.

	2020 AED	2019 AED
Major service lines		
- Freight forwarding	**45,484,627**	43,735,625
- Warehousing	**20,694,652**	18,757,708
	66,179,279	62,493,333
Timing of revenue recognition		
- At a point in time	**45,484,627**	43,735,625
- Over period of time	**20,694,652**	18,757,708
	66,179,279	62,493,333

21. COST OF REVENUE

	2020 AED	2019 AED
Freight and Transportation expenses	**25,611,837**	21,893,875
Port and terminal costs	**2,614,491**	2,140,219
Documentation charges	**8,089,531**	7,641,396
Loading and unloading charges	**1,337,133**	4,107,752
Warehousing expenses	**15,195,169**	14,020,412
Depreciation (refer note 25)	**944,024**	--
	53,792,185	49,803,654

		2020 AED	2019 AED
22.	**GENERAL AND ADMINISTRATIVE EXPENSES**		
	Staff salaries and benefits	5,582,679	5,109,504
	Staff end-of-service benefits	135,296	189,248
	Depreciation (refer note 25)	131,309	91,646
	Amortisation of intangible assets	6,525	10,394
	Operating lease expenses	--	413,981
	Legal, consultancy and professional charges	577,982	451,319
	Insurance expenses	145,802	119,703
	License and registration fees	419,100	341,841
	Office maintenance	179,648	175,413
	Vehicle maintenance	41,903	43,742
	Sales promotion	51,789	29,583
	Net exchange losses	14,617	42,118
	Other expenses	105,789	124,338
		7,392,439	7,142,830
23.	**IMPAIRMENT OF FINANCIAL ASSETS**		
	On trade receivables	181,975	269,216
24.	**FINANCE COSTS**		
	Interest cost on lease liabilities	277,752	--
	Interest cost on defined employee benefit plan	18,399	--
		296,151	--
25.	**DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT**		
	Disclosed under cost of revenue (note 21)	944,024	--
	Disclosed under General and administrative expenses (note 22)	131,309	91,646
	Total depreciation as per note 6	1,075,333	91,646

26. **FINANCIAL INSTRUMENTS**

The net carrying amounts and fair values as at the reporting date of financial assets and financial liabilities are as follows:

	At amortised cost 2020 AED	2019 AED
Financial assets		
Trade and other receivables	8,067,550	6,219,750
Due from related parties	14,283,972	5,896,472
Cash and cash equivalents	497,866	738,907
Other financial assets	297,000	297,000
	23,146,388	13,152,129

	At amortised cost	
	2020	2019
	AED	AED
Financial liabilities		
Trade and other payables	6,759,304	4,968,814
Due to related parties	2,378,739	--
Lease liabilities (current and non-current)	6,332,185	--
	15,470,228	4,968,814

Management of risks

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

Management continuously monitors its cash flows to determine its cash requirements in order to manage exposure to liquidity risk.

The Company buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US Dollars to which the UAE Dirhams is pegged.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally cash and cash equivalents, margin deposits with banks, trade and other receivables and due from related parties.

The Company's bank accounts and deposits are placed with high credit quality financial institutions.

The management assesses the credit risk arising from trade and other receivables and due from related parties taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date, the Company's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

	Trade and other receivables		Due from related parties	
	2020	2019	**2020**	2019
	AED	AED	**AED**	AED
Kingdom of Saudi Arabia	**173,404**	125,066	**13,246,336**	--
USA	**418,550**	330,789	**--**	--

At the reporting date, there is no significant concentration of credit risk from individual customers (previous year Nil).

At the reporting date 93% of amount due from related parties are due from one party (previous year 86% due from one party).

At the reporting date, there is no significant concentration of credit risk from any particular industry as the Company's customers are from diverse industries.

The Company uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise a very large number of small balances. Loss rates are calculated using a 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables from individual customers as at the reporting date.

	Loss rate		Gross carrying amount		Loss allowance	
	2020	2019	**2020**	2019	**2020**	2019
	%	%	**AED**	AED	**AED**	AED
Not past due	**0.00%**	0.00%	**2,307,569**	2,156,732	**--**	--
31-60 days past due	**0.00%**	0.00%	**2,041,213**	2,019,811	**--**	--
61-90 days past due	**0.00%**	0.00%	**822,017**	397,028	**--**	--
91-150 days past due	**31.46%**	54.32%	**725,715**	379,211	**228,339**	205,976
More than 150 days past due	**97.55%**	100.00%	**467,356**	335,096	**455,925**	335,096
			6,363,870	5,287,878	**684,264**	541,072

Loss rates are based on actual credit loss experience over the past 4 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Currency risk
There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed except for bank balance of AED 212,091 (previous year AED 172,408) denominated in Euro.

Reasonable possible changes to exchange rates at the reporting date are unlikely to have had a significant impact on profit or equity.

Interest rate risk
The Company is not exposed to any significant interest rate risk.

Fair value
The management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of cash and cash equivalents, trade and other receivables, other financial assets, due from related parties, trade and other payables, due to related parties and current lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value of non-current lease liabilities is estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities. As at the reporting date, the carrying amounts of such liabilities, are not materially different from their fair values.

		2020	2019
27.	**CONTINGENT LIABILITIES**	AED	AED
	Bankers' letters of guarantee	297,000	297,000

28. **COMPARATIVE INFORMATION**
Previous year's figures have been regrouped/reclassified wherever necessary to make them comparable to those of the current period.

29. **EVENTS AFTER THE REPORTING PERIOD**
Subsequent to the year end, there was an outbreak of Covid-19 (Coronavirus) across the globe, causing disruptions to economic activity and business operations. As at the date of approval of the financial statements, management is in the process of assessing the impact of this event. Since the Company considers this to be a non-adjusting event, management has not adjusted the impact, if any of this event in the financial statements for the year ended 31 March 2020 [Note 2(c)].

For **PROCONNECT SUPPLY CHAIN LOGISTICS L.L.C**

Sriram

SRIRAM GANESHAN
MANAGER

ENSURE MIDDLE EAST TECHNOLOGY SOLUTIONS L.L.C.

Financial statements and reports

Year ended 31 March 2020

ENSURE MIDDLE EAST TECHNOLOGY SOLUTIONS L.L.C.

Financial statements and reports
Year ended 31 March 2020

CONTENTS	PAGE

ENSURE MIDDLE EAST TECHNOLOGY SOLUTIONS L.L.C.

MANAGER'S REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The manager submits his report and financial statements for the year ended 31 March 2020. I approve the financial statements and confirm that I am responsible for these, including selecting the accounting policies and making the judgments underlying them. I confirm that I have made available all relevant accounting records and information for their compilation.

Results and dividends
The profit for the year amounted to AED 438,708. The manager does not recommend any dividend for the year ended 31 March 2020.

Review of the business
The Company's principal activity as per the commercial license is trading in computer systems and software, tools and accessories and computer outfit trading, computers repairs and maintenance, computer infrastructure establishment, institution and maintenance and onshore and offshore oil and gas fields and facilities services.

Legal and regulatory requirements
The Company has complied with the applicable provisions of the UAE Federal Law No. (2) of 2015.

Events since the end of the year
There are no significant events since the end of the year.

Shareholders and their interests
The shareholders at 31 March 2020 and their interests as at that date in the share capital of the Company were as follows:

Name	No. of shares	AED
Bader Naser Saif Abood Al Kaabi	765	76,500
Ensure Gulf FZE	735	73,500
	1,500	**150,000**

Independent auditor
PKF were appointed as independent auditor for the year ended 31 March 2020 and it is proposed that they be re-appointed for the year ending 31 March 2021.

Manager
24 May 2020

PKF
Accountants & business advisers

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ENSURE MIDDLE EAST TECHNOLOGY SOLUTIONS L.L.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ENSURE MIDDLE EAST TECHNOLOGY SOLUTIONS L.L.C.** (the "Company"), which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other 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 give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, 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.

Other Information

Management is responsible for the other information. Other information comprises the manager's report as required by the UAE Federal Law No. (2) of 2015, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT
(continued)

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the UAE Federal Law No.(2) of 2015 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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.

continued...

INDEPENDENT AUDITOR'S REPORT
(continued)

- 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 gives a true and fair view.

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

Report on Other Legal and Regulatory Requirements
As required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information we considered necessary for the purpose of our audit;
ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
iii) the Company has maintained proper books of account;
iv) the financial information included in the Manager's report is consistent with the books of account of the Company;
v) The Company has not purchased or invested in any shares during the financial year ended 31 March 2020;
vi) note 10 to the financial statements reflects material related parties transactions and balances, and the terms under which they were conducted;
vii) the Company has not made any social contributions made during the financial year ended 31 March 2020; and
viii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 March 2020 and there are no penalties imposed on the Company.

For PKF

S. D. Pereira
Partner
Auditor registration no. 552
Abu Dhabi
United Arab Emirates
31 May 2020

ENSURE MIDDLE EAST TECHNOLOGY SOLUTIONS L.L.C.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	2020 AED	2019 AED
Assets			
Non-current assets			
Property, plant and equipment	6	**564,959**	1,329
Current assets			
Inventories	7	**197,766**	35,758
Trade receivables	8	**754,661**	657,872
Other current assets	9	**51,879**	239,987
Due from related parties	10	**982,504**	286,069
Cash and cash equivalents	11	**13,446**	8,400
		2,000,256	1,228,086
Total assets		**2,565,215**	1,229,415
EQUITY AND LIABILITIES			
Shareholders' equity funds			
Share capital	12	**150,000**	150,000
Statutory reserve		**69,928**	26,057
Retained earnings		**629,358**	234,521
		849,286	410,578
Non-current liabilities			
Lease liabilities	13	**191,873**	--
Current liabilities			
Trade and other payables	14	**103,855**	152,916
Other current liabilities	15	**84,288**	128,449
Due to related parties	10	**974,588**	537,472
Lease liabilities	13	**361,325**	--
		1,524,056	818,837
Total liabilities		**1,715,929**	818,837
Total equity and liabilities		**2,565,215**	1,229,415

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 4.

Approved and authorised for issue by the shareholders on 24 May 2020 and signed on their behalf by Mr. Sriram Ganeshan.

For **ENSURE MIDDLE EAST TECHNOLOGY SOLUTIONS L.L.C**

Sriram

MANAGER

ENSURE MIDDLE EAST TECHNOLOGY SOLUTIONS L.L.C

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 AED	2019 AED
Revenue	17	**3,717,033**	3,262,779
Direct costs	18	**(2,910,819)**	(2,601,325)
Gross profit		**806,214**	661,454
Other income	19	**48,844**	61,626
Administrative expenses	20	**(393,331)**	(466,396)
Finance cost on lease liability		**(23,019)**	--
PROFIT FOR THE YEAR		**438,708**	256,684
Other comprehensive income:			
Other comprehensive income for the year		**--**	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**438,708**	256,684

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 4.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share capital AED	Statutory reserve AED	Retained earnings AED	Total AED
Balance at 31 March 2018	150,000	389	3,505	153,894
Total comprehensive income for the year	--	--	256,684	256,684
Transfer	--	25,668	(25,668)	--
Balance at 31 March 2019	150,000	26,057	234,521	410,578
Total comprehensive income for the year	--	--	438,708	438,708
Transfer	--	43,871	(43,871)	--
Balance at 31 March 2020	**150,000**	**69,928**	**629,358**	**849,286**

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 4.

ENSURE MIDDLE EAST TECHNOLOGY SOLUTIONS LLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	2020 AED	2019 AED
Cash flows from operating activities		
Profit for the year	438,708	256,684
Adjustments for:		
Finance costs on lease liability	23,019	--
Allowance for expected credit losses on trade receivables written back	(27,283)	(61,626)
Depreciation of property, plant and equipment	189,896	125,220
	624,340	320,278
Changes in:		
- Inventories	(162,008)	25,581
- Trade receivables	(69,506)	(408,430)
- Other current assets	188,108	(196,314)
- Trade and other payables	(49,061)	(564,898)
- Other current liabilities	(44,161)	100,156
Cash generated from / (used in) operations	487,712	(723,627)
Interest paid	(23,019)	--
Net cash from / (used in) operating activities	464,693	(723,627)
Cash flows from investing activities		
Payments for additions to property, plant and equipment	(328)	--
(Payments to) / receipts from related parties (net)	(696,435)	123,651
Net cash (used in) / from investing activities	(696,763)	123,651
Cash flows from financing activities		
Receipts from related parties (net)	437,116	537,472
Payments of lease liability	(200,000)	--
Net cash from financing activities	237,116	537,472
Net increase/ (decrease) in cash and cash equivalents	5,046	(62,504)
Cash and cash equivalents at beginning of year	8,400	70,904
Cash and cash equivalents at end of year (Note 11)	13,446	8,400

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 4.

1. **LEGAL STATUS AND BUSINESS ACTIVITY**

a) **ENSURE MIDDLE EAST TECHNOLOGY SOLUTIONS L.L.C** (the "Company") with commercial license No. CN-2202254 is a limited liability company registered in Abu Dhabi, United Arab Emirates, in accordance with the provision of UAE Federal Law No. (2) of 2015. The registered address is P.O. Box 52439, Abu Dhabi, UAE. The Company was registered on 10 October 2016 and commenced operations since then.

b) The Company's principal activity as per the commercial license is trading in computer systems and software, tools and accessories and computer outfit trading, computers repairs and maintenance, computer infrastructure establishment, institution and maintenance and onshore and offshore Oil and gas fields and facilities services.

2. **BASIS OF PREPARATION**

a) **Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 January 2019, and the requirements of UAE Federal Law No. (2) of 2015.

b) **Basis of measurement**

The financial statements are prepared using historical cost. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) **Going concern**

The financial statements are prepared on a going concern basis.

When preparing financial statements, management makes an assessment of the Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The uncertainty due to recent COVID-19 outbreak with regard to the future impact on the Company's business performance has been considered as part of the management's assessment of the Company's ability to continue as a going concern. As at the date of approval of the financial statements, management is in the process of assessing the impact of this event, if any (refer note 23).

d) **Adoption of new International Financial Reporting Standards**

Standards, amendments, improvements and interpretations effective for the current period

The International Financial Reporting Standard, amendments, improvements and interpretation that became effective for the current reporting period are as follows:

- IFRS 16: Leases
- Amendments to IFRS 9: Prepayment Features with Negative Compensation and Modification of financial liabilities
- Amendments to IAS 28: Investment in Associates and Joint Ventures relating to long-term interests in associates and joint ventures
- Annual Improvements 2015-2017 Cycle:
  - IFRS 3 Business Combinations
  - IFRS 11 Joint Arrangements
  - IAS 12 Income Taxes
  - IAS 23 Borrowing Costs
- Amendments to IAS 19: Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRIC 23: Uncertainty over Income Tax Treatments

The impact of adoption of the above standard, amendments, improvements and interpretation and the new accounting policies are explained below in more detail:

IFRS 16: Leases

Impact of adoption

IFRS 16 was issued in January 2016 and is effective for annual periods beginning on or after 1 January 2019, which supersedes the previous guidance in IAS 17 leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases – Initiatives and SIC-27 evaluating the substance of transactions involving the legal form of a lease. The standard requires lessees to account for most leases under a single on-balance sheet model and sets out the principles for the recognition, measurement, presentation and disclosure of leases. Lessor accounting remains similar to previous accounting policies. Lessors will continue to classify leases as either operating or finance leases using similar principals as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted modified retrospective transition approach permitted by IFRS 16 with the date of initial adoption of 1 January 2019. Accordingly, the comparative information has not been restated. The Company has opted to measure right-of-use assets at the amount of the lease liabilities adjusted for any related prepaid and accrued lease payments previously recognised. Based on the approach adopted by the Company, there is no impact on the retained earnings as on 1 April 2019. On transition to IFRS 16, the Company applied the standard only to those contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed after 1 April 2019.

In applying IFRS 16 for the first time, the Company also applied the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- reliance on previous assessments on whether leases are onerous; the election, by class of underlying asset, not to separate non-lease components from lease components, and instead for each lease component and any associated non-lease components as a single lease component.
- exemptions to operating leases with a remaining lease term of less than 12 months at the date of initial application.
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The following table summarises the impact of transition to IFRS 16:

	At 1 April 2019
	AED
Right-of-use assets	753,198
Lease liabilities	753,198

With regard to the impact for current year, the Company has recognised depreciation and interest expense, instead of operating lease expenses. Accordingly, the Company has recognised AED 188,334 of depreciation charge and AED 23,019 of interest expense on these leases. The Company has presented right-of-use assets within 'Property, Plant and Equipment' and lease liabilities under current/non-current liabilities in the statement of financial position. Adoption of IFRS 16 has also impacted the presentation in the statement of cash flows.

IFRS 16 accounting policies

The application of the new standard required the management to apply the new accounting policy, which is summarised in note 3 (e) to the financial statements under significant accounting policies.

Other amendments, improvements and interpretation

The following amendments, improvements and interpretation which became effective 1 January 2019, did not have any significant impact on the Company's financial statements:

- Amendments to IFRS 9: Prepayment Features with Negative Compensation and Modification of financial liabilities
- Amendments to IAS 28: Investment in Associates and Joint Ventures relating to long-term interests in associates and joint ventures
- Annual Improvements 2015-2017 Cycle:
  - IFRS 3 Business Combinations
  - IFRS 11 Joint Arrangements
  - IAS 12 Income Taxes
  - IAS 23 Borrowing Costs
- Amendments to IAS 19: Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRIC 23: Uncertainty over Income Tax Treatments

New and revised IFRSs in issue but not yet effective

The following amendments and improvements that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments IFRS 3: Definition of a Business (1 January 2020)
- The Conceptual Framework for Financial Reporting (1 January 2020)

e) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams ("AED") which is also the Company's functional currency.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful life of the assets as follows:

Right-of-use asset	3 years
Furniture, fixtures and office equipment	2 years

The Company has presented right-of-use assets representing the right to use the underlying assets under property, plant and equipment [Refer notes 3 (e) and 6].

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Company and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income/expenses' in profit or loss.

b) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is arrived at using the Weighted Average Cost (WAC) method and comprises invoice value plus applicable landing charges less discounts. Net realisable value is based on estimated selling prices less any estimated cost of completion and disposal.

c) **Statutory reserve**

Statutory reserve is created by appropriating 10% of the profit of the Company as required by Article 103 of the UAE Federal Law No. (2) of 2015. The shareholders may resolve to discontinue such deduction when the reserve totals 50% of the paid-up share capital. The reserve is not available for distribution except as provided in the Federal Law.

d) **Revenue**

The Company is in the business of trading in computers and requisites, computer infrastructure establishment and repairs and maintenance.

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Company satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

Sale of goods
The Company has concluded that revenue from sale of goods should be recognised at a point in time when the control of the asset is transferred to the customer, generally on delivery of the goods.

Sale of services
The Company provides services that are either sold separately or bundled together with the sale of goods. The services can be obtained from other providers and do not significantly modify or customise the goods.

Contracts for composite sale of goods and services comprise of two performance obligations because the promise to transfer the goods and promise to provide services are capable of been distinct and separately identifiable. The Company allocates the transaction price based on the relative stand-alone selling prices of the goods and services.

Service and maintenance revenue income
Income from service and maintenance revenue is recognised over time when the services are rendered to the customer.

Project revenue
Income from project revenue is recognised over time when the services are rendered to the customer.

e) **Leases**

As a lessee
The Company leases office premise. Rental contracts are typically made for fixed periods of 1 year but may have extension options. The management of the Company has the intention to continue its operations in the same premises for a longer period. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognises right-of-use assets at 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 reimbursement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial costs; and
- restoration costs.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised 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.

Lease liabilities

The Company recognises lease liabilities at the commencement date of the lease. The lease liabilities are measured at the net present value of lease payments to be made over the lease term. The lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Company; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

The Company uses its incremental borrowing rate as the discount rate in calculating the present value of lease payments and uses the incremental borrowing rate at the commencement date of the lease if the profit rate implicit in the lease is not readily determinable. Further, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance lease payments or a change in the assessment to purchase the underlying asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

f) **Cash and cash equivalents**

Cash and cash equivalents comprise of cash and bank current accounts.

g) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

h) **Provisions**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, it's carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

i) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person. The Company is required to file its VAT returns and compute the payable tax (which is output tax less input tax) for the allotted tax periods and deposit the same within the prescribed due dates of filing VAT return and tax payment.

j) **Current versus non-current classification**

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

k) **Financial instruments**

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at FVTPL or at amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

Recognition

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

Derecognition

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities are de-recognised when, and only when, they are extinguished i.e. when obligation specified in the contract is discharged, cancelled or expired.

Measurement

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Transactions costs of financial assets carried at FVTPL are expensed in profit or loss.

The following accounting policies apply to the subsequent measurement of financial assets and liabilities.

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition) using the effective interest method. All other financial assets are subsequently measured at fair value.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The financial assets at amortised cost comprise of trade and other receivables, due from related parties and cash and cash equivalents.

Financial liabilities

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

Financial liabilities at amortised cost comprise of trade and other payables, due to related parties and lease liabilities.

Impairment of financial assets

The Company recognised an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances are measured on either of the following basis:

- 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures the loss allowance at an amount equal to lifetime ECLs, except for the following which are measured as 12-month ECLs:

- Bank balances and amounts due from related parties for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. The Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- The customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

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

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

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Equity

Share capital is recorded at the value of proceeds received towards interest in share capital of the Company.

l) **Fair value measurement**

The Company measures financial instruments, such as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Company also discloses the fair value of financial instruments measured at amortised cost.

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

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

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. **SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Impairment

At each reporting date, management conducts an assessment of property, plant and equipment to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

The Company applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs or Lifetime ECLs depending on credit risk characteristics and how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

Leases

Determining the lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Company considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

The right-of-use assets and lease liabilities recognised as at 1 April 2019 are mainly determined based on the Company's expected lease renewal terms derived primarily from the Company's long-term business plans.

Discounting of lease payments

The lease payments are discounted using the ultimate parent company's incremental borrowing rate ("IBR") of 4.16%, due to the absence of implicit rates in the lease contracts.

Management has applied judgments and estimates to determine the IBR at the transition date, using borrowing rates that certain financial institutions would charge the Company against financing the different types of assets it leases over different terms and different ranges of values. IBR is further adjusted for Company's specific risk, term risk and underlying asset risk. Majority of the leases are present in the UAE and accordingly no adjustment for the economic environment was deemed required.

Recognition of revenue and allocation of transaction price

Identification of performance obligations

The Company determined that both the goods and services (maintenance and project revenue) are capable of being distinct. The fact that the Company regularly sells both goods and services on a stand-alone basis indicates that the customer can benefit from both products on their own. Consequently, the Company allocated a portion of the transaction price to the goods and the maintenance services and project revenue based on relative stand-alone selling prices.

Determine timing of satisfaction of performance obligation

The Company concluded that the revenue from sales of goods is to be recognised at a point in time when the control of the goods has transferred to the customers. Payment of the transaction price is due immediately at the point the customer purchases the goods.

The Company concluded that revenue from service and maintenance and project services is to be recognised over time as the customer simultaneously receives the benefit as the company performs. The fact that another entity would not need to re-perform the installation that the Company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Company's performance as it performs.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Inventory provisions

Management regularly undertakes a review of the Company's inventory, stated at AED 197,766 (previous year AED 35,758) in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant and equipment are based on assumptions regarding future cash flows expected to be received from the related assets.

Impairment of financial assets

The loss allowance for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement 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 the key assumptions and inputs used are disclosed in Note 3(k).

6. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use asset [a] AED	Furniture, fixtures and office equipment AED	Total AED
Cost			
At 1 April 2018 and 31 March 2019	--	440,500	440,500
Adoption of IFRS 16 [note 2(d)]	753,198	--	753,198
Additions	--	328	328
At 31 March 2020	**753,198**	**440,828**	**1,194,026**
Accumulated depreciation			
As at 1 April 2018	--	313,951	313,951
Depreciation	--	125,220	125,220
At 31 March 2019	--	439,171	439,171
Depreciation	188,334	1,562	189,896
At 31 March 2020	**188,334**	**440,733**	**629,067**
Carrying amount			
At 1 April 2018	--	126,549	126,549
At 31 March 2019	--	1,329	1,329
At 31 March 2020	**564,864**	**95**	**564,959**

a) Right-of-use asset represents leasehold interest in office premise at Burj Al Arab, Hamdan street, Abu Dhabi. The lease agreement is in the name of company and is renewed annually. However, considering the substance of the arrangement the lease has been considered as long-term with an estimated lease period up to 31 March 2023 and accordingly, right-of-use asset has been capitalised at AED 753,198 (previous year AED Nil).

	2020 AED	2019 AED
7. INVENTORIES		
Goods held for sale	**197,766**	35,758
8. TRADE RECEIVABLES		
Trade receivables	**773,777**	705,728
Less: Allowance for expected credit losses	**(20,573)**	(47,856)
	753,204	657,872
Other receivables	**1,457**	--
	754,661	657,872

A reconciliation of the movements in the allowance for expected credit losses for trade receivables is as follows:

	2020	2019
	AED	AED
Opening balance	**47,856**	109,482
Provision made during the year/period	**--**	--
Provision no longer required	**(27,283)**	(61,626)
Closing balance	**20,573**	47,856

The Company does not hold any collateral against trade receivables (previous year AED Nil).

9. OTHER CURRENT ASSETS

Prepayments	**51,879**	239,987

10. RELATED PARTIES

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise shareholders, fellow subsidiary and companies under common ownership and/or common management control.

At the reporting date significant balances with related parties were as follows:

	Shareholders	Fellow subsidiary	Companies under common ownership and common management control	Total 2020	Total 2019
	AED	AED	AED	AED	AED
Included in trade payables	--	--	15,732	**15,732**	
	--	11,880	56,109		67,989
Due from related parties	--	894,094	88,410	**982,504**	
	--	286,069	--		286,069
Due to related parties	966,108	--	8,480	**974,588**	
	537,472	--	--		537,472

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in note 21.

Significant transactions with related parties during the year were as follows:

	Shareholder	Fellow subsidiary	Companies under common ownership and common management control	Total 2020	Total 2019
	AED	AED	AED	AED	AED
Sales	--	--	--	--	
	--	774,644	--		774,644
Purchases	1,470	163,839	25,893	191,202	
	274,376	1,163,190	56,109		1,493,675
Management fees (direct cost)	920,339	--	--	920,339	
	815,695	--	--		815,695

Administrative and staff related services are availed from a related party free of cost. The Company also receives funds from/ provides funds to related parties as working capital facilities free of interest.

	2020 AED	2019 AED
11. CASH AND CASH EQUIVALENTS		
Cash on hand	368	--
Bank balances in current accounts	13,078	8,400
	13,446	8,400
12. SHARE CAPITAL		
Issued and paid up		
1,500 shares of AED 100 each	150,000	150,000
13. LEASE LIABILITIES		
Lease liabilities for long-term lease of office premise	553,198	--
Disclosed in the statement of financial position as follows:		
Non-current liabilities	191,873	--
Current liabilities	361,325	--
	553,198	--

A reconciliation of the movements in the lease liabilities is as follows:

	2020 AED	2019 AED
Opening balance	--	--
Adjustment as at 1 April 2019 (upon adoption of IFRS 16)	753,198	--
Payments made during the year	(200,000)	--
Closing balance	553,198	--

A maturity analysis of lease liabilities is as follows:

	2020 AED	2019 AED
1 month – 1 year	361,325	--
Presented as current liabilities	361,325	--
2 year – 5 years	191,873	--
Total	553,198	--

14. **TRADE AND OTHER PAYABLES**

Trade payables	51,337	136,416
Accruals	52,518	16,500
	103,855	152,916

The entire trade and other payables are due for payment within one year from the reporting date.

15. **OTHER CURRENT LIABILITIES**

Advance received from customers	66,618	128,362
VAT payables (net)	17,670	87
	84,288	128,449

16. **MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to ensure that the Company continues as a going concern and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed.

The capital comprises equity funds as presented in the statement of financial position together with amounts due from/ due to related parties. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Company is subject to externally imposed capital requirements as per provisions of the Article 301 of the UAE Federal Law No. (2) of 2015. The Company has complied with all the capital requirements.

Funds generated from internal accruals together with funds received from related party and net of funds provided to related parties are retained in the business according to the business requirements and to maintain capital at desired levels.

17. **REVENUE**

The Company generates revenue from the transfer of goods and services over time and at a point in time. The disaggregated revenue from contracts with customers by geographical segments and type of goods and sales channel is presented below. The management believes that this best depicts the nature, amount, timing and uncertainty of the Company's revenue and cash flows.

	2020 AED	2019 AED
Primary Geographical segments		
- UAE	3,012,055	3,262,779
- European countries	153,021	--
- Asian countries	551,957	--
	3,717,033	3,262,779

	2020 AED	2019 AED
Major goods/service lines		
Trading		
- Trading of computer and requisites	833,238	661,574
Services		
- Project revenue	78,106	983,354
- Service and maintenance revenue	2,805,689	1,617,851
	3,717,033	3,262,779

	2020 AED	2019 AED
Timing of revenue recognition		
- At a point in time	833,238	661,574
- Over period of time	2,883,795	2,601,205
	3,717,033	3,262,779

18. DIRECT COSTS

	2020 AED	2019 AED
Purchase of inventory (including direct costs)	2,152,488	1,760,049
Changes in inventory	(162,008)	25,581
Management fees (subcontracting charges)	920,339	815,695
	2,910,819	2,601,325

19. OTHER INCOME

	2020 AED	2019 AED
Allowance for expected credit losses no longer required	27,283	61,626
Miscellaneous income	21,561	--
	48,844	61,626

20. ADMINISTRATIVE EXPENSES

	2020 AED	2019 AED
Operating lease expenses	--	237,000
Depreciation	189,896	125,220
Sponsorship fee	50,000	50,000
Legal and professional charges	42,134	32,945
Other expenses	111,301	21,231
	393,331	466,396

21. FINANCIAL INSTRUMENTS

The net carrying amounts and fair values as at the reporting date of financial assets and financial liabilities are as follows:

	At amortised cost	
	2020	2019
	AED	AED
Financial assets		
Trade receivables	754,661	657,872
Due from related parties	982,504	286,069
Cash and cash equivalents	13,446	8,400
	1,750,611	952,341
Financial liabilities		
Trade and other payables	103,855	152,916
Due to related parties	974,588	537,472
Lease liabilities (current and non-current)	553,198	--
	1,631,641	690,388

Management of risk

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous period, comprise credit risks, liquidity risks and market risks (including currency risks and fair value interest rate risks).

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

Management continuously monitors its cash flows to determine its cash requirements in order to manage exposure to liquidity risk.

The Company buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US Dollars to which the UAE Dirhams is pegged.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally cash and cash equivalents, trade and other receivables and due from related parties.

The Company's bank accounts are placed with high credit quality financial institutions.

The management assesses the credit risk arising from trade receivables and due from related parties taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date, the Company's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

	2020	2019
	AED	AED
European countries	**37,432**	--
Asian countries	**253,436**	--

At the reporting date, there is no concentration of credit risk from any particular industry as the Company's customers are from diverse industries.

At the reporting date 35% of trade receivables were due from two customers (previous year 36% was due from two customers).

At the reporting date 91% of due from related parties was due from one party (previous year 100% was due from one party).

The Company uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise a number of small balances. Loss rates are calculated using a 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables from individual customers as at 31 March 2020.

	Loss rate		**Gross carrying amount**		**Loss allowance**	
	2020	2019	**2020**	2019	**2020**	2019
	%	%	**AED**	AED	**AED**	AED
Not past due	**0.00%**	0.00%	**753,204**	657,872	**--**	--
Past due	**100.00%**	100.00%	**20,573**	47,856	**(20,573)**	(47,856)
			773,777	705,728	**(20,573)**	(47,856)

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Currency risk
There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed.

Fair values
The management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of cash and cash equivalents, trade and other receivables, due from related parties, trade and other payables, current and non-current lease liability and due to related parties approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value of non-current lease liabilities is estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities. As at the reporting date, the carrying amounts of such liabilities, are not materially different from their fair values.

22. **COMPARATIVE INFORMATION**
Previous year's figures have been regrouped/reclassified wherever necessary to make them comparable to those of the current period.

23. **EVENTS AFTER THE REPORTING PERIOD**
Subsequent to the year end, there was an outbreak of Covid-19 (Coronavirus) across the globe, causing disruptions to economic activity and business operations. As at the date of approval of the financial statements, management is in the process of assessing the impact of this event. Since the Company considers this to be a non-adjusting event, management has not adjusted the impact, if any of this event on the financial statements for the year ended 31 March 2020 [refer note 2(c)].

For **ENSURE MIDDLE EAST TECHNOLOGY SOLUTIONS L.L.C.**

Sriram

MANAGER

ENSURE TECHNICAL SERVICES MOROCCO LTD.

Balance Sheet (Assets)

Fiscal Year ended MARCH 31, 2020

In Moroccan Dirhams

	ASSETS	CURRENT YEAR			PRIOR YEAR
		Gross Amount	Amortisation or depreciation	Net amount	Net amount
	CAPITALIZED EXPENSES (A)				
	Preliminary expenses				
F	Deferred expenses on several years				
I	Premium of debentures refund				
X	**INTANGIBLE FIXED ASSETS (B)**				
E	Research and development				
D	Patents, Trademarks, and similar rights				
	Goodwill				
A	Other Intangible Assets				
S	**TANGIBLE FIXED ASSETS(C)**	435 986,57	425 024,33	10 962,24	17 235,64
S	Land				
E	Buildings				
T	Industrial fixtures and equipement	47 211,50	47 211,50	0,00	3 315,12
S	Transportation equipement				
	Office equipment and furniture	81 412,89	74 554,29	6 858,60	7 706,88
	Other tangible fixed assets	307 362,18	303 258,54	4 103,64	6 213,64
	Tangible fixed assets in progress				
	LONG TERM INVESTMENTS (D)	**68 720,00**	**0,00**	68 720,00	87 680,00
	Long term loans				
	Other financial assets	68 720,00		68 720,00	87 680,00
	Investments				
	Other investments				
	UNREALISED EXCHANGE RATE LOSSES (Non Current)				
	Unrealised exchange rate losses (from long term assets)				
	Unrealised exchange rate losses (from long term liabilities)				
	TOTAL I (A+B+C+D+E)	**504 706,57**	**425 024,33**	**79 682,24**	**104 915,64**
	INVENTORIES (F)	**330 389,79**	**3 639,79**	**326 750,00**	**352 214,73**
C	Merchandises				
U	Raw materials and furnitures	330 389,79	3 639,79	326 750,00	352 214,73
R	Work in progress				
R	Intermediate and residual products				
E	Finished products				
N	**CURRENT ASSETS(G)**	**8 599 603,13**	**99 942,97**	**8 499 660,16**	**7 272 545,41**
T	Advances payments to suppliers and other debtors				5 142 968,35
	Trade accounts receivable	7 962 508,22	99 942,97	7 862 565,25	1 543 209,51
A	Personnel			0,00	0,00
S	Taxes	626 605,97		626 605,97	563 488,49
S	Shareholders Current accounts				5 829,43
E	Others debtors	8 829,43		8 829,43	14 991,30
T	Deferral accounts	1 659,51		1 659,51	2 058,33
	MARKETABLE SECURITIES (H)				
	UNREALISED EXCHANGE RATE LOSSES (I) (Current)	**234 507,50**		**234 507,50**	**0,00**
	TOTAL II (F+G+H+I)	**9 164 500,42**	**103 582,76**	**9 060 917,66**	**7 624 760,14**
C	**CASH AND CASH EQUIVALENTS (Assets)**	81 290,73		**81 290,73**	**74 169,30**
A	Checks and other instruments to be cashed				2 880,00
S	Cash on Bank	75 726,54		75 726,54	70 853,12
H	Cash on hand	5 564,19		5 564,19	436,18
	TOTAL III	**81 290,73**		**81 290,73**	**74 169,30**
	TOTAL ASSETS I+II+III	**9 750 497,72**	**528 607,09**	**9 221 890,63**	**7 803 845,08**

ENSURE TECHNICAL SERVICES MOROCCO LTD.

Balance Sheet (Liabilities)

Fiscal Year ended MARCH 31, 2020

	LIABILITIES	CURRENT YEAR	PRIOR YEAR
CAPITAL AND RESERVES	**Shareholder's equity (A)**	-765 415,48	**-435 398,75**
	*** Common stock (1)**	100 000,00	**100 000,00**
	* (Minus) Common stock subscribed but not called-up		
	* Paind In Called-up capital		
	* Issuance, merger and contribution premium		
	* Revaluation reserve		
	* Legal reserve		
	* Others reserves		
	* Profit/ loss account brought forward (2)	-535 398,75	-584 853,72
	* Not yet allocated income (2)		
	* Net income / loss of the year	-330 016,73	49 454,97
	Total Shareholders Net Equity (A)	**-765 415,48**	**-435 398,75**
	RELATED EQUITY (B)		
	* Investment Subsidy		
	* Regulatory provisions		
	FINANCIAL LIABILITIES (C)		
	* Debenture Loans		
	* Other financial liabilities		
	PROVISION FOR CONTINGENCIES AND LOSSES(D)		
	Provision for contingencies		
	Provision for losses		
	UNREALISED EXCHANGE RATE GAINS (Non current) (E)		
	Unrealised exchange rate gains from long term assets		
	Unrealised exchange rate gains from long term liabilities		
	Total I (A+B+C+D+E)	**-765 415,48**	**-435 398,75**
LIABILITIES	**CURRENT LIABILITIES (F)**	**9 752 798,61**	**8 237 012,32**
	Trade accounts payable	301 949,47	275 866,15
	Clients in credit, Advance payments received		
	Personnel	58 479,44	78 906,60
	Social security liabilities	4 897,37	
	Taxes	1 355 295,24	1 268 282,81
	Shareholders current accounts	8 028 635,77	6 609 111,76
	Others debts	3 541,32	4 845,00
	Deferral accounts		
	OTHER PROVISION FOR CONTINGENCIES AND LOSSES (G)	**234 507,50**	
	UNREALISED EXCHANGE RATE GAINS (Current) (H)		
	Total II (F+G+H)	**9 987 306,11**	**8 237 012,32**
CASH	**CASH LIABILITIES**		**2 231,51**
	Discounts credit		
	Short term credit facility		
	Bank Overdrafts		2 231,51
	Total III	**0,00**	**2 231,51**
	TOTAL LIABILITIES I+II+III	**9 221 890,63**	**7 803 845,08**

(1) Debtor share capital (-)

(2) Income (+) Loss (-)

POUR AUTHENTIFICATION UNIQUEMENT PKF Maroc

ENSURE TECHNICAL SERVICES MOROCCO LTD.

PROFIT AND LOSS STATEMENT

Fiscal Year ended MARCH 31, 2020

		ITEM	CURRENT YEAR: related to the period 1	CURRENT YEAR: related to the prior periods 2		CURRENT YEAR: Net amount 3=2+1	PRIOR YEAR: Net amount 4
OPERATING	I	**OPERATING REVENUE**	5 255 101,61			5 255 101,61	5 045 033,93
		Sales of merchandise					
		Sales of goods and services	5 244 721,18			5 244 721,18	5 045 033,93
		Turnover					
		Finished Goods inventory change (+/-) (1)					
		Self constructed capital asset					
		Opertaing Subsidy					
		Others operating income					
		Reversal of operating provisions-charges transfer	10 380,43			10 380,43	
		TOTAL I	**5 255 101,61**			**5 255 101,61**	**5 045 033,93**
	II	**OPERATING EXPENSES**	**5 324 805,36**			**5 324 805,36**	**5 031 445,81**
		Purchase of goods for resale (2)					
		Purchase of materials and supplies (2)	2 623 270,10			2 623 270,10	2 489 521,09
		Other external expenses	1 368 874,50			1 368 874,50	1 022 465,79
		Taxes	75 840,00			75 840,00	75 840,00
		Personnel expenses	1 153 864,79			1 153 864,79	1 322 188,28
		Other operating expenses					
		Operating allowances (for depreciation and risks)	102 955,97			102 955,97	121 430,65
		TOTAL II	**5 324 805,36**			**5 324 805,36**	**5 031 445,81**
	III	**OPERATING INCOME / LOSS (I - II)**	**-69 703,75**			**-69 703,75**	**13 588,12**
FINANCIAL	IV	**FINANCIAL REVENUE**	**418,13**			**418,13**	**139 216,80**
		Revenue from investment and others					
		Exchange gains	418,13			418,13	139 216,80
		Interests and other financial revenue					
		Reversal of financial provisions - charges transfer					
		TOTAL IV	**418,13**			**418,13**	**139 216,80**
	V	**FINANCIAL EXPENSES**	**234 507,50**			**234 507,50**	**68 804,89**
		Interests expenses					
		Exchange losses	132 267,82			132 267,82	68 804,89
		Other fianancial expenses					
		Financial allowances	102 239,68			102 239,68	
		TOTAL V	**234 507,50**			**234 507,50**	**68 804,89**
	VI	**FINANCIAL INCOME (IV-V)**	**-234 089,37**			**-234 089,37**	**70 411,91**
	VII	**ORDINARY INCOME (III+VI)**	**-303 793,12**			**-303 793,12**	**84 000,03**

1)Change in inventories: final inventories - initial inventories, increase (+) decrease (-)

2) Cost: purchases - inventories change

Fiscal Year ended MARCH 31, 2020

		ITEM	CURRENT YEAR: related to the period 1	CURRENT YEAR: related to the prior periods 2		CURRENT YEAR: Net amount 3=2+1	PRIOR YEAR: Net amount 3=2+1
	VII	**ORDINARY INCOME (report)**	**-303 793,12**			**-303 793,12**	**84 000,03**
	VIII	**EXCEPTIONAL REVENUE**					
		Revenue from assets disposal					
		Balancing Subsidy					
		Reversal of Investment Subsidy					
		Other extraordinary revenue					
		Reversal of extraordinary provisions- charges transfer					
		TOTAL VIII					
NONCURRENT	IX	**EXCEPTIONAL EXPENSES**	**0,00**			**0,00**	**6 118,62**
		Net value of sold assets					6 118,62
		Granted Subsidies					
		Others extraordinary expenses					
		Extraordinary allowances					
		TOTAL IX	**0,00**			**0,00**	**6 118,62**
	X	**EXCEPTIONAL INCOME / LOSS (VIII - IX)**					
	XI	**INCOME / LOSS BEFORE TAXES(VII + X)**	**303 793,12**			**303 793,12**	**77 881,41**
	XII	**INCOME TAX**	**26 223,61**			**26 223,61**	**28 426,44**
	XIII	**NET INCOME / LOSS (XI - XII)**	-330 016,73			-330 016,73	49 454,97
	XIV	**TOTAL OF REVENUES (I+IV+VIII)**	5 255 519,74			5 255 519,74	5 184 250,73
	XV	**TOTAL OF EXPENSES (II+V+IX+XII)**	5 585 536,47			5 585 536,47	5 134 795,76
	XVI	**NET INCOME**	-330 016,73			-330 016,73	49 454,97

ProConnect Saudi LLC
(Limited Liability Company)
Riyadh – Saudi Arabia
Financial Statements and
Independent Auditor's Report
For the year ended March 31, 2020

ProConnect Saudi LLC
(Limited Liability Company)
Riyadh – Saudi Arabia
Financial Statements and Independent Auditor's Report
for the year ended March 31, 2020

Table of Contents

Independent Auditors' Report

To, The Partners
ProConnect Saudi LLC
(Limited Liability Company)
Riyadh - Saudi Arabia

Opinion:

We have audited the financial statements of **ProConnect Saudi LLC** (the "Company") which comprises of statement of financial position as at March 31, 2020 and the related statements of profit or loss and other comprehensive income, changes in partners' equity and cash flows for the year then ended, and the summary of significant accounting policies and explanatory notes from 1 to 16, which are an integral part of these financial statements.

In our opinion, the financial statements referred to above in whole present fairly, in all material respects, the financial position of **Proconnect Saudi LLC** as of March 31, 2020 and the results of its operations, its changes in partners' equity and cash flows for the year then ended are in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

Basis for Opinion:

We conducted our audit in accordance with the International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the 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 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 Those Charged with Governance for the Financial Statements:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS as endorsed by SOCPA, in the Kingdom of Saudi Arabia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 guarantee that an audit conducted in accordance with the ISAs that are endorsed in the Kingdom of Saudi Arabia 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 those financial statements.

GGi INDEPENDENT MEMBER
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Independent Auditors' Report (continued)

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

As part of an audit in accordance with the ISAs that are endorsed in the Kingdom of Saudi Arabia, 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 misstatements 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.

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

GGi INDEPENDENT MEMBER
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Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements:

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the regulations for companies and the Company's Articles of Association in so far as they affect the preparation and presentation of the financial statements.

Associated Accountants
Independent Member of Geneva Group International

المحاسبون المتضامنون
محاسبون قانونيون
ترخيص
٤٠
الربيعان وشريكه
س.ت:
١٠١٠٤٦٤٧٥٩
Associated Accountants
Certified Public Accountants

Hamoud Ali Al-Rubian
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ProConnect Saudi LLC
(Limited Liability Company)
Statement of Financial Position
as of March 31, 2020
(Saudi Riyal)

	Note	2020	2019
Assets			
Non-current assets:			
Property and equipment, net	4&5	**4,376,872**	573,338
Right-to-use asset	4&6	**21,037,455**	-
Total non-current assets		**25,414,327**	573,338
Current assets:			
Accounts receivable	4	**10,522,890**	519,158
Prepayments and other receivables	4&7	**2,503,835**	1,160,271
Due from related parties	8	**864,711**	854,884
Cash in hand and at banks	9	**1,390,241**	111,611
Total current assets		**15,281,677**	2,645,924
Total assets		**40,696,004**	3,219,262
Partners' Equity and Liabilities			
Partners' equity:			
Share capital	10	**1,000,000**	1,000,000
Statutory reserve	11	**210,499**	34,114
Retained earnings		**1,754,664**	167,198
Reserve of actuarial gain / (loss)		**26,704**	(23,729)
Total partners' equity		**2,991,867**	1,177,583
Liabilities:			
Non-current liabilities:			
Employees' benefit obligation	4&12	**732,168**	622,215
Lease liability – non-current portion	4&6	**10,068,636**	-
Total non-current liabilities		**10,800,804**	622,215
Current liabilities:			
Lease liability – current portion	4&6	**7,392,075**	-
Accounts payable	4	**409,536**	685,604
Accruals and other payables	13	**4,907,169**	501,831
Due to a related party	8	**13,516,677**	765
Provision for income tax	4&14	**677,876**	231,264
Total current liabilities		**26,903,333**	1,419,464
Total liabilities		**37,704,137**	2,041,679
Total partners' equity and liabilities		**40,696,004**	3,219,262

The accompanying notes from 1 to 16 are an integral part of these financial statements

ProConnect Saudi LLC
(Limited Liability Company)
Statement of Profit or Loss and Other Comprehensive Income
for the year ended March 31, 2020
(Saudi Riyal)

	Note	2020	2019
Revenues	4&8	**27,040,407**	10,543,423
Cost of revenues	15	**(16,582,206)**	(5,379,032)
Gross income		**10,458,201**	5,164,391
General and administrative expenses	4&16	**(7,705,883)**	(4,661,040)
Operating income		**2,752,318**	503,351
Other income		**9,599**	7,402
Finance charges	4&6	**(443,855)**	-
Net income before income tax		**2,318,062**	510,753
Income tax charge	4&14	**(554,211)**	(215,347)
Net income for the year		**1,763,851**	295,406
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain / (loss) from re-measurement of employees' benefit obligation	4&12	**50,433**	(23,729)
Total comprehensive income for the year		**1,814,284**	271,677

ProConnect Saudi LLC
(Limited Liability Company)
Statement of Changes in Partners' Equity
for the year ended March 31, 2020
(Saudi Riyal)

	Share capital	Statutory reserve	Retained earnings	Reserve for actuarial (loss) / gain	Total
2019					
Balance as of March 31, 2018	1,000,000	4,573	(98,667)	-	905,906
Net income for the year	-	-	295,406	-	295,406
Transfer to statutory reserve	-	29,541	(29,541)	-	-
Other comprehensive income	-	-	-	(23,729)	(23,729)
2020					
Balance as of March 31, 2019	1,000,000	34,114	167,198	(23,729)	1,177,583
Net income for the year	-	-	1,763,851	-	1,763,851
Transfer to statutory reserve	-	176,385	(176,385)	-	-
Other comprehensive income	-	-	-	50,433	50,433
Balance as of March 31, 2020	**1,000,000**	**210,499**	**1,754,664**	**26,704**	**2,991,867**

The accompanying notes from 1 to 16 are an integral part of these financial statements

ProConnect Saudi LLC
(Limited Liability Company)
Statement of Cash Flows
for the year ended March 31, 2020
(Saudi Riyal)

	2020	2019
Cash Flows from Operating Activities:		
Net income for the year before income tax	**2,318,062**	510,753
Adjustments to reconcile net income for the year to net cash flows provided by operating activities:		
Depreciation of property and equipment	**783,881**	76,592
Depreciation of right to use assets	**5,743,004**	
Employees' benefit obligation cost	**231,899**	153,335
Amortisation of lease liabilities	**664,540**	-
	9,741,386	740,680
Changes in components of working capital:		
Increase in accounts receivable	**(10,003,732)**	(259,781)
Increase in prepayments and other receivables	**(2,175,591)**	(61,298)
(Decrease) / Increase in accounts payable	**(276,068)**	292,242
Increase / (Decrease) in accruals and other payables	**4,184,653**	(181,927)
Employees' benefit obligation paid	**(71,513)**	(33,029)
Income tax paid	**(107,599)**	(81,168)
Net cash flows provided by operating activities	**1,291,536**	415,719
Cash Flows from Investing Activities:		
Acquisition of property and equipment	**(4,587,415)**	(441,978)
Cash flows used in investing activities	**(4,587,415)**	(441,978)
Cash Flows from Financing Activities:		
Net change in related party balance	**13,506,085**	(431,463)
Repayment of lease liabilities	**(8,931,576)**	-
Cash flows provided by / (used in) financing activities	**4,574,509**	(431,463)
Net cash generated / (used) during the year	**1,278,630**	(457,722)
Cash and banks balances at the beginning of the year	**111,611**	569,333
Cash and banks balances at the end of the year	**1,390,241**	111,611

Non-cash transactions		
Right of use asset additions	**26,780,459**	-
Adjustment of prepaid rent to right-to-use asset	**832,027**	-
Adjustment of accruals to right-to-use asset	**220,685**	-

1- Legal Status and Activities

ProConnect Saudi LLC ("the Company") is a Saudi limited liability Company registered in Riyadh under CR. No. 1010467959 dated 09 Jumada Al-Awwal, 1438H corresponding to February 06, 2018G.

The main activity of the Company is to engage in loading and unloading services and packages of goods and containers in ports and management of warehouses under the license of the General Authority for Investment (SAGIA) No. 10208380171678 dated 9 Muharram 1438H Corresponding to October 10, 2016G.

2- Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations as issued by the International Accounting Standards Board ("IASB") as endorsed in KSA and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA")

The financial statements are presented in Saudi Riyal which represents the functional currency of the Company's activities.

The preparation of the financial statements in accordance with IFRS requires the use of some significant accounting estimates and also requires the Company's management to practice judgment in implementation of the accounting policies. The disclosure of significant estimates and assumption, carried in the preparation of these financial statements, are disclosed in the paragraph of "Significant Accounting Estimates and Assumptions "hereunder".

3- Significant Accounting Estimates' Assumptions and Judgments

The preparation of the financial statements in accordance with IFRS requires the use of judgments, estimates and assumptions that may impact the value of revenues, expenses, assets and liabilities and attached notes besides disclosure of liabilities. The uncertainty in respect of these assumptions and estimates may require material adjustment to the carrying amount of assets or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in these financial statements:

Going concern assumption:

The management of the Company has no doubt about its ability to continue as going concern for foreseeable future. Accordingly, the financial statements have been prepared on a going concern assumption.

Estimated useful life for property and equipment:

The cost of property and equipment are depreciated over the expected services period which is estimated based on the estimated usage, obsolescence due tom technology advancements and considerations of residual value of the assets. The Company's management did not estimate any residual value for its assets due to immateriality.

Provision of expected credit losses:

The provision of expected credit losses is determined through many factors to ensure that the accounts receivable balances are not overstated as a result of un-collectability, including quality and aging of the accounts receivables and other consideration of un-collectability though continuous credit evaluation of the financial positions of the customers and guarantees required from the customers in certain circumstances.

3- Significant Accounting Estimates' Assumptions and Judgments (continued):

Actuarial valuation of employees' end of service liability:
The cost of employees' end of service benefits is determined using actuarial valuation. The actuarial valuation includes many assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, employee turnover, death rate and future health care costs. The change in assumptions can have a material impact on the expected benefit liability and / or periodic employee benefit costs incurred, and the opinion of an actuarial expert in this regard.

Measurement of fair value:
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in these financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

Fair value measurement for unquoted available for sale financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation, are evaluated on a periodic basis.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4- Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

IFRS (16) "Leases"
The IFRS (16) specifies the principles of recognition, measurement and disclosure of lease contracts which replaces IAS (17) "leases ". This standard requires the lessees to include all lease contracts qualified for capitalization as items in statement of the financial position.

4- Summary of Significant Accounting Policies (continued):

IFRS (16) "Leases"

The standard provides two exemption for capitalizing a lease contract:

- low value lease contract
- Short term lease contracts (12 months or less).

At the commencement date of a lease contract' the lessee shall recognize an obligation of payments of lease (present value of due lease payments) and an asset (right to use) representing the right of using the leased assets during the period of contract where the difference between the total value of due lease payments under the lease contract and present value of lease payment shall be recognized as financing expenses.

The standard requires the lessees to re-measure the lease obligation upon occurrence of certain events affecting the lease contract where the lessee shall generally recognize the amount of re-measurement of lease obligation as an adjustment to the right of use asset.

Nonetheless, IFRS 16 requires comprehensive disclosures for the lessees comparing to IAS (17).

The mandatory date for adoption for the standard is 1 January 2019, and allows early adoption.

Financial Instruments

IFRS 9 "Financial Instruments" specifies the requirements for recognition and measurement of financial assets and financial liabilities and some contracts of purchase or sale of non-financial assets. This standard replaces IAS (39) "Financial Instruments: recognition and measurement".

Hereunder is the new significant accounting policies and nature of changes that occurred to the previous accounting policies.

Classification and Measurement of financial assets and liabilities:

In accordance with IFRS (9), upon initial recognition the financial assets is classified as financial assets measured by amortized costs or fair value through the profits and losses (FVPL) or through the other comprehensive income (FVOCI). The classification of the financial assets as per IFRS (9) depends on the business model through which these assets are managed and also the characteristics of its contractual cash flows.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company, upon initial measurement, may measure a financial assets (irrevocably) at fair value through profit and loss if it eliminates or reduces significantly, the non-consistency of measurement or recognition (non-accounting consistency) that arises otherwise from measurement of assets and liabilities or recognition of gains and losses thereof on different basis.

The following accounting policies shall be implemented to the subsequent measurement of financial assets of the Company:

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Financial assets measured at FVOCI	The change in the carrying amount of the financial asset measured at FVOCI are accounted through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in the statement of profit and loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the statement of profit and loss and recognised in other gains/ (losses). Foreign exchange gains and losses are presented in other income/expense.
Financial assets measured at FVPL	Financial assets measured at fair value through statement of profit and loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit and loss. This category includes derivative instruments.

4- Summary of Significant Accounting Policies (continued):

Financial Instruments (continued):

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments as part of its financial assets, which are carried at amortised cost and FVOCI. The ECL is based on a 12-month ECL or a lifetime ECL. The 12-month ECL results from default events on a financial instrument that are possible within 12 months after the reporting date. When there has been a significant increase in credit risk since initial recognition, the allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (the lifetime ECL). For accounts receivable, the Company applies the simplified approach in calculating ECL's. Therefore, the Company does not track changes in credit risk, but instead recognized a loss allowance based on lifetime ECL's at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Presentation of impairment of value

Expected credit loss model is applied on financial assets measured at amortized cost, contract assets and investment in debt instruments measured at FVOCI but not for investments measured at FVPL.

Credit impaired financial assets:

The Company, at date of each reporting period, should assesses whether the financial assets designated at amortized cost is credit impaired. The financial assets is deemed as "credit impaired'' when the occurrence of a one damaging event or more impact the future cash flows estimated for the financial asset.

Hedge accounting:

The IFRS (9) require the Company to ensure that the relations of hedge accounting conforms with objectives and strategies of Company's risk management and implements more unique methods and future looking to evaluate hedging effectiveness.

Offsetting of financial instruments

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

Property and equipment

Property and equipment is recognized 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. These can include the costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionality.

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 derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation on assets 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 percentage of annual depreciation is as follows:

Furniture and fixtures	20%
Warehouse equipment	20%
Office equipment	20%
Computers	33%
Networking equipment	33%

4- **Summary of Significant Accounting Policies (continued):**

Property and equipment (continued):
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 recognized within 'other gains / (losses) – net' in the statement of comprehensive income.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

The Company applies the cost model to measure all classes of property and equipment. After recognition as an asset, an item of property and equipment is stated at cost less any accumulated depreciation and impairment losses, if any.

Account receivables and others
Account receivables and others are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables and others 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.

Employees' benefit obligations
Employees' benefit liabilities payable to employees are eliminated for periods of their services accrued at the statement of financial position date in accordance with the Saudi Labor Law.
The cost of employee benefits is determined under the defined unfunded remuneration program, which is measured by an independent actuarial expert. The actuarial valuation includes several assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, employee behavior, and turnover. Given the complexity of the evaluation and its long-term nature, the specific unfunded bonus obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed once or more per year when necessary.
Actuarial gains and losses are recognized to other comprehensive income in the period in which they arise.
Past-service costs and interest cost are recognized immediately in profit or loss.

Account payables
Account payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

Provision for income tax
Income tax expense represents the sum of the tax currently payable and deferred tax, the tax currently payable is based on taxable income which differs from net income as reported in the income statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

4- **Summary of Significant Accounting Policies (continued):**

Revenue recognition

Revenue is measured at the fair value of the consideration received or received by the Company for such sales (receivable) taking into account the terms of payment specified in the contract and excluding taxes or fees, Sales are shown net of sales proceeds and discounts. Revenues are recognized to the extent that they are probable. The economic advantages of the company can be measured revenues and costs reliably.

The Company recognizes revenue from contracts with customers on a five-step model as described in IFRS 15:

Step 1: Identify contracts or contracts with customers: A contract is an agreement between two or more parties that establishes rights and obligations and sets standards that must be met for each contract.

Step 2: Define performance obligations (duties) in the contract: The performance obligation is a promise in the contract with the customer to transfer goods or services to the client.

Step 3: Determining the transaction price According to the terms of the contract: The transaction price is the consideration that the company is expected to pay for goods or services authorized to the customer, except for amounts collected on behalf of others.

Step 4: Allocation of transaction price (transaction) on contract performance obligations: The Company allocates the transaction price for each performance obligation in an amount equal to the financial consideration that the company will be expected to meet for each performance obligation in a contract involving more than one performance obligation.

Step 5: Recognize revenue when the company meets the performance obligation.

The Company covers the performance obligation and recognizes revenue over time when one of the following conditions is met:

- The performance of the company does not entail any assets of the company, and the company has the right to receive payments of performance completed to date.
- The performance of the company or improvement of the asset under the control of the customer when the asset is created or improved.
- The customer receives and consumes at the same time the benefits resulting from the performance of the company at the time of execution.

For performance obligations where one of the above conditions is not met, revenue is recognized when a performance obligation is met. When a company fulfils a performance obligation by delivering the goods or services authorized, a contract-based asset results in the performance consideration. When the amount of the consideration received from the customer exceeds the recognized revenue amount, a contract obligation arises.

General and administrative expenses

General and administrative expenses include expenses related to management and not related to production or sales activities as required under generally accepted accounting principles. Allocations between cost of sales, general and administrative expenses, when required, are made on consistent basis.

(Saudi Riyal)

5- Property and Equipment

	Furniture and fixtures	Warehouse equipment	Office equipment	Computers	Networking equipment	Total
Cost						
Balance as of March 31, 2019	543,324	9,138	10,990	29,745	68,010	661,207
Additions	2,584,148	1,014,716	339,840	35,287	613,424	4,587,415
Balance as of March 31, 2020	**3,127,472**	**1,023,854**	**350,830**	**65,032**	**681,434**	**5,248,622**
Accumulated depreciation						
Balance as of March 31, 2019	(69,703)	(2,146)	-	(8,699)	(7,321)	(87,869)
Charge for the year	(491,140)	(130,765)	(2,617)	(16,622)	(142,737)	(783,881)
Balance as of March 31, 2020	**(560,843)**	**(132,911)**	**(2,617)**	**(25,321)**	**(150,058)**	**(871,750)**
Book value:						
As of March 31, 2020	**2,566,629**	**890,943**	**348,213**	**39,711**	**531,376**	**4,376,872**
As of March 31, 2019	473,621	6,992	10,990	21,046	60,689	573,338

(Saudi Riyal)

6- Leases

A- Right-to-use asset

The statement of financial position shows the following amounts relating to leases:

	2020
Building - Cost	
Additions	**26,780,459**
Balance as at March 31, 2020	**26,780,459**
Accumulated depreciation	
Balance as at April 1, 2019	-
Depreciation charge for the period	**(5,743,004)**
Balance as of March 31, 2020	**(5,743,004)**
Net book value	
Balance as at March 31, 2020	**21,037,455**

B- Lease liability

	2020
Balance as at April 1, 2019	**25,948,432**
Charge for the period	**443,855**
Payment during the year	**(8,931,576)**
Balance as at March 31, 2020	**17,460,711**

The aforementioned obligation and related finance charges related to the lease liability as of March 31, 2020:

	Current portion	Non-current portion	Total
Lease liability	7,392,075	10,068,636	**17,460,711**

The minimum lease payment related the lease liability as of March 31, 2020 is as follows:

	2020
Not later than 1 year	7,392,075
Later than 1 year and not later than 5 years	10,068,636
	17,460,711

7- Prepayments and Other Receivables

	2020	2019
Advances to suppliers	**1,519,637**	-
Prepaid expenses	**46,444**	972,449
Advances to employees	**31,515**	31,841
Others	**906,239**	155,981
	2,503,835	1,160,271

8- Transactions with Related Parties and Balances

	Relationship	2020	2019
A) Due from related parties			
Redington Saudi Arabia Distribution Company	Affiliate	**813,727**	839,134
Ensure Services Arabia LLC	Affiliate	**50,984**	15,750
		864,711	854,884

	Relationship	2020	2019
B) Due to related party			
Redington Saudi Arabia Distribution Company	Affiliate	-	765
Proconnect Supply Chain Logistics	Partner	**13,516,677**	
		13,516,677	765

(Saudi Riyal)

8- Transactions with Related Parties and Balances (continued):

During 2020, the Company has conducted transactions with the above-related party that include trading transactions. These transactions were conducted at an arms' length and approved by the partners. Such balances are not subject to commission and there are no specific terms of settlement.

The significant transaction with related parties during the year are as follows:

	Relationship	Nature of transaction	2020	2019
Redington Saudi Arabia Distribution Company	Affiliate	Services revenue	**7,101,095**	7,413,775
	Affiliate	Purchase of goods	**161,836**	-
Ensure Services Arabia LLC	Affiliate	Services revenue	**183,556**	200,813
Proconnect Supply Chain Logistics	Affiliate	Financing	**11,926,553**	-
		Services revenue	**989,281**	-
		Purchase of goods	**600,848**	-

9- Cash in Hand and at Banks

	2020	2019
Cash in hand	**527**	-
Cash at banks	**1,389,714**	111,611
	1,390,241	111,611

10- Share Capital

The Company's authorized and paid-in share capital of SR. 1,000,000 is divided into 10,000 equity shares of SR.100 each, fully paid and distributed among partners as follows:

	Number of shares	Value	Amount
ProConnect Supply Chain Logistics	5,100	100	510,000
Cadensworth FZE	4,900	100	490,000
	10,000		**1,000,000**

11- Statutory Reserve

In accordance with Saudi companies' law and the Company's articles of association, 10% of the annual net income is required to be transferred to a statutory reserve until this reserve equals 30% of the share capital. Such reserve is not available for dividends distribution.

12- Employees' Benefit Obligation

	2020	2019
Balance at the beginning of the year	**622,215**	478,180
Provided during the year	**231,899**	153,335
Actuarial (gain) / loss re-measurement of employees' benefit obligation	**(50,433)**	23,729
Payments during the year	**(71,513)**	(33,029)
Balance at the end of the year	**732,168**	622,215

The following represent the assumptions used in actuarial valuation:

	2020	2019
Discount rate	**4.1%**	3.9%
Future salary increase rate	**5%**	5%
Number of employees	**35**	31
Average retirement age	**60**	60

(Saudi Riyal)

13- Accruals and Other Payables

	2020	2019
Accrued expenses	4,443,787	375,906
Other Payables	463,382	125,925
	4,907,169	501,831

14- Provision for Income Tax

a) Adjusted income method:

	2020	2019
Net income for the year before income tax	2,318,062	510,753
Depreciation differences	292,607	7597
Employees' benefit obligation	160,386	558,387
Net adjusted income (taxable income)	2,771,055	1,076,737
Income tax charge @ 20%	554,211	215,347

b) The movement in provision for income tax is as follows:

	2020	2019
Balance at the beginning of the year	231,264	97,085
Charge for the year	554,211	215,347
Paid during the year	(107,599)	(81,168)
Balance at the end of the year	616,250	231,264

c) Income tax status:
The Company has obtained its income tax certificate for the year ended March 31, 2019 from GAZT.

15- Cost of Revenues

	2020	2019
Outsourced manpower	7,140,544	1,955,257
Depreciation of right-to-use asset	5,743,004	-
Warehouse maintenance	1,129,186	117,181
Packaging cost	231,614	99,420
Warehouse rent	-	2,665,040
Miscellaneous	2,337,858	659,315
	16,582,206	5,379,032

16- General and Administrative Expenses

	2020	2019
Salaries, wages and other benefits	2,432,100	1,836,705
Other employees expense	1,909,453	988,035
Depreciation of property and equipment	783,881	76,592
Telephone and postage	685,541	391,017
Governmental fees	275,927	159,574
Employees' benefit obligation cost	231,899	153,335
Professional charges	165,590	80,636
Rent expense	22,101	83,303
Miscellaneous	1,199,391	891,843
	7,705,883	4,661,040

REDINGTON LIMITED

REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2020

OAQ & ASSOCIATES
Chartered Accountants
P.O.BOX MP 946
Mamprobi - Accra

CONTENTS

COMPANY INFORMATION

Directors	:	Redington Gulf FZE
Secretary		
Company Number		
Registered Office	:	P.O.BOX GP 453 Accra - Ghana
Auditors	:	OAQ & Associates (Chartered Accountants) P.O.BOX MP 946 Mamprobi - Accra
Bankers		

REDINGTON LIMITED

Financial Statements
For the year ended 31st March, 2020

DIRECTORS' REPORT

The Directors presents their report and Financial Statements for the year ended 31st March, 2020.

Directors and their Interests:

The Directors who served during the year and their interest in the company are as stated below:

	Ordinary Shares of no par value	
	31st March, 2020	1st April, 2019
Directors / Shareholders:		
Redington Gulf FZE	555,500	555,500

Auditors

In accordance with section 137 (7) of the Companies Law, 2019 (Act 992) OAQ & Associates (Chartered Accountants) has been appointed as Auditors of the company.

This Report was approved by the Board on .... and signed on its behalf by:

ON BEHALF OF THE BOARD

....
SECRETARY

OAQ & ASSOCIATES

(Chartered Accountants & Management Consultants)
NO.9 ESTOD BUILDING, COMMUNITY 12, TEMA
P. O. BOX MP 946, Mamprobi, Accra
Telephone 0302-320525
E-mail: rop.ghana95@yahoo.com

REPORT OF THE AUDITORS FOR THE YEAR ENDED 31ST MARCH, 2020

Opinion

We have audited the financial statements of Redington (Ghana) Limited which comprises the statement of financial position as at 31st March, 2020 and the statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements present fairly, in all material respects the financial position of the Company as at 31st March, 2020 and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards for SME's and in the manner required by Ghana Companies Law 2019 (Act 992).

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 (IESBA Code) together with the ethical requirements that are relevant to our audit of the Financial Statements in Ghana, 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.

Key Audit Matters

There were no major audit observations raised in the audit of the financial statements.

Responsibilities of Directors

The Directors of the Company are responsible for the preparation and fair presentation of the Financial Statements in accordance with IFRS and for such internal control as the Directors determine 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 the 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.
The Directors are charged with 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.

As part of an audit in accordance with ISAs, we performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

Report on Other Legal and Regulatory Requirement

The Companies Law, 2019 (Act 992, Section 137 and the seventh schedule) requires that in carrying out our audit, we consider and report on the matters stated in the said section and schedule. We confirm compliance in that:

We have obtained all information and explanations which to the best of our knowledge and believe were necessary for the purposes of our audit.

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and

The Company's Statement of Financial Position and the Statement of Comprehensive Income of the Company are in agreement with the books of account.

The engagement partner on the audit resulting in this independent Auditors' Report is

ROBERT OFORI – ICAG/P/1273

ON BEHALF OF

OAQ & Associates

OAQ & ASSOCIATES – ICAG/F/167

DATE.......................................

O.A.Q. & ASSOCIATES
CHARTERED ACCOUNTANTS &
MGT. CONSULTANTS
P. O. BOX MP 946
MAMPROBI - ACCRA

REDINGTON LIMITED

Financial Statements
For the year ended 31st March, 2020

COMPREHENSIVE STATEMENT OF INCOME

	(NOTES)	2020 GHC	2019 GHC
Sales	(2)	572,312.58	717,052.43
Cost of Sales	(3)	(286,813.74)	(362,233.43)
Gross Profit		285,498.84	354,819.00
Admin. & Gen. Exps	(4)	(161,240.34)	(112,585.00)
Selling & Distribution Exps	(5)	(639,221.42)	(325,763.00)
Finance Cost		(4,631.00)	(1,821.00)
		(805,092.76)	(440,169.00)
Operating Loss		(519,593.65)	(85,350.00)
Other Income	(6)	102,121.91	115,350.00
Profit / Loss Before Tax		(417,471.74)	30,000.00
Income Tax Expense	(13)	-	(8,502.63)
Net Profit / Loss After Tax		(417,471.74)	21,497.37

Income Surplus Account

		2020 GHC	2019 GHC
Balance B/Fwd		(2,693.38)	(24,190.75)
Net Profit / Loss for the year		(417,471.74)	21,497.37
Balance C/Fwd		(420,165.12)	(2,693.38)

REDINGTON LIMITED

Financial Statements
For the year ended 31st March, 2020

STATEMENT OF FINANCIAL POSITION

Assets:		2020	2019
Non-Current Assets	(NOTES)	GHC	GHC
Property, Plant & Equipment	(14)	255,390.00	30,492.00
Current Assets:			
Inventories (Stock)	(7)	-	52,303.00
Accounts Receivable	(8)	254,444.00	388,839.00
Cash & Cash Equivalent	(9)	144,147.00	242,148.00
		398,591.00	683,290.00
Total Assets		653,981.00	713,782.00
Equity & Liabilities:			
Capital & Reserves:			
Share Capital	(10)	555,500.00	555,500.00
Income Surplus Account		(420,165.00)	(2,693.00)
Total Equity		135,335.00	552,807.00
Current Liabilities			
Accounts Payable	(11)	476,145.00	126,919.00
Accrued Charges	(12)	28,444.00	20,000.00
Taxation Account	(13)	14,056.00	14,056.00
Total Current Liabilities		518,646.00	160,975.00
Total Equity & Liabilities		653,981.00	713,782.00

The above Statement of Financial Position together with the attached Comprehensive Statement of Income, the statement of Cash Flow and the Notes thereon have been approved by the Board of Directors and signed on its behalf by:

....

DIRECTOR DIRECTOR

REDINGTON LIMITED

Financial Statements
For the year ended 31st March, 2020

STATEMENT OF CASH FLOW

Reconciliation of Operating Profit To Net Cash Inflow from Operating Activities	2020 GHC	2019 GHC
Net Loss Before Tax	(351,105.82)	30,000.00
Depreciation	18,039.00	12,515.00
Changes in Inventories	36,599.00	64,558.00
Changes in Accounts Receivable	134,394.39	521,017.43
Changes in Accounts Payable	298,566.43	(1,213,213.43)
Changes in Accruals	8,444.00	(11,018.00)
Net Cash Inflow	144,937.00	(596,141.00)
Investing Activities:		
Acquisition of Fixed Assets	(242,938.00)	-
Taxation:		
Tax Paid	-	-
Cash Outflow for the year	(98,001.00)	(596,142.00)
Changes in Cash & Cash Equivalent		
Cash & Other Liquid Inv - 1.4.19	242,148.00	838,290.00
Cash Outflow for the year	(98,001.00)	(596,142.00)
Cash & Other Liquid Inv - 31.3.20	144,147.00	242,148.00

REDINGTON LIMITED

Financial Statements
For the year ended 31st March, 2020

NOTES TO THE FINANCIAL STATEMENTS

1 (a) **Principal Accounting Policies:**
The Principal Accounting Policies of the Company has been incorporated in the relevant notes to the Accounts as set out below:

(b) **Basis of Accounting:**
These Financial Statements have been prepared under the historical cost convention system of Accounting.

(c) **Depreciation:**
Assets owned by the company are stated at cost less accumulated depreciation. Depreciation is computed using the straight line method so as to write off the cost over the estimated useful lives of the asasets concerned,
The principal annual rates used for this purpose are as follows:

Motor Vehicle	30%
Office Equipment	20%
Furniture & Fixtures	20%
Computers	30%

(d) **Foreign Currencies:**
Transactions denominated in foreign currencies are initially recorded at the rate of exchange on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the Balance sheet date. Gains and losses arising from foreign currency transactions are dealt with in the Income statement for the year.

2. **Sales - GHC 572,312.58**
Sales have been arrived at, after deducting discount allowed, returns and all other allowances from Gross Sales

	2020	2019
	GHC	GHC
Sales	572,312.58	717,052.43

3. **Cost of Sales - GHC 286,813.74**

This amount represents the following:

	2020 GHC	2019 GHC
Inventories - (Stock) 1.4.19	52,303.00	116,861.00
Purchases	234,510.74	297,675.43
	286,813.74	414,536.43
Inventories - (Stock) 31.3.20	-	(52,303.00)
Cost of Sales	286,813.74	362,233.43

4. **Admin. & Gen. Exps - GHC 161,240.34**

This amount represents the following:

	2020 GHC	2019 GHC
Legal & Professional Fees	-	11,000.00
Audit Fee	18,000.00	20,825.00
Staff Cost	41,401.00	34,198.00
Fuel Expenses - Fuel	35,047.00	-
Electricity	4,000.00	6,500.00
Other Expenses	9,809.00	5,040.00
Printing & Stationery	906.36	3,912.00
Repairs & Maintenance	-	8,140.00
Insurance	3,190.62	4,486.00
Travelling & Transport	48,886.36	18,484.00
	161,240.34	112,585.00

5. **Selling & Distribution Exps - GHC 639,221.42**

This amount represents the following:

Staff Cost	432,417.30	219,992.00
Rent	147,263.00	30,000.00
Communication Charges	41,502.00	22,987.00
Sales Promotion	-	40,269.00
Depreciation	18,039.12	12,515.00
	639,221.42	325,763.00

6. **Other Income - GHC 102,121.91**

This amount represents the following:

Staff Cost	102,121.91	115,350.00

7. **Inventories (Stock) - GHC 15,704.00**

Stocks are valued at the lower of cost or net realized value. Adjustments are made to reduce the cost of goods to its realizable value. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle, product pricing, physical deterioration and quality issues.

	2020 GHC	2019 GHC
Goods Held for Sale	64,952.00	63,653.00
Less Provision	(49,248.00)	(11,350.00)
	15,704.00	52,303.00

8. **Accounts Receivable - GHC 254,444.18**

This amount represents the following:

Staff Debtors	16,000.00	45,700.00
Prepayments	198,530.43	29,620.00
Others	39,913.75	313,518.57
	254,444.18	388,838.57

9. **Cash & Cash Equivalent - GHC 144,147.00**

This amount represent the following:

Cash at Bank	144,147.00	233,339.00
Cash on Hand	-	8,809.00
	144,147.00	242,148.00

10. **Share Capital - GHC 555,500.00**

The authorized Capital of the company consists of 750,000 ordinary shares of no par value, out of which 100,000 has been issued and fully paid for a cash consideration of GHC 555,500.00

There were no shares in Treasury and also no calls or installments unpaid on any of the shares.

11. **Accounts Payable - GHC 476,145.44**

This amount represents the following:

	2019	2019
	GHC	GHC
Trade Creditors	-	-
Other Creditors	476,145.44	126,918.57
	476,145.44	126,918.57

12. **Accrued Charges - GHC 28,444.00**

This represents the following:

	2020	2019
	GHC	GHC
Audit Fees	18,000.00	18,700.00
Others (PAYE)	10,444.00	1,300.00
	28,444.00	20,000.00

13. **Taxation Account - GHC 14,056.38**

Balance B/Fwd	14,056.38	5,553.75
Tax Charged	-	-
Tax Paid	-	-
Balance C/Fwd	14,056.38	5,553.75

14. Property, Plant & Equipment - GHC 255,390.00

	Motor Vehicle GHC	Office Equipment GHC	Furniture & Fixtures GHC	Computers GHC	Warehouse Equipment GHC	Total GHC
Cost at 1.4.19	104,590.00	14,353.00	55,720.00	11,875.00	50,320.00	236,858.00
Addition	169,650.00	73,287.00	-	-	-	242,937.00
Cost at 31.3.20	274,240.00	87,640.00	55,720.00	11,875.00	50,320.00	479,795.00
Depreciation:						
Bal at 1.4.19	101,468.00	14,353.00	49,228.00	11,875.00	29,442.00	206,366.00
Charges for the year	4,791.00	733.00	3,224.00	-	9,291.00	18,039.00
Bal at 31.3.20	106,259.00	15,086.00	52,452.00	11,875.00	38,733.00	224,405.00
Net Book Value						
At 31.3.20	167,981.00	72,554.00	3,268.00	-	11,587.00	255,390.00
At 31.3.19	3,122.00	-	6,492.00	-	20,878.00	30,492.00

REDINGTON LIMITED

Financial Statements
For the year ended 31st March, 2020

INCOME TAX COMPUTATION

	GHC	GHC
Net Profit as per Accounts		(417,471.74)
Add Back:		
Depreciation		18,039.00
Adjusted Profit		(399,432.74)
Assessment:		
Assessable Income		(399,432.74)
Less: Capital Allowance B/fwd	-	
Capital Allowance Current	72,356.19	
	72,356.19	
Less: Capital Allowance Utilised	-	-
Capital Allowance C/fwd	72,356.19	
Chargeable Income		-
Tax Charged @ 25%	**NIL**	

REDINGTON LIMITED

Financial Statements
For the year ended 31st March, 2020

CAPITAL ALLOWANCE COMPUTATION

	GHC	GHC
CLASS 2 - 30%		
Motor Vehicle		
Cost	169,650.00	
20%	50,895.00	50,895.00
Residue	118,755.00	
CLASS 3 - 20%		
Office Equipment		
Cost	73,288.00	
20%	14,657.60	14,657.60
Residue	58,630.40	
CLASS 3 - 20%		
Furniture		
W.D.V	8,254.08	
20%	1,650.82	1,650.82
Residue	6,603.26	
CLASS 3 - 20%		
Warehouse Equipment		
W.D.V	25,763.84	
20%	5,152.77	5,152.77
Residue	20,611.07	
Total Capital Allowance Due		**72,356.19**

REDINGTON MOROCCO LIMITED

Balance Sheet (Assets)

In Moroccan Dirhams

Fiscal Year ended MARCH 31, 2020

	ASSETS	CURRENT YEAR Gross Amount	Amortisation or depreciation	Net amount	PRIOR YEAR Net amount
FIXED ASSETS	**CAPITALIZED EXPENSES (A)**	**0,00**	**0,00**	0,00	0,00
	Preliminary expenses				
	Deferred expenses on several years				
	Premium of debentures refund				
	INTANGIBLE FIXED ASSETS (B)	**0,00**	**0,00**	0,00	2 372,79
	Research and development				
	Patents, Trademarks, and similar rights				
	Goodwill				
	Other Intangible Assets				2 372,79
	TANGIBLE FIXED ASSETS(C)	522 408,92	474 257,48	48 151,44	204 204,58
	Land				
	Buildings				
	Industrial fixtures and equipement	150 944,93	126 392,52	24 552,41	9 754,99
	Transportation equipement				
	Office equipment and furniture	331 079,49	310 632,36	20 447,13	128 857,44
	Other tangible fixed assets	40 384,50	37 232,60	3 151,90	65 592,15
	Tangible fixed assets in progress				
	LONG TERM INVESTMENTS (D)	**21 837,44**	**0,00**	21 837,44	156 074,36
	Long term loans				
	Other financial assets	21 837,44		21 837,44	156 074,36
	Investments				
	Other investments				
	UNREALISED EXCHANGE RATE LOSSES (Non Current)	**0,00**		0,00	0,00
	Unrealised exchange rate losses (from long term assets)			0,00	
	Unrealised exchange rate losses (from long term liabilities)			0,00	
	TOTAL I (A+B+C+D+E)	**544 246,36**	**474 257,48**	**69 988,88**	**362 651,73**
CURRENT ASSET	**INVENTORIES (F)**	**69 745,53**	**69 745,53**	**0,00**	**10 291 762,90**
	Merchandises	69 745,53	69 745,53	0,00	10 291 762,90
	Raw materials and furnitures				
	Work in progress				
	Intermediate and residual products				
	Finished products				
	CURRENT ASSETS(G)	**18 559 449,68**	**13 570 342,96**	**4 989 106,72**	**27 025 860,30**
	Advances payments to suppliers and other debtors				715,91
	Trade accounts receivable	15 550 526,87	13 570 342,96	1 980 183,91	21 533 946,86
	Personnel	348 798,00		348 798,00	19 160,00
	Taxes	2 658 886,03		2 658 886,03	5 469 237,51
	Shareholders Current accounts				
	Others debtors				
	Deferral accounts	1 238,78		1 238,78	2 800,02
	MARKETABLE SECURITIES (H)				
	UNREALISED EXCHANGE RATE LOSSES (I) (Current)	**890 619,83**		**890 619,83**	
	TOTAL II (F+G+H+I)	**19 519 815,04**	**13 640 088,49**	**5 879 726,55**	**37 317 623,20**
CASH	**CASH AND CASH EQUIVALENTS (Assets)**	1 594 739,84		**1 594 739,84**	**3 764 267,87**
	Checks and other instruments to be cashed				
	Cash on Bank	1 593 018,40		1 593 018,40	3 759 823,42
	Cash on hand	1 721,44		1 721,44	4 444,45
	TOTAL III	**1 594 739,84**		**1 594 739,84**	**3 764 267,87**
	TOTAL ASSETS I+II+III	**21 658 801,24**	**14 114 345,97**	**7 544 455,27**	**41 444 542,80**

POUR AUTHENTIFICATION UNIQUEMENT PKF Maroc

REDINGTON MOROCCO LIMITED

Balance Sheet (Liabilities)

Fiscal Year ended MARCH 31, 2020

	LIABILITIES	CURRENT YEAR	PRIOR YEAR
CAPITAL AND RESERVES	**Shareholder's equity (A)**	9 561,29	**4 513 065,59**
	* **Common stock (1)**	300 000,00	**300 000,00**
	* (Minus) Common stock subscribed but not called-up		
	* Paind In Called-up capital		
	* Issuance, merger and contribution premium		
	* Revaluation reserve		
	* Legal reserve	60 000,00	60 000,00
	* Others reserves	8 905,64	8 905,64
	* Profit/ loss account brought forward (2)	4 394 658,79	4 394 658,78
	* Not yet allocated income (2)	-250 498,83	
	* Net income / loss of the year	-4 503 504,31	-250 498,83
	Total Shareholders Net Equity (A)	**9 561,29**	**4 513 065,59**
	RELATED EQUITY (B)		
	* Investment Subsidy		
	* Regulatory provisions		
	FINANCIAL LIABILITIES (C)	**0,00**	**0,00**
	* Debenture Loans		
	* Other financial liabilities		
	PROVISION FOR CONTINGENCIES AND LOSSES(D)	**0,00**	**0,00**
	Provision for contingencies		
	Provision for losses		
	UNREALISED EXCHANGE RATE GAINS (Non current) (E)	**0,00**	**0,00**
	Unrealised exchange rate gains from long term assets		
	Unrealised exchange rate gains from long term liabilities		
	Total I (A+B+C+D+E)	**9 561,29**	**4 513 065,59**
LIABILITIES	**CURRENT LIABILITIES (F)**	**6 644 274,15**	**36 931 477,21**
	Trade accounts payable	3 936 061,70	30 797 464,95
	Clients in credit, Advance payments received		
	Personnel	325 017,38	248 078,17
	Social security liabilities		106 994,65
	Taxes	2 331 354,39	5 531 743,13
	Shareholders current accounts		
	Others debts	51 840,68	247 196,31
	Deferral accounts		
	OTHER PROVISION FOR CONTINGENCIES AND LOSSES (G)	**890 619,83**	
	UNREALISED EXCHANGE RATE GAINS (Current) (H)		
	Total II (F+G+H)	**7 534 893,98**	**36 931 477,21**
CASH	**CASH LIABILITIES**		
	Discounts credit		
	Short term credit facility		
	Bank Overdrafts		
	Total III	**0,00**	**0,00**
	TOTAL LIABILITIES I+II+III	**7 544 455,27**	**41 444 542,80**

(1) Debtor share capital (-)

(2) Income (+) Loss (-)

POUR AUTHENTIFICATION UNIQUEMENT PKF Maroc

REDINGTON MOROCCO LIMITED

PROFIT AND LOSS STATEMENT

Fiscal Year ended MARCH 31, 2020

		ITEM	CURRENT YEAR related to the period 1	CURRENT YEAR related to the prior periods 2	CURRENT YEAR Net amount 3=2+1	PRIOR YEAR Net amount 4
OPERATING	I	**OPERATING REVENUE**	30 087 585,58		30 087 585,58	96 856 490,89
		Sales of merchandise	12 176 743,70		12 176 743,70	96 856 490,89
		Sales of goods and services				
		Turnover	12 176 743,70		12 176 743,70	96 856 490,89
		Finished Goods inventory change (+/-) (1)				
		Self constructed capital asset				
		Opertaing Subsidy				
		Others operating income	17 910 841,88		17 910 841,88	
		Reversal of operating provisions-charges transfer				
		TOTAL I	30 087 585,58		30 087 585,58	96 856 490,89
	II	**OPERATING EXPENSES**	31 585 850,23		31 585 850,23	94 273 598,87
		Purchase of goods for resale (2)	15 796 587,56		15 796 587,56	88 825 771,92
		Purchase of materials and supplies (2)	403 312,37		403 312,37	2 024 335,05
		Other external expenses	1 183 827,55		1 183 827,55	1 062 336,77
		Taxes	75 566,63		75 566,63	57 600,00
		Personnel expenses	1 053 756,70		1 053 756,70	2 092 741,49
		Other operating expenses				
		Operating allowances (for depreciation and risks)	13 072 799,42		13 072 799,42	210 813,64
		TOTAL II	31 585 850,23	0,00	31 585 850,23	94 273 598,87
	III	**OPERATING INCOME / LOSS (I - II)**	-1 498 264,65	0,00	-1 498 264,65	2 582 892,02
FINANCIAL	IV	**FINANCIAL REVENUE**	1 501,28		1 501,28	0,00
		Revenue from investment and others				
		Exchange gains	1 501,28		1 501,28	
		Interests and other financial revenue				
		Reversal of financial provisions - charges transfer				
		TOTAL IV	1 501,28		1 501,28	0,00
	V	**FINANCIAL EXPENSES**	890 619,83		890 619,83	2 331 168,59
		Interests expenses				
		Exchange losses			0,00	2 331 168,59
		Other fianancial expenses				
		Financial allowances	890 619,83		890 619,83	
		TOTAL V	890 619,83		890 619,83	2 331 168,59
	VI	**RESULTAT FINANCIER (IV-V)**	-889 118,55	0,00	-889 118,55	-2 331 168,59
	VII	**ORDINARY INCOME (III+VI)**	-2 387 383,20	0,00	-2 387 383,20	251 723,43

1)Change in inventories: final inventories - initial inventories, increase (+) decrease (-)

2) Cost: purchases - inventories change

RE

Fiscal Year ended MARCH 31, 2020

		ITEM	CURRENT YEAR related to the period 1	CURRENT YEAR related to the prior periods 2	CURRENT YEAR Net amount 3=2+1	PRIOR YEAR Net amount 3=2+1
	VII	**ORDINARY INCOME (report)**	-2 387 383,20	0,00	-2 387 383,20	251 723,43
	VIII	**EXCEPTIONAL REVENUE**	23 000,00		23 000,00	
		Revenue from assets disposal	23 000,00		23 000,00	
		Balancing Subsidy				
		Reversal of Investment Subsidy				
		Other extraordinary revenue				
		Reversal of extraordinary provisions- charges transfer				
		TOTAL VIII	23 000,00		23 000,00	0,00
NON CURRENT	IX	**EXCEPTIONAL EXPENSES**	1 988 683,18		1 988 683,18	
		Net value of sold assets	96 145,18		96 145,18	
		Granted Subsidies				
		Others extraordinary expenses	1 892 538,00		1 892 538,00	
		Extraordinary allowances				
		TOTAL IX	1 988 683,18		1 988 683,18	0,00
	X	**EXCEPTIONAL INCOME / LOSS (VIII - IX)**	-1 965 683,18		-1 965 683,18	0,00
	XI	**INCOME / LOSS BEFORE TAXES(VII + X)**	-4 353 066,38	0,00	-4 353 066,38	251 723,43
	XII	**INCOME TAX**	150 437,93		150 437,93	502 222,26
	XIII	**NET INCOME / LOSS (XI - XII)**	-4 503 504,31		-4 503 504,31	-250 498,83
	XIV	**TOTAL OF REVENUES (I+IV+VIII)**	30 112 086,86		30 112 086,86	96 856 490,89
	XV	**TOTAL OF EXPENSES (II+V+IX+XII)**	34 615 591,17		34 615 591,17	97 106 989,72
	XVI	**NET INCOME**	-4 503 504,31		-4 503 504,31	-250 498,83

POUR AUTHENTIFICATION UNIQUEMENT PKF Maroc

ENSURE LIMITED

REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2020

OAQ & ASSOCIATES
Chartered Accountants
P.O.BOX MP 946
Mamprobi - Accra

CONTENTS

COMPANY INFORMATION

Directors	Ensure Gulf FZE
Secretary	
Company Number	
Registered Office	P.O.BOX GP 453 Accra - Ghana
Auditors	OAQ & Associates (Chartered Accountants) P.O.BOX MP 946 Mamprobi - Accra
Bankers	

ENSURE LIMITED

Financial Statements
For the year ended 31st March, 2020

DIRECTORS' REPORT

The Directors presents their report and Financial Statements for the year ended 31st March, 2020.

Directors and their Interests:

The Directors who served during the year and their interest in the company are as stated below:

	Ordinary Shares of no par value	
	31st March, 2020	1st April, 2019
Directors / Shareholders:		
Ensure Gulf FZE	256,000.00	256,000.00

Auditors

In accordance with section 137 (7) of the Companies Law, 2019 (Act 992) OAQ & Associates (Chartered Accountants) has been appointed as Auditors of the company.

This Report was approved by the Board on .... and signed on its behalf by:

ON BEHALF OF THE BOARD

....
SECRETARY

OAQ & ASSOCIATES

(Chartered Accountants & Management Consultants)
NO.9 ESTOD BUILDING, COMMUNITY 12, TEMA
P. O. BOX MP 946, Mamprobi, Accra
Telephone 0302-320525
E-mail: rop.ghana95@yahoo.com

REPORT OF THE AUDITORS FOR THE YEAR ENDED 31ST MARCH, 2020

Opinion

We have audited the financial statements of Ensure Limited which comprises the statement of financial position as at 31st March, 2020 and the statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements present fairly, in all material respects the financial position of the Company as at 31st March, 2020 and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards for SME's and in the manner required by Ghana Companies Law 2019 (Act 992).

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 (IESBA Code) together with the ethical requirements that are relevant to our audit of the Financial Statements in Ghana, 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.

Key Audit Matters

There were no major audit observations raised in the audit of the financial statements.

Responsibilities of Directors

The Directors of the Company are responsible for the preparation and fair presentation of the Financial Statements in accordance with IFRS and for such internal control as the Directors determine 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 the 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.
The Directors are charged with 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.

As part of an audit in accordance with ISAs, we performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

Report on Other Legal and Regulatory Requirement

The Companies Law, 2019 (Act 992, Section 137 and the seventh schedule) requires that in carrying out our audit, we consider and report on the matters stated in the said section and schedule. We confirm compliance in that:

We have obtained all information and explanations which to the best of our knowledge and believe were necessary for the purposes of our audit.

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and

The Company's Statement of Financial Position and the Statement of Comprehensive Income of the Company are in agreement with the books of account.

The engagement partner on the audit resulting in this independent Auditors' Report is

ROBERT OFORI – ICAG/P/1273

ON BEHALF OF

OAQ & Associates

OAQ & ASSOCIATES – ICAG/F/167

DATE.......................................

O.A.Q. & ASSOCIATES
CHARTERED ACCOUNTANTS &
MGT. CONSULTANTS
P. O. BOX MP 946
MAMPROBI - ACCRA

ENSURE LIMITED

Financial Statements
For the year ended 31st March, 2020

STATEMENT OF INCOME

	(NOTES)	2020 GHC	2019 GHC
Sales	(2)	1,442,843.00	878,606.00
Cost of Sales	(3)	(985,320.00)	(419,840.00)
Gross Profit		457,523.00	458,766.00
Admin. & Gen. Exps	(4)	(356,113.00)	(295,760.00)
Selling & Distribution Exps	(5)	(76,990.00)	(408,733.00)
Finance Cost	(6)	(281.00)	(1,069.00)
		(433,385.00)	(705,562.00)
Operating Profit		24,138.00	(246,796.00)
Other Income	(7)	-	256,846.00
Profit Before Tax		24,138.00	11,050.00
Income Tax Expense	(14)	(8,520.00)	(2,561.00)
Profit After Tax		15,618.00	8,489.00

Income Surplus Account

Balance B/Fwd		154,878.00	146,389.00
Profit After Tax		15,618.00	8,489.00
Balance C/Fwd		170,495.00	154,878.00

ENSURE LIMITED

Financial Statements
For the year ended 31st March, 2020

STATEMENT OF FINANCIAL POSITION

	(NOTES)	2020 GHC	2019 GHC
Assets:			
Non-Current Assets			
Property, Plant & Equipment	(15)	-	-
Intangible Assets	(16)	30,368.00	-
		30,368.00	-
Current Assets:			
Inventories (Stock)	(8)	468,068.00	413,649.00
Accounts Receivable	(9)	8,209.00	117,243.00
Cash & Cash Equivalent	(10)	158,429.00	43,155.00
		634,706.00	574,047.00
Total Assets		**665,074.00**	**574,047.00**
Equity & Liabilities:			
Capital & Reserves:			
Share Capital	(11)	256,000.00	256,000.00
Income Surplus Account		170,495.00	154,878.00
Total Equity		426,495.00	410,878.00
Current Liabilities			
Accounts Payable	(12)	109,139.00	39,611.00
Accrued Charges	(13)	14,300.00	16,939.00
Taxation Account	(14)	115,140.00	106,619.00
Total Current Liabilities		238,579.00	163,169.00
Total Equity & Liabilities		**665,074.00**	**574,047.00**

The above Statement of Financial Position together with the attached Comprehensive Statement of Income, the statement of Cash Flow and the Notes thereon have been approved by the Board of Directors and signed on its behalf by:

....
DIRECTOR

....
DIRECTOR

ENSURE LIMITED

Financial Statements
For the year ended 31st March, 2020

STATEMENT OF CASH FLOW

Reconciliation of Operating Profit To Net Cash Inflow from Operating Activities	2020 GHC	2019 GHC
Net Profit for the year	24,138.00	11,050.00
Depreciation	3,058.00	693.00
Changes in Inventories	40,413.00	(40,437.00)
Changes in Accounts Receivable	109,034.00	31,480.00
Changes in Accounts Payable	69,528.00	(40,818.00)
Changes in Accruals	(2,639.00)	(936.00)
Net Cash Inflow	148,701.00	(38,968.00)
Investing Activities:		
Acquisition of Fixed Assets	-	-
Acquisition of Intangible Assets	(33,427.00)	-
	(33,427.00)	-
Taxation:		
Tax Paid	-	-
Cash Inflow for the year	115,274.00	(38,968.00)
Changes in Cash & Cash Equivalent		
Cash & Other Liquid Inv - 1.4.19	43,155.00	82,123.00
Cash Inflow for the year	115,274.00	(38,968.00)
Cash & Other Liquid Inv - 31.3.20	158,429.00	43,155.00

ENSURE LIMITED

Financial Statements
For the year ended 31st March, 2020

NOTES TO THE FINANCIAL STATEMENTS

1 (a) **Principal Accounting Policies:**
The Principal Accounting Policies of the Company has been incorporated in the relevant notes to the Accounts as set out below:

(b) **Basis of Accounting:**
These Financial Statements have been prepared under the historical cost convention system of Accounting.

(c) **Depreciation:**
Assets owned by the company are stated at cost less accumulated depreciation. Depreciation is computed using the straight line method so as to write off the cost over the estimated useful lives of the asasets concerned,
The principal annual rates used for this purpose are as follows:

Motor Vehicle	30%
Office Equipment	20%
Furniture & Fixtures	20%
Computers	30%

(d) **Intangible Assets:**
Cost of software purchased is amortised using the straight line method over the estimated useful lives of the assets concerned.

(e) **Foreign Currencies:**
Transactions denominated in foreign currencies are initially recorded at the rate of exchange on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the Balance sheet date. Gains and losses arising from foreign currency transactions are dealt with in the Income statement for the year.

2. **Sales - GHC 1,442,843.00**
Sales have been arrived at, after deducting discount allowed, returns and all other allowances from Gross Sales

	2020	2019
	GHC	GHC
Sales	1,442,843.00	878,606.00

3. **Cost of Sales - GHC 985,320.00**

This amount represents the following:

	2020	2019
	GHC	GHC
Inventories - (Stock) 1.4.19	440,083.00	373,212.00
Purchases	887,052.00	366,116.00
Duty & Handling Charges	126,253.00	120,595.00
	1,453,388.00	859,923.00
Inventories - (Stock) 31.3.20	(468,068.00)	(440,083.00)
Cost of Sales	985,320.00	419,840.00

4. **Admin. & Gen. Exps - GHC 356,113.00**

This amount represents the following:

	2020	2019
	GHC	GHC
Audit Fee	14,300.00	14,300.00
Consultancy Charges	12,000.00	-
Staff Cost	143,538.00	153,248.00
Electricity	15,500.00	16,410.00
Printing & Stationery	18,884.00	3,185.00
Repairs & Maintenance	97,290.00	55,894.00
Allowance for Bad Debts	10,906.00	-
Training Expenses	-	7,529.00
Insurance	8,886.00	974.00
Travelling & Transport	34,809.00	44,220.00
	356,113.00	295,760.00

5. **Selling & Distribution Exps - GHC 76,990.00**

This amount represents the following:

	2020	2019
Rent	61,200.00	55,200.00
Communication Charges	15,595.00	11,717.00
Service Inventories	-	341,123.00
Depreciation	-	693.00
Amortisation	195.00	-
	76,990.00	408,733.00

6. **Finance Cost - GHC 281.00**

This amount represent the following:

	2020	2019
Bank Charges	281.00	1,069.00

7. **Other Income - GHC -**

	2020	2019
Exchange Gain	-	-
Miscellaneous Income	-	256,846.00
	-	256,846.00

8. **Inventories (Stock) - GHC 468,068.00**

Stocks are valued at the lower of cost or net realized value. Adjustments are made to reduce the cost of goods to its realizable value. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle, product pricing, physical deterioration and quality issues.

	2020 GHC	2019 GHC
Goods Held for Sale	468,068.00	452,168.00
Less Provision	-	(12,085.00)
	468,068.00	440,083.00

9. **Accounts Receivable - GHC 8,209.00**

This amount represents the following:

Trade Debtors	-	103,403.00
Prepayments	8,209.00	13,840.00
	8,209.00	117,243.00

10. **Cash & Cash Equivalent - GHC 158,429.00**

This amount represent the following:

Cash at Bank	158,022.00	41,894.00
Cash on Hand	407.00	1,261.00
	158,429.00	43,155.00

11. **Share Capital - GHC 256,000.00**

The authorized Capital of the company consists of 10,000,000 ordinary shares of no par value, out of which 100,000 has been issued and fully paid for a cash consideration of GHC 256,000.00

There were no shares in Treasury and also no calls or installments unpaid on any of the shares.

12. **Accounts Payable - GHC 109,139.00**

This amount represents the following:

	2020 GHC	2019 GHC
Trade Creditors	96,909.00	-
Other Creditors	12,231.00	39,611.00
	109,139.00	39,611.00

13. **Accrued Charges - GHC 14,300.00**

This represents the following:

Audit Fees	14,300.00	14,300.00
Others - Vat	-	2,639.00
	14,300.00	16,939.00

14. **Taxation Account - GHC 115,140.00**

Balance B/Fwd	106,619.00	104,058.00
Tax Charged	8,520.00	8,520.00
Tax Paid	-	-
Balance C/Fwd	115,140.00	112,578.00

15. **Property, Plant & Equipment - GHC -**

	Motor Vehicle GHC	Furniture & Fixtures GHC	Office Equipment	Computers	Total GHC
Cost at 1.4.19	13,456.00	7,049.00	13,894.00	1,065.00	35,464.00
Addition	-	-	-	-	-
Cost at 31.3.20	13,456.00	7,049.00	13,894.00	1,065.00	35,464.00
Depreciation:					
Bal at 1.4.19	13,456.00	7,049.00	13,894.00	1,065.00	35,464.00
Charges for the year	-	-	-	-	-
Bal at 31.3.20	13,456.00	7,049.00	13,894.00	1,065.00	35,464.00
Net Book Value					
At 31.3.20	-	-	-	-	-
At 31.3.19	-	-	693.00	-	693.00

16. **Intangible Assets - GHC -**

	2020 GHC	2019 GHC
Cost - 1.4.49	-	2,864.00
Addition	33,426.76	-
Cost - 31.3.20	33,426.76	2,864.00
Amortisation		
Bal at 1.4.19	-	2,864.00
Charges for the year	3,058.33	-
Bal at 31.3.20	3,058.33	2,864.00
Net Book Value	30,368.43	-

ENSURE LIMITED

Financial Statements
For the year ended 31st March, 2020

INCOME TAX COMPUTATION

	GHC	GHC
Net Profit as per Accounts		24,138.00
Add Back:		
Depreciation	195.00	
Bad Debts Provision	10,906.00	11,101.00
Adjusted Profit		35,239.00
Assessment:		
Assessable Income		35,239.00
Less: Capital Allowance		1,157.00
Chargeable Income		34,082.00
Tax Charged @ 25%	**8,520.00**	

ENSURE LIMITED

Financial Statements
For the year ended 31st March, 2020

CAPITAL ALLOWANCE COMPUTATION

	GHC	GHC
POOL 1 - 40%		
Computers		
W.D.V	16.80	
40%	6.72	6.72
Residue	10.08	
POOL 2 - 30%		
Motor Vehicle		
W.D.V	905.10	
30%	271.53	271.53
Residue	633.57	
POOL 3 - 20%		
Furniture & Equipment		
W.D.V	4,391.94	
20%	878.39	878.39
Residue	3,513.55	
Total Capital Allowance Due		**1,156.64**

Redington Middle East (L.L.C.)

Dubai, United Arab Emirates

Reports and financial statements
For the year ended 31 March 2020

Redington Middle East (L.L.C.)

Table of contents

Redington Middle East (L.L.C.)

General manager's report

The Manager has pleasure in submitting the report and the audited financial statements for the year ended 31 March 2020.

Incorporation and registered offices

Redington Middle East (L.L.C.) (the "Company"), a limited liability company, was incorporated in Dubai, United Arab Emirates (U.A.E.) on 27 March 2000. The address of the registered office of the Company is P.O. Box 12816, Dubai, U.A.E.

Principal activities

The principal activity of the Company involves the distribution of information technology products and provides hardware support and maintenance services.

Financial position and results

The financial position and results of the Company for the year ended 31 March 2020 are set out in the accompanying financial statements.

Shareholders and their share capital

Share capital comprises 300 authorised, issued and fully paid shares of AED 1,000 each, equivalent to AED 300,000.

Auditors

The financial statements for the year ended 31 March 2020 have been audited by Deloitte & Touche (M.E.) and, being eligible, offer themselves for re-appointment.

Sivam

Manager

Deloitte & Touche (M.E.)
Building 3, Level 6
Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai
United Arab Emirates

Tel: +971 (0) 4 376 8888
Fax:+971 (0) 4 376 8899
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

The Shareholder
Redington Middle East (L.L.C.)
Dubai
United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Redington Middle East (L.L.C.), Dubai, United Arab Emirates** (the "Company") which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, 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 (ISA). 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 (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates (U.A.E.), 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.

Other Information

Management is responsible for the other information. The other information comprises the General manager's report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Cont'd…

INDEPENDENT AUDITOR'S REPORT
to the Shareholder of Redington Middle East (L.L.C.) (continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the articles of association of the Company and U.A.E. Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 represents the underlying transactions and events in a manner that achieves fair presentation.

Cont'd…

Deloitte.

INDEPENDENT AUDITOR'S REPORT
to the Shareholder of Redington Middle East (L.L.C.) (continued)

Report on Other Legal and Regulatory Requirements

As required by the U.A.E. Federal Law No. (2) of 2015, we report that:

i) We have obtained all the information we considered necessary for the purposes of our audit;

ii) The financial statements of the Company have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E. Federal Law No. (2) of 2015;

iii) The Company has maintained proper books of account;

iv) the financial information included in the report of the Manager is consistent with the books of account of the Company;

v) The Company has not purchased or invested in any shares during the year ended 31 March 2020;

vi) Note 10 to the financial statements of the Company discloses material related party transactions and the terms under which they were conducted; and

vii) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2020 any of the applicable provisions of the U.A.E. Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 March 2020.

Deloitte & Touche (M.E.)

Cynthia Corby
Registration No.: 995

Dubai
United Arab Emirates

Redington Middle East (L.L.C.)

Statement of financial position
As at 31 March 2020

	Notes	2020 AED	2019 AED
ASSETS			
Non-current assets			
Right-of-use assets	5	**7,708,126**	-
Property and equipment	7	**1,521,859**	2,206,896
Intangible assets		**-**	4,768
Total non-current assets		**9,229,985**	2,211,664
Current assets			
Inventories	9	**229,444,154**	97,042,682
Trade and other receivables	11	**254,457,136**	166,303,476
Due from related parties	10	**8,091,728**	120,084,840
Cash and cash equivalents	12	**4,042,252**	15,088,866
Total current assets		**496,035,270**	398,519,864
Total assets		**505,265,255**	400,731,528
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**300,000**	300,000
Statutory reserve	14	**150,000**	150,000
Re-measurement of retirement benefit obligation		**(581,503)**	-
Retained earnings		**15,093,959**	10,387,924
Total equity		**14,962,456**	10,837,924
LIABILITIES			
Non-current liabilities			
Provision for employees' end-of-service indemnity	15	**10,764,370**	9,348,815
Lease liabilities	6	**5,997,630**	-
Total non-current liabilities		**16,762,000**	9,348,815
Current liabilities			
Trade and other payables	16	**31,148,924**	49,212,096
Due to related parties	10	**440,570,506**	331,332,693
Lease liabilities	6	**1,821,369**	-
Total current liabilities		**473,540,799**	380,544,789
Total liabilities		**490,302,799**	389,893,604
Total equity and liabilities		**505,265,255**	400,731,528

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

Redington Middle East (L.L.C.)

Statement of profit or loss and other comprehensive income
For the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Revenue		**2,317,307,172**	2,708,632,238
Cost of sales		**(2,202,143,612)**	(2,620,766,192)
Gross profit		**115,163,560**	**87,866,046**
Gain from sale of investment in subsidiaries	8	**-**	3,700,769
Dividend income	10	**-**	1,886,017
Selling and distribution expenses	18	**(81,260,472)**	(66,593,732)
General and administrative expenses	17	**(27,946,972)**	(22,545,383)
Loss on disposals of property and equipment		**73,108**	(5,041)
Interest expense		**(752,316)**	-
Profit for the year		**5,276,908**	**4,308,676**
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Re-measurement of retirement benefit obligation	15	**(581,503)**	-
Other comprehensive loss for the year		**(581,503)**	**-**
Total comprehensive income for the year		**4,695,405**	**4,308,676**

Redington Middle East (L.L.C.)

Statement of changes in equity
For the year ended 31 March 2020

	Notes	Share capital AED	Statutory reserve AED	Re-measurement of retirement benefit obligation AED	Retained earnings AED	Total AED
At 1 April 2018		300,000	150,000	-	6,079,248	6,529,248
Profit for the year		-	-	-	4,308,676	4,308,676
At 31 March 2019		300,000	150,000	-	10,387,924	10,837,924
At 1 April 2019		300,000	150,000	-	10,387,924	10,837,924
Impact of application of IFRS 16	2.1	-	-	-	(570,873)	(570,873)
At 1 April 2019 as restated		300,000	150,000	-	9,817,051	10,267,051
Profit for the year		-	-	-	5,276,908	5,276,908
Re-measurement of retirement benefit obligation	15	-	-	(581,503)	-	(581,503)
Total comprehensive income for the year		-	-	(581,503)	5,276,908	4,695,405
At 31 March 2020		**300,000**	**150,000**	**(581,503)**	**15,093,959**	**14,962,456**

Redington Middle East (L.L.C.)

Statement of cash flows
For the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Cash flows from operating activities			
Profit for the year		**5,276,908**	4,308,676
Adjustments for:			
Depreciation of right-of-use assets	5	**2,584,678**	-
Depreciation of property and equipment	7	**1,004,559**	1,209,113
Amortisation of intangible assets		**4,768**	8,151
Allowance/(reversal of allowance) for slow-moving inventories	9	**12,072,195**	(43,862)
Expected credit losses	11	**24,478**	153,762
Current service cost of provision for employees' end-of-service indemnity	15	**1,912,712**	2,171,166
Interest expense	6	**752,316**	-
(Gain)/loss on disposals of property and equipment		**(73,108)**	5,041
Gain on sale of investment in subsidiaries	8	**-**	(3,700,769)
Dividend income	10	**-**	(1,886,017)
Operating cash flows before changes in operating assets and liabilities		**23,559,506**	2,225,261
Changes in working capital:			
(Increase)/decrease in inventories		**(144,473,667)**	154,883,385
(Increase)/decrease in trade and other receivables		**(88,554,748)**	40,462,281
Decrease/(increase) in due from related parties		**111,993,112**	(65,236,023)
(Decrease)/increase in trade and other payables		**(18,141,086)**	8,662,400
Increase/(decrease) in due to related parties		**109,144,033**	(125,895,704)
Net cash (used for)/generated from operations		**(6,472,850)**	15,101,600
Employees' end-of-service indemnity paid	15	**(1,363,669)**	(755,902)
Net cash (used in)/from operating activities		**(7,836,519)**	14,345,698
Cash flows from investing activities			
Proceeds from disposals of property and equipment		**82,618**	22,524
Purchase of property and equipment		**(329,032)**	(1,338,414)
Net cash used in investing activities		**(246,414)**	(1,315,890)
Cash flows from financing activities			
Repayment of principal portion of lease laibility	2.1	**(2,590,154)**	-
Repayment of interest portion of lease lability	2.1	**(373,527)**	-
Net cash used in financing activities		**(2,963,681)**	-
Net (decrease)/increase in cash and cash equivalents		**(11,046,614)**	13,029,808
Cash and cash equivalents at the beginning of the year		**15,088,866**	2,059,058
Cash and cash equivalents at the end of the year	12	**4,042,252**	15,088,866

Redington Middle East (L.L.C.)

Statement of cash flows (continued)
For the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Non-cash transactions:			
Employees' end-of-service indemnity transferred (to)/from a related party	15	**(93,780)**	142,091
Dividend receivable from a related party	10	**-**	1,886,017
Sale of investment in subsidiaries	8	**-**	3,901,160
		(93,780)	5,929,268

1 General operations

Redington Middle East (L.L.C.) (the "Company") is a limited liability company registered on 27 March 2000 in Dubai, United Arab Emirates (U.A.E.) .

The shareholders of the Company are Mr. Ahmed Abdullah Ahmed Al Mulla, a U.A.E. National, holding 51% of the share capital and Redington Gulf FZE (the "Parent Company"), a company incorporated in Jebel Ali Free Zone, U.A.E., holding 49% of the share capital and exercising control over the Company. The Ultimate Parent and controlling party is Redington (India) Limited, India.

The principal activities of the Company are distribution of information technology products and providing hardware support and maintenance services. The Company's registered office address is P.O. Box 12816, Dubai, U.A.E.

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

2.1 New and amended IFRS Standards that are effective for the current year

In the current year, the Company, for the first time, has adopted IFRS 16 Leases (as issued by the IASB in January 2016). The standard replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases - Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor. Details of these new requirements are described in Note 4 to the financial statements. The impact of the adoption of IFRS 16 on the Company's financial statements is described below:

The date of initial application of IFRS 16 for the Company is 1 April 2019. The Company has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. The Company does not restate any comparative information. Instead, the Company recognised a right to use the leased asset equal to the lease liability, which is equivalent to the present value of the future lease payments plus directly attributable costs and is amortised over the useful life.

Impact of the new definition of a lease

The Companyt has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 April 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease based on whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract).

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact of initial application of IFRS 16 Leases

(a) Impact on lessee accounting

Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet. Applying IFRS 16, for all leases (except as noted below), the Company:

a) recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;

b) recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss and other comprehensive income; and

c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts. For short term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the statement of profit or loss and other comprehensive income.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases:

a) The Company has applied a single discount rate to its portfolio of leases given that its leases have reasonably similar characteristics.

b) The Company has excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

c) The Company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

d) The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

(b) Financial impact of initial application of IFRS 16

The table below shows the impact on the statement of cash flows:

	2020 AED
Lease payments:	
Principal	**2,590,154**
Interest paid	**373,527**
Net cash used in financing activities (Note 7)	**2,963,681**

Impact on assets, liabilities and equity as at 1 April 2019

	As previously reported	**IFRS 16 adjustments**	**As at 1 April 2019**
Right-of-use assets	-	**10,292,804**	**10,292,804**
Prepayments	425,566	**(425,566)**	**-**
Net impact on total assets	425,566	**9,867,238**	**10,292,804**
Lease liabilities	-	**10,360,197**	**10,360,197**
Accrued interest (Accrued expenses)	-	**77,914**	**77,914**
Net impact on total liabilities	-	**10,438,111**	**10,438,111**
Retained earnings		**(570,873)**	

The off-balance sheet lease obligations as at 31 March 2019 are reconciled as follows to the recognized lease liabilities as at 1 April 2019:

	AED
Operating lease commitments disclosed as at 31 March 2019 (Note 19)	2,419,020
Less: Adjustment due to discounting of the commitment at the incremental borrowing rate on 1 April 2019	100,631
Lease liability recognised as at 1 April 2019	2,318,389

The weighted average lessees' incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 April 2019 is 4.16%.

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

The associated right-of-use assets were measured on a modified retrospective basis. Right-of-use assets are measured at the amount equal to the lease liability, further adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at the reporting date. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Impact on statement of profit or loss during the year

	2020
	AED
Increase in depreciation expenses	**2,584,678**
Increase in interest expense on lease liabilities	**373,527**
Decrease in other (rental) expenses	**(2,921,062)**
Decrease in profit for the year	**37,143**

Impact of initial application of other amendments to IFRS standards

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 April 2019.

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IFRS 9 Prepayment Features with Negative Compensation and Modification of financial liabilities The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.	1 January 2019
Amendments to IAS 28 Investment in Associates and Joint Ventures: Relating to long-term interests in associates and joint ventures.	1 January 2019

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	
Annual Improvements to IFRSs 2015-2017 Cycle Amendments to IAS 12 Income Taxes, IAS 23 Borrowing Costs, IFRS 3 Business Combinations and IFRS 11 Joint Arrangements The Annual Improvements include amendments to Four Standards.	1 January 2019
i) IAS 12 Income Taxes	1 January 2019
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	
ii) IAS 23 Borrowing costs	1 January 2019
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	
iii) IFRS 3 Business Combinations	1 January 2019
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.	
iv) IFRS 11 Joint Arrangements	1 January 2019
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.	
Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements.	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.	

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 April 2019.

2.2 New and revised IFRS in issue but not yet effective

The Company has not applied the following new and amended IFRSs that have been issued but are not yet effective.

New and revised IFRSs	***Effective for annual periods beginning on or after***
Definition of Material - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'	1 January 2020
Definition of a Business – Amendments to IFRS 3 Business Combinations The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where	1 January 2020

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

2.2 New and revised IFRS in issue but not yet effective (continued)

they refer to a different version of the Conceptual Framework.	
IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments Amendments regarding pre-replacement issues in the context of the IBOR reform.	1 January 2020
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at 1 January 2021.	1 January 2021

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the year of initial application.

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with IFRS.

3.2 Basis of preparation

The financial statements are prepared in accordance with the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The significant accounting policies adopted are set out below.

3.3 Revenue recognition

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

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

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

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

3 Significant accounting policies (continued)

3.3 Revenue recognition (continued)

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

5) Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

• The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

• The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

• The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations.

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

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

3.4 Leases (policy with respect to leases adopted from 1 April 2019)

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3 Significant accounting policies (continued)

3.4 Leases (policy with respect to leases adopted from 1 April 2019) (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

• fixed lease payments (including in-substance fixed payments), less any lease incentives;
• variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
• the amount expected to be payable by the lessee under residual value guarantees;
• the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
• payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

• the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
• the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
• a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company made one adjustment during the period presented arising from the changes in lease payments agreed with the lessor.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use of assets are presented as a separate line item in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property and equipment' policy.

3 Significant accounting policies (continued)

3.4 Leases (policy with respect to leases adopted from 1 April 2019) (continued)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ‘Other expenses’ in the statement of profit or loss and other comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

Leases (policy with respect to leases applied before 1 April 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

3.5 Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates. For the purpose of the financial statements, the results and financial position of the Company are expressed in Arab Emirates Dirhams (AED), which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss.

3 Significant accounting policies (continued)

3.6 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Subsequent costs are included in the asset's carrying amount or recognised 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. All other repair and maintenance costs are charged to profit or loss when incurred. The cost of property and equipment is depreciated using the straight-line method over their estimated useful lives as follows:

	Useful lives
Furniture and fixtures	4-10
Leasehold improvements	3-5
Office Equipment	5-8

The estimated useful lives and depreciation method are reviewed at each reporting date with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.7 Intangible assets

Cost of computer software purchased is amortised using the straight-line method over its estimated useful life of 3 years.

3.8 Impairment of tangible and intangible assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3 Significant accounting policies (continued)

3.8 Impairment of tangible and intangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase costs and other related expenses that have been incurred in bringing the inventories to their present location and condition. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

3.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.11 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3 Significant accounting policies (continued)

3.12 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

(i) Amortised cost and effective interest rate method

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

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting year, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Impairment of financial assets

The Company always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

3 Significant accounting policies (continued)

3.12 Financial assets (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);

3 Significant accounting policies (continued)

3.12 Financial assets (continued)

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.13 Financial liabilities

Financial liabilities measured subsequently at amortised cost

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

3 Significant accounting policies (continued)

3.13 Financial liabilities (continued)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

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

3.14 Employee benefits

The Company operates a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The Company's gratuity plan is unfunded, the defined benefit obligation of which is determined annually by a qualified actuary using the projected unit credit method at each reporting date. Re-measurement of defined benefit obligation, which comprises of actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. The Company determines the net interest expenses on the net defined benefit obligation, taking into account any changes in the defined benefit liability during the period as a result of contribution and benefit payments. Net interest expenses related to defined benefit plan are recongised in "Interest expense" in the statement of profit or loss and other comprehensive income.

4 Critical accounting judgments and key sources of estimation uncertainty

4.1 Critical judgements in applying accounting policies

The following is the critical judgement (apart from those involving estimations, which are dealt with below) that the management has made in the process of applying the Company's accounting policies, which are described in Note 3 to the financial statements, and that has the most significant effect on the amounts recognised in the financial statements.

Warranties

The Company's Original Equipment Manufacturer ("OEM") generally warrants the products distributed by the Company and these are assurance warranties provided in the normal course of business relating to product performance. The Company generally does not independently warrant the products it distributes and therefore management does not consider that any provisions for warranties or claims are required.

4.2 Key sources of estimation uncertainty

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

Provision for impairment of trade receivables

The Company reviews its receivables to assess adequacy of provisions at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether provisions should be recognised, the Company makes an estimate of the collectible amount when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of time past due, based on ECL on such receivables.

Calculation of loss allowance

When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product group level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle, product pricing, physical deterioration and quality issues. Based on the above factors, the Company has

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

4.2 Key sources of estimation uncertainty (continued)

arrived at certain percentages for allowance for slow-moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Customer incentive

The Company accrues for rebates for its customers based on contracted percentages on the total sales made during the year and based on fulfilment of the related obligations, which require management to ascertain whether these obligations have been met by its customers during the period of agreement. This requires management knowledge of all customers for whom these connected commitments are in place in order to ensure that the accrual is complete.

5 Leases (the Company as Lessee)

The Comapny leases several assets involving office premises. The average lease term is 2 years.

Movement of the recognised right-of-use assets during the year:

	AED
Balance as at 1 April 2019 (restated)	**10,292,804**
Depreciation for the year (Note 17)	**(2,584,678)**
Balance as at 31 March 2020	**7,708,126**

6 Lease liabilities

Lease liabilities recognised and maturity analysis:

	31 March 2020	1 April 2019*
	AED	AED
Amount due for settlement within 12 months		
Not later than 1 year (shown under current liabilities)	**1,821,369**	-
Amount due for settlement after 12 months		
Later than 1 year and not later than 5 years	**5,997,630**	-
	7,818,999	-

*Amount as at 1 April 2019 amounted to nil.

6 Lease liabilities (continued)

Movement in lease liabilities is as follows:

	2020
	AED
As at the date of initial application	**10,360,197**
Amortization of interest expense during the year	**373,527**
Additions during the year	**48,956**
Repayment of lease liabilities during the year	**(2,963,681)**
As at the end of the year	**7,818,999**

7 Property and equipment

	Furniture and fixtures	Leasehold improvements	Office Equipment	Total
	AED	AED	AED	AED
Cost				
At 1 April 2018	3,554,129	431,200	4,706,649	8,691,978
Additions	218,380	-	1,120,034	1,338,414
Disposals	(273,277)	-	(343,815)	(617,092)
At 31 March 2019	3,499,232	431,200	5,482,868	9,413,300
Additions	-	-	329,032	329,032
Disposals	(294,357)	-	(102,367)	(396,724)
At 31 March 2020	**3,204,875**	**431,200**	**5,709,533**	**9,345,608**
Accumulated depreciation				
At 1 April 2018	2,972,004	431,200	3,183,614	6,586,818
Depreciation expense	232,127	-	976,986	1,209,113
Disposals	(273,277)	-	(316,250)	(589,527)
At 31 March 2019	2,930,854	431,200	3,844,350	7,206,404
Depreciation expense	215,134	-	789,425	1,004,559
Disposals	(294,357)	-	(92,857)	(387,214)
At 31 March 2020	**2,851,631**	**431,200**	**4,540,918**	**7,823,749**
Carrying amount				
At 31 March 2020	**353,244**	**-**	**1,168,615**	**1,521,859**
At 31 March 2019	568,378	-	1,638,518	2,206,896

Included in the cost of property and equipment as at 31 March 2020 are fully depreciated assets amounting to AED 4,928,559 (2019: AED 4,928,559) which are still in use.

8 Investment in subsidiaries

Effective 2 December 2018, the Company sold investment in subsidiaries for a consideration of AED 3,901,160 to Redington Dsitribution Pte. Ltd., a subsidiary of the ultimate controlling party. The gain arising from the sale of the investment in subsidiaries amounted to AED 3,700,769. The investment in subsidiaries comprise the Company's legal ownership interest of 49% (beneficial ownership of 100%) in Redington Qatar Company W.L.L., Doha, Qatar, and Redington Distribution Qatar WLL, Doha, Qatar. The subsidiaries were registered in August 2003 and August 2007 in Doha, Qatar, respectively. The Company owned less than 50% of the equity shares but it has the power over the investee to direct its relevant activities, exposure to variable returns and the ability to use its power over the investee to affect the amount of the returns and therefore exercise effective control.

	2020	2019
	AED	AED
At 1 April	**-**	200,391
Disposals during the year	**-**	(200,391)
	-	-

9 Inventories

	2020	2019
	AED	AED
Goods held for sale	**241,662,672**	97,191,868
Allowance for slow-moving inventories	**(12,222,357)**	(150,162)
Goods in transit	**3,839**	976
	229,444,154	97,042,682

Movement in allowance for slow-moving inventories:

	2020	2019
	AED	AED
Balance at the beginning of the year	**150,162**	194,024
Charge/(reversal) during the year (Note 18)	**12,072,195**	(43,862)
Balance at the end of the year	**12,222,357**	150,162

10 Related party transactions

The Company enters into transactions with the Parent Company, companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise the Parent Company, companies and entities under common ownership and/or common management and control, key management personnel and shareholders. The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges.

a) At the end of the reporting period, amounts due from related parties were as follows:

	2020	2019
	AED	AED
Due from related parties		
Entities under common control/ownership	**8,091,728**	120,084,840
	8,091,728	120,084,840

The management of the Company estimates the allowance on due from related party balances at each reporting date at an amount equal to lifetime ECL. None of the receivable balances from related parties at each reporting date are past due, and taking into account the historical default experience and the future prospects of the industries in which the related parties operate, management of the Company consider that no related party balances are impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowance for balances due from related parties. The settlement of the related party balances is guaranteed by the ultimate controlling party through their centralised treasury process.

b) At the end of the reporting period, amounts due to related parties were as follows:

	2020	2019
	AED	AED
Due to related parties		
Parent Company	**428,281,096**	331,102,944
Entities under common control/ownership	**12,289,410**	229,749
	440,570,506	331,332,693

Balances with related parties are all current, interest-free, unsecured and have no fixed repayment terms.

10 Related party transactions (continued)

c) Transactions

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

	2020	2019
	AED	AED
Sales	**407,737,066**	989,257,129
Purchases	**1,276,442,776**	1,294,365,112
Rebates	**286,500,302**	230,931,250
Recharge of back-office support services (Note 18)	**12,332,203**	13,138,383
Employees' end-of-service indemnity transferred (to)/from a related party (Note 15)	**(93,780)**	142,091
Inventories transferred	**-**	44,093,303
Dividend income	**-**	1,886,017

Rebates
Rebates relate to the backend income allocated by the Parent Company. Backend income is centralised at the Parent Company as it receives directly the backend income from the third party suppliers. Hence, backend income is transferred by the Parent Company directly to the Company rather than routing it through the related parties from whom the Company makes its sales and purchases.

Back-office support services
The Company entered into an agreement with a related party for the recharge of the back-office support services for an amount equal to cost with a mark-up of 20%. The back-office support services include but are not limited to personnel costs, depreciation on property and equipment, rental costs, postage charges, telecommunication and processing costs, electricity and maintenance expenses, legal and accounting fees and expenses, other costs of operation and other out-of-pocket expenses.

d) Compensation of key management personnel

The Company is managed directly by the key management personnel of the Parent Company, which does not recharge key management remuneration to the Company.

11 Trade and other receivables

	2020	2019
	AED	AED
Trade receivables	**250,988,663**	161,657,557
Less: Expected credit losses	**(29,560)**	(29,560)
	250,959,103	161,627,997
Prepayments	**1,284,179**	1,700,316
Refundable deposits	**781,336**	701,236
Margin deposits	**116,315**	192,965
Other receivables	**1,316,203**	2,080,962
	254,457,136	166,303,476

The average credit period on sales of goods is 30 days (2019: 30 days). No interest is charged on outstanding trade receivables.

At 31 March 2020, five customers accounted for 42% (2019: six customers accounted for 55%) of total trade receivables. There are no other customers who represent more than 5% of the total balance of trade receivables as at year-end.

The Company measured the allowance for doubtful debts at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

11 Trade and other receivables (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	Collectively assessed	**Individually assessed**	**Total**
	AED	**AED**	**AED**
Balance at beginning of the year	**-**	**56,254**	**56,254**
Expected credit losses (Note 18)	**-**	**153,762**	**153,762**
Written off during the year	**-**	**(180,456)**	**(180,456)**
Balance as at 31 March 2019	**-**	**29,560**	**29,560**
Expected credit losses (Note 18)	**-**	**24,478**	**24,478**
Written off during the year	**-**	**(24,478)**	**(24,478)**
Balance as at 31 March 2020	**-**	**29,560**	**29,560**

As at 31 March 2020, the trade receivables amounting to AED 29,560 was impaired for more than one year (2019: trade receivables amounting to AED 29,560 was impaired for more than 90 days but less than one year).

12 Cash and cash equivalents

	2020	2019
	AED	AED
Cash on hand	**51,756**	119,302
Bank balances - current accounts	**3,990,496**	14,969,564
	4,042,252	15,088,866

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, the management of the Company estimates the loss allowance on balances with banks at the reporting date at an amount equal to lifetime ECL.

None of the balance with bank at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

13 Share capital

	2020	2019
	AED	AED
Authorised, issued and paid up share capital:		
300 shares of AED 1,000	**300,000**	300,000

14 Statutory reserve

In accordance with the U.A.E. Federal Law No. (2) of 2015, as amended, the Company has established a statutory reserve by appropriating 10% of net profit for each year until the reserve equals 50% of the share capital of the Company. The statutory reserve equals 50% of the share capital as at the reporting date, therefore, there has not been any appropriation during the year. This reserve is not available for distribution except in the circumstances stipulated by the Law.

15 Provision for employees' end-of-service indemnity

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The Company's obligation towards gratuity is a defined benefit plan and the details of actuarial valuation at the reporting date are as follows:

	2020	2019
	AED	AED
Balance at the beginning of the year	**9,348,815**	7,791,460
Charge for the year	**1,912,712**	2,171,166
Net interest cost	**378,789**	-
Actuarial loss on obligation	**581,503**	-
Payments during the year	**(1,363,669)**	(755,902)
Transferred (to)/ from a related party [Note 10(c)]	**(93,780)**	142,091
Balance at the end of the year	**10,764,370**	9,348,815

Principal assumptions used for purposes of the actuarial valuation:

	2020	2019
Discount rate	**3.00%**	4.10%
Salary escalation rate	**3.00%**	3.00%
Mortality rate	**Per AM (80) table**	Per AM (80) table
Withdrawal rate	**19.00%**	20.00%

15 Provision for employees' end-of-service indemnity (continued)

The sensitivity analysis has been determined based on the exposure to discount rates, salary escalation rate, mortality rate and withdrawal rate. The sensitivity rate applied by the Company to ascertain the impact in one of the actuarial assumptions, keeping other assumptions constant, on the defined benefit obligation is as follows:

	Increase/(decrease)	
	2020	2019
	AED	AED
Increase of 1% in assumptions		
Discount rate	**(721,225)**	(558,458)
Salary escalation rate	**881,272**	684,326
Decrease of 1% in assumptions		
Discount rate	**830,563**	(608,347)
Salary escalation rate	**(779,417)**	(1,949,792)

16 Trade and other payables

	2020	2019
	AED	AED
Accrued expenses	**18,338,182**	14,597,957
Advances from customers	**3,320,970**	27,409,214
Value added tax	**9,489,772**	7,204,925
	31,148,924	49,212,096

17 General and administrative expenses

	2020	2019
	AED	AED
Staff salaries and benefits	**20,934,719**	18,518,274
Depreciation of right-of-use assets (Note 5)	**2,584,678**	-
Insurance	**1,366,895**	864,657
Depreciation of property and equipment (Note 7)	**1,004,559**	1,209,113
Legal and professional	**948,503**	542,249
Bank charges	**515,511**	803,417
Security	**363,600**	347,690
Amortisation of intangible assets	**4,768**	8,151
Others	**223,739**	251,832
	27,946,972	22,545,383

18 Selling and distribution expenses

	2020	2019
	AED	AED
Staff salaries and benefits	**38,878,763**	34,391,081
Back-office support services [Note 10(c)]	**12,332,203**	13,138,383
Allowance/(reversal of allowance) for slow-moving inventories	**12,072,195**	(43,862)
Sales promotion	**9,140,595**	6,811,761
Travelling expenses	**4,490,749**	4,503,738
Freight outwards	**1,876,621**	2,281,782
Communication	**1,008,871**	938,208
Warehouse expense	**538,998**	724,409
Repairs and maintenance	**354,353**	778,419
Expected credit losses (Note 11)	**24,478**	153,762
Rent (Note 19)	**-**	2,332,083
Others	**542,646**	583,968
	81,260,472	66,593,732

19 Operating lease commitments

The Company as a lessee:

	31 March 2020	1 April 2019
	AED	AED
Minimum lease payments under operating lease recognised as expense in the year (Note 18)	**-**	2,332,083

As at the reporting date, the Company had outstanding commitment under non-cancellable operating lease, which falls due as follows:

	2020	2019
	AED	AED
Within one year	**-**	2,419,020
	-	2,419,020

20 Financial instruments and risk management

Significant accounting policies

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

20 Financial instruments and risk management (continued)

Categories of financial instruments

31 March 2020

	Financial assets Amortised cost AED	Financial liabilities Amortised cost AED
Cash and cash equivalents (Note 12)	4,042,252	-
Trade and other receivables (Note 11)	253,172,957	-
Due from related parties (Note 10)	8,091,728	-
Trade and other payables (Note 16)	-	18,338,182
Due to related parties (Note 10)	-	440,570,506
Lease liabilities (Note 6)	-	7,818,999

31 March 2019

	Financial assets Amortised cost AED	Financial liabilities Amortised cost AED
Cash and cash equivalents (Note 12)	15,088,866	-
Trade and other receivables (Note 11)	164,603,160	-
Due from related parties (Note 10)	120,084,840	-
Trade and other payables (Note 16)	-	14,597,957
Due to related parties (Note 10)	-	331,332,693

Fair value of financial instruments

The Management determined that the carrying values of financial assets and financial liabilities approximate their fair values in the statement of financial position as at the reporting date.

Financial risk management objectives

The Company's overall financial risk management program which relies on the involvement of senior management, seeks to minimise potential adverse effects of financial performance of the Company. The management provides guidelines for overall financial risk management covering specific areas, such as market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. Periodic reviews are undertaken to ensure that the management's guidelines are complied with.

Interest risk

The Company does not have any significant exposure to interest rate risk as there are no interest-bearing financial instruments.

20 Financial instruments and risk management (continued)

Foreign currency risk

The Company does not have any significant exposure to currency risk as most of their monetary assets are denominated in AED or in US Dollars, on which the U.A.E. Dirham is fixed.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposure to outstanding trade receivables. The management of the Company has implemented centralised procedures for credit control. Credit risk is minimised through a conservative credit policy. Individual counter-party limits are set in accordance with the credit policy.

The Company's exposure to credit risk is closely monitored and the aggregate value of transactions concluded is spread amongst counter-parties. Credit exposure is controlled by counter-party limits that are reviewed and approved by the management regularly. Due to the risk on transactions in the countries in which the Company operates, management will, based on past experience and level of risk associated with these transactions, make an allowance for losses on such transactions should they consider it necessary.

Ongoing credit evaluation is performed on the financial condition of trade receivable. Further details of credit risk on trade receivables are discussed in Note 11 to the financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL
Doubtful	Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

20 Financial instruments and risk management (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the General manager which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All of the Company's financial assets and financial liabilities are due to be settled within one year from the reporting date except for lease liabilities as disclosed in Note 6 to the financial statements.

21 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2019.

Having considered the structure and magnitude of the Company, the management has decided that the capital structure should be limited to equity comprising issued capital, reserve and retained earnings.

22 Contingent liabilities

As at 31 March 2020, the Company had the following contingent liabilities:

	2020	2019
	AED	AED
Letters of guarantee	**100,000**	100,000

23 Non-adjusting events subsequent to the reporting date

a) Outbreak of COVID-19

The outbreak of COVID-19 ("pandemic") is causing significant disruption worldwide resulting in an economic slowdown across the globe.

The Company has considered the possible effects that may result from the pandemic on the recoverability of the carrying amounts of receivables and inventories (collectively the "assets") of the Company. For assessing the recoverability of the assets, the Company has considered assumptions based on internal and external information up to the date of adoption of the financial statements. The Company has performed analysis on the assumptions used and based on current estimates expects that the carrying amount of these assets will be recovered and no material loss would result on this account.

The Management have taken into account the possible effects which could be faced by the business and are satisfied that the Company is a going concern for a period of at least twelve months from the date of approval of these financial statements.

Therefore, the going concern basis of accounting in preparing the financial statements continues to be adopted.

b) Transfer of operations from a related party

Effective 1 April 2020, the Management of the Parent Company decided to transfer the operations of a related party, Ensure Middle East Trading L.L.C., Dubai, U.A.E. The related party is a 100% beneficially owned subsidiary of the Parent Company with legal ownership of 49% and with principal activity of providing IT hardware support and maintenance services and trading of computer equipment requisites. On 13 April 2020, the remaining inventories of the related party amounting to AED 3,681,765 has been transferred to the Company at cost while the other assets and liabilities of the related party were retained in the books of the related party.

CDW International Trading FZCO
Dubai Airport Free Zone
Dubai, United Arab Emirates

Report and financial statements
For the year ended 31 March 2020

CDW International Trading FZCO

Table of contents

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INDEPENDENT AUDITOR'S REPORT

The Shareholder
CDW International Trading FZCO
Dubai Airport Free Zone
Dubai
United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **CDW International Trading FZCO, Dubai Airport Free Zone, Dubai, United Arab Emirates** (the "Establishment"), which comprise the statement of financial position as at 31 March 2020, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Establishment as at 31 March 2020, 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 (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with other ethical requirements that are relevant to our audit of the Establishment's financial statements in the United Arab Emirates (U.A.E.) 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 for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Articles of Association of the Establishment and the Dubai Airport Free Zone Law No. 25 of 2009, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Cont'd…

Deloitte.

INDEPENDENT AUDITOR'S REPORT (continued)

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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Establishment to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

Report on Other Legal and Regulatory Requirements

Further, we report that the financial statements of the Establishment comply, in all material respects, with the applicable provisions of the Dubai Airport Free Zone Law No. 25 of 2009.

Deloitte & Touche (M.E.)

Cynthia Corby
Registration No.: 995

Dubai
United Arab Emirates

CDW International Trading FZCO

Statement of financial position
As at 31 March 2020

	Notes	2020 AED	2019 AED
ASSETS			
Non-current assets			
Equipment		**1,595**	2,805
Right-of-use assets	5	**66,820**	-
Total non-current assets		**68,415**	2,805
Current assets			
Inventories	8	-	737,924
Trade and other receivables	9	**11,099**	206,621
Due from a related party	7	**1,494,015**	114,248,502
Cash and cash equivalents	10	**32,504**	934,280
Total current assets		**1,537,618**	116,127,327
Total assets		**1,606,033**	116,130,132
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**1,000**	1,000
Retained earnings		**1,544,044**	1,632,286
Total equity		**1,545,044**	1,633,286
LIABILITIES			
Current liabilities			
Trade and other payables	12	**8,277**	981,241
Due to related parties	7	-	113,515,605
Lease liabilities	6	**52,712**	-
Total current liabilities		**60,989**	114,496,846
Total liabilities		**60,989**	114,496,846
Total equity and liabilities		**1,606,033**	116,130,132

These financial statements were approved and authorised for issue by:

Suram

Director

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

CDW International Trading FZCO

Statement of profit or loss and other comprehensive income
For the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Revenue		**149,942,889**	475,399,078
Cost of revenue		**(149,490,714)**	(474,048,730)
Gross profit		**452,175**	**1,350,348**
General and administrative expenses	13	**(413,973)**	(53,786)
Selling and distribution expenses	14	**(128,485)**	(226,703)
Other income/(expense) - net		**4,769**	(2,908)
Interest expense		**(2,728)**	-
(Loss)/Profit for the year		**(88,242)**	**1,066,951**
Other comprehensive income for the year		**-**	-
Total comprehensive (loss)/income for the year		**(88,242)**	**1,066,951**

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

CDW International Trading FZCO

Statement of changes in equity
For the year ended 31 March 2020

	Share capital AED	Retained earnings AED	Total AED
At 1 April 2018	1,000	565,335	566,335
Profit for the year	-	1,066,951	1,066,951
At 31 March 2019	1,000	1,632,286	1,633,286
Loss for the year	-	(88,242)	(88,242)
At 31 March 2020	**1,000**	**1,544,044**	**1,545,044**

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

CDW International Trading FZCO

Statement of cash flows
For the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Cash flows from operating activities			
(Loss)/Profit for the year		**(88,242)**	1,066,951
Adjustments for:			
Depreciation of equipment		**1,210**	1,210
Depreciation of right-of-use assets	5	**53,457**	-
Interest expense	6	**2,728**	-
Operating cash flows before changes in operating assets and liabilities		**(30,847)**	1,068,161
Changes in working capital:			
Decrease in inventories	8	**737,924**	258,148
Decrease/(increase) in trade and other receivables	9	**181,790**	(41,370,746)
Decrease in due from related parties	7	**112,754,487**	2,228,421
(Decrease)/increase in trade and other payables	12	**(972,964)**	37,834,497
(Decrease)/increase in due to related parties	7	**(113,515,605)**	908,800
Net cash (used in)/from operating activities		**(845,215)**	927,281
Cash flows from financing activities			
Repayment of principal portion of lease lability		**(53,833)**	-
Repayment of interest portion of lease liability		**(2,728)**	-
Net cash used in financing activities		**(56,561)**	-
Net (decrease)/increase in cash and cash equivalents		**(901,776)**	927,281
Cash and cash equivalents at the beginning of the year		**934,280**	6,999
Cash and cash equivalents at the end of the year	10	**32,504**	934,280

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

1 General operations

CDW International Trading FZCO (the "Establishment"), is registered in Dubai Airport Free Zone, United Arab Emirates (U.A.E.) as a Free Zone Company. The Establishment is a wholly owned subsidiary of Cadensworth FZE, Dubai, U.A.E. (the "Parent Company"). The Parent Company is a wholly owned subsidiary of Redington Gulf FZE, Dubai, U.A.E. The ultimate controlling party is Redington (India) Limited, India.

The Establishment's principal activity is the distribution of information technology products and spare parts for global vendors in the Middle East. The address of the registered office of the Establishment is P.O. Box 371554, Dubai Airport Free Zone, Dubai, U.A.E.

Effective 9 May 2018, the Establishment's name was changed from CDW International Trading FZE to CDW International Trading FZCO.

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

2.1 New and amended IFRS Standards that are effective for the current year

In the current year, the Establishment, for the first time, has adopted IFRS 16 Leases (as issued by the IASB in January 2016). The standard replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases - Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Therefore, IFRS 16 does not have an impact for leases where the Establishment is the lessor. Details of these new requirements are described in Note 4 to the financial statements. The impact of the adoption of IFRS 16 on the Establishment's financial statements is described below:

The date of initial application of IFRS 16 for the Establishment is 1 April 2019.

The Establishment has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. The Establishment does not restate any comparative information. Instead, the Establishment recognised a right to use the leased asset equal to the lease liability, which is equivalent to the present value of the future lease payments plus directly attributable costs and is amortised over the useful life.

Impact of the new definition of a lease

The Establishment has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 April 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease based on whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Establishment applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

1 April 2019 (whether it is a lessor or a lessee in the lease contract).

Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the Establishment accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Establishment:

a) recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;
b) recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss and other comprehensive income; and
c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts. For short term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Establishment has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the statement of profit or loss and other comprehensive income.

The Establishment has used the following practical expedients when applying the cumulative catch-up approach to leases:

a) The Establishment has applied a single discount rate to its portfolio of leases given that its leases have reasonably similar characteristics.
b) The Establishment has excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
c) The Establishment has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
d) The Establishment has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Financial impact of initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the year ended 31 March 2020.¶

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact on assets, liabilities and equity as at 1 April 2019

	As previously reported	IFRS 16 adjustments	As at 1 April 2019
Right-of-use assets	-	**120,277**	**120,277**
Prepayments	13,732	**(13,732)**	**-**
Net impact on total assets	13,732	**106,545**	**120,277**
Lease liabilities	-	**106,545**	**106,545**
Net impact on total liabilities	-	**106,545**	**106,545**
Retained earnings		**-**	

Impact on statement of profit or loss during the year

	2020 AED
Increase in depreciation expenses	**53,457**
Increase in interest expense on lease liabilities	**2,728**
Decrease in other (rental) expenses	**(54,910)**
Decrease in profit for the year	**1,275**

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact on statement of cash flows during the year

	2020 AED
Lease payments:	
Principal	**53,833**
Interest paid	**2,728**
Net cash used in financing activities (Note 6)	**56,561**

Impact of initial application of other amendments to IFRS with no material effect on the financial statements

In the current year, the Establishment has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 April 2019.

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IFRS 9 Prepayment Features with Negative Compensation and Modification of financial liabilities The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.	1 January 2019
Amendments to IAS 28 Investment in Associates and Joint Ventures: Relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	1 January 2019
Annual Improvements to IFRSs 2015-2017 Cycle Amendments to IAS 12 Income Taxes, IAS 23 Borrowing Costs, IFRS 3 Business Combinations and IFRS 11 Joint Arrangements The Annual Improvements include amendments to Four Standards.	1 January 2019

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
i) IAS 12 Income Taxes	1 January 2019
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	
ii) IAS 23 Borrowing costs	1 January 2019
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	
iii) IFRS 3 Business Combinations	1 January 2019
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.	
iv) IFRS 11 Joint Arrangements	1 January 2019
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.	
Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements.	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:	

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
• Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances.	

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 April 2019.

2.2 New and revised IFRS in issue but not yet effective

The Establishment has not applied the following new and amended IFRSs that have been issued but are not yet effective.

New and revised IFRSs	***Effective for annual periods beginning on or after***
Definition of Material - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'	1 January 2020
Definition of a Business – Amendments to IFRS 3 Business Combinations The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	1 January 2020
Amendments to References to the Conceptual Framework in IFRS	1 January 2020

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Standards Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	
IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments Amendments regarding pre-replacement issues in the context of the IBOR reform.	1 January 2020
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at 1 January 2021.	1 January 2021

Management anticipates that these new standards, interpretations and amendments will be adopted in the Establishment's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Establishment in the year of initial application.

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

3.2 Basis of preparation

The financial statements are prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The significant accounting policies adopted are set out below.

3.3 Revenue recognition

The Establishment recognises revenue from contracts with customers based on a five-step

3 Significant accounting policies (continued)

3.3 Revenue recognition (continued)

model as set out in IFRS 15:

1) Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.
2) Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3) Determine the transaction price: The transaction price is the amount of consideration to which the Establishment expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4) Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Establishment will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Establishment expects to be entitled in exchange for satisfying each performance obligation.
5) Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Establishment allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Establishment's efforts or inputs to the satisfaction of the performance obligations.

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

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

3.4 Leases

Leases (policy with respect to leases adopted from 1 April 2019)

The Establishment as lessee

The Establishment assesses whether contract is or contains a lease, at inception of the contract. The Establishment recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Establishment recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this

3 Significant accounting policies (continued)

3.4 Leases (continued)

rate cannot be readily determined, the Establishment uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Establishment remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Establishment made one adjustment during the period presented arising from the changes in lease payments agreed with the lessor.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Establishment expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line item in the statement of financial position.

The Establishment applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the ‘Equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of

3 Significant accounting policies (continued)

3.4 Leases (continued)

the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss and other comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Establishment has not used this practical expedient.

Leases (policy with respect to leases applied before 1 April 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Establishment as lessee

Assets held under finance leases are initially recognised as assets of the Establishment at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

3.5 Foreign currencies

The financial statements of the Establishment are presented in the currency of the primary economic environment in which the Establishment operates. For the purpose of the financial statements, the results and financial position of the Establishment are expressed in Arab Emirates Dirhams (AED), which is the functional currency of the Establishment, and the presentation currency for the financial statements.

In preparing the financial statements of the Establishment, transactions in currencies other than the Establishment's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss and other comprehensive income.

3.6 Equipment

Equipment is stated at cost less accumulated depreciation and any identified impairment

3 Significant accounting policies (continued)

3.6 Equipment (continued)

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

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives using the straight-line method as follows:

	Useful lives
Office Equipment	5 years

The estimated useful lives and depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for as a prospective basis.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss and other comprehensive income.

3.7 Impairment of tangible assets

At the reporting date, the Establishment reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Establishment estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3 Significant accounting policies (continued)

3.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes purchase costs and other related expenses incurred in bringing the inventories to their present condition and location. Cost is calculated using weighted average cost method. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

3.9 Provisions

Provisions are recognised when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that the Establishment will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.10 Financial instruments

Financial assets and financial liabilities are recognised when the Establishment becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.11 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is

3 Significant accounting policies (continued)

3.11 Financial assets (continued)

the amortised cost of a financial asset before adjusting for any loss allowance.

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting dates, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Establishment recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Impairment of financial assets

The Establishment always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit loss on this financial asset is estimated using a provision matrix based on the Establishment's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Establishment recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Establishment measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Establishment compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Establishment considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is

3 Significant accounting policies (continued)

3.11 Financial assets (continued)

available without undue cost or effort.

Despite the aforegoing, the Establishment assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

• the financial instrument has a low risk of default;

• the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

• adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Establishment regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Establishment employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Establishment.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

• significant financial difficulty of the issuer or the borrower;

• a breach of contract, such as a default or past due event (see (ii) above);

• the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

• it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

• the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Establishment writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at

3 Significant accounting policies (continued)

3.11 Financial assets (continued)

default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Establishment's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Establishment in accordance with the contract and all the cash flows that the Establishment expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Establishment derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Establishment neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Establishment recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Establishment retains substantially all the risks and rewards of ownership of a transferred financial asset, the Establishment continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

3.12 Financial liabilities and equity instruments

Financial liabilities

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

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction

3 Significant accounting policies (continued)

3.12 Financial liabilities and equity instruments (continued)

costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

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

4 Critical accounting judgments and key sources of estimation uncertainty

4.1 Critical judgements in applying accounting policies

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

Warranties

The Establishment's Original Equipment Manufacturer ("OEM") generally warrants the products distributed by the Establishment and these are assurance warranties provided in the normal course of business relating to product performance. The Establishment generally does not independently warrant the products it distributes and therefore management does not consider that any provisions for warranties or claims are required.

Going concern

The Establishment's management has made an assessment of the Establishment's ability to continue as a going concern and is satisfied that the Establishment has the resources to continue in business for the foreseeable future. The shareholder of the Parent Company have committed to provide necessary financial support to the Establishment to enable it to continue its operations and settle its obligations as and when they fall due. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Establishment's ability to continue a going concern. Therefore, the financial statements are prepared on a going concern basis.

4.2 Key sources of estimation uncertainty

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

Allowance for slow-moving inventories

Inventories are stated at the lower of cost and net realisable value (net of price protection rebates). Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product group level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle, product pricing, physical deterioration and quality issues. Based

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

4.2 Key sources of estimation uncertainty (continued)

on the above factors, the Establishment has arrived at certain percentages for allowance for slow- moving inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Calculation of loss allowance

When measuring ECL, the Establishment uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Establishment would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

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

5 Leases (the Establishment as Lessee)

The Establishment leases several assets including motor vehicles. The average lease term is 2 years.

Right-of-use assets

Movement during the year is as follows:

	AED
Balance as at 1 April 2019 (restated)	**120,277**
Depreciation expense (Note 13)	**(53,457)**
Balance as at 31 March 2020	**66,820**

6 Lease liabilities

	31 March 2020	1 April 2019*
	AED	AED
Amount due for settlement within 12 months		
Not later than 1 year (shown under current liabilities)	**52,712**	-

6 Lease liabilities (continued)

	2020
	AED
As at the date of initial application	**106,545**
Amortization of interest expense during the year	**2,728**
Repayment of lease liabilities during the year	**(56,561)**
As at the end of the year	**52,712**

7 Related party transactions

The Establishment enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control and key management personnel.

The management decides on the terms and conditions of the transactions and of services received/rendered from/to related parties as well as on other charges.

a) At the end of the reporting period, amounts due from related parties were as follows:

	2020	2019
	AED	AED
Due from a related party		
Redington Gulf FZE	**1,494,015**	114,248,502
	1,494,015	114,248,502

b) At the end of the reporting period, amounts due to related parties were as follows:

	2020	2019
	AED	AED
Due to related parties		
Entities under common control/ownership	**-**	113,515,605
	-	113,515,605

Balances with related parties are all current, interest-free, unsecured and have no fixed repayment terms.

7 Related party transactions (continued)

c) Transactions

The following is a summary of transactions with related parties, which are included in the financial statements:

	2020	2019
	AED	AED
Purchases	**174,960,442**	541,752,668
Rebates	**26,215,001**	68,000,000
Recharge of staff salaries and benefits (Note 13)	**332,574**	-

Rebates relate to the backend income allocated by Redington Gulf FZE (RGF). Backend income is centralized at RGF as it receives the backend income directly from third party suppliers. Hence, backend income is transferred by RGF directly to the Establishment rather than routing it through the related parties from whom the Establishment makes its purchases.

Effective during the year ended 31 March 2020, staff salaries and benefits are recharged to the Establishment where employees are shared resources between related parties.

d) Compensation of key management personnel

The remuneration of key management personnel are paid by Redington Gulf FZE and are not recharged to the Establishment.

e) The Establishment has determined that the amounts due from a related party does not carry a credit risk and hence no expected or specific loss allowance is required on this balance. In the process of making this determination, the Establishment has considered the terms underlying this balance, historical default rate, the ability of the related party to settle this balance when due and the right of set off on a Group basis. The balance due from a related party is repayable on demand and there is no historical default rate. The settlement of the related party balance is guaranteed by the ultimate controlling party through their centralized treasury process.

8 Inventories

	2020	2019
	AED	AED
Goods held-for-sale	**-**	737,924

9 Trade and other receivables

	2020	2019
	AED	AED
Trade receivables	**-**	183,913
Prepayments	**4,516**	22,708
Other receivables	**6,583**	-
	11,099	206,621

At 31 March 2019, one customer accounted for 100% of trade receivables balance and the average credit period was 30 days.

At at 31 March 2019, the Establishment measured the expected credit losses at an amount equal to lifetime ECL. The ECL on trade receivables were estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that were specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

As at 31 March 2019, the trade receivables balance was current and did not comprise of any impaired trade receivables. As the Establishment's historical credit loss experience did not show significantly different loss patterns for different customer segments, the expected credit losses based on past due status was not further disaggregated between the Establishment's different customer base.

10 Cash and cash equivalents

	2020	2019
	AED	AED
Cash on hand	**42**	47
Bank balances - current account	**32,462**	934,233
	32,504	934,280

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank of U.A.E. Accordingly, the management of the Establishment estimates the loss allowance on balances with bank at the reporting date at an amount equal to 12 month ECL. None of the balances with bank at the reporting date are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Establishment have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

11 Share capital

	2020	2019
	AED	AED
Authorised, issued and fully paid up share capital of 10 shares of AED 100	**1,000**	1,000

12 Trade and other payables

	2020	2019
	AED	AED
Accrued expenses	**2,960**	28,433
Advances from customers	**5,317**	952,808
	8,277	981,241

13 General and administrative expenses

	2020	2019
	AED	AED
Staff salaries and benefits (Note 7)	**332,574**	-
Depreciation of right-of-use assets (Note 5)	**53,457**	-
Office expenses	**26,044**	31,406
Depreciation of equipment	**1,210**	1,210
Bank charges	**578**	7,703
Repairs and maintenance	**39**	3,158
Professional fees	**-**	9,183
Others	**71**	1,126
	413,973	53,786

14 Selling and distribution expenses

	2020	2019
	AED	AED
Freight outwards	**128,451**	145,252
Rent (Note 16)	**34**	81,451
	128,485	226,703

15 Financial instruments and risk management

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

Categories of financial instruments

31 March 2020

	Financial assets Amortised cost	**Financial liabilities Amortised cost**
	AED	**AED**
Cash and cash equivalents (Note 10)	32,504	-
Due from a related party (Note 7)	1,494,015	-
Accrued expenses (Note 12)	-	2,960
Lease liabilities (Note 6)	-	52,712

31 March 2019

	Financial assets Amortised cost	**Financial liabilities Amortised cost**
	AED	**AED**
Cash and cash equivalents (Note 10)	934,280	-
Due from a related party (Note 7)	114,248,502	-
Trade receivables (Note 9)	183,913	-
Accrued expenses (Note 12)	-	28,433
Due to related parties (Note 7)	-	113,515,605

Fair value measurements

The Management determined that the carrying values of financial assets and financial liabilities approximate their fair values as of the reporting date as these assets and liabilities are substantially due to be realized and settled within a period of one year in the normal

15 Financial instruments and risk management (continued)

course of the Establishment’s business.

Financial risk management objectives

The financial risk management policies are discussed by the management of the Establishment on a regular basis to ensure that these are in line with the overall business strategies and its risk management philosophy. Management sets policies which seek to minimise potential adverse effects of financial performance of the Establishment. The management provides necessary guidance/instructions to the employees covering specific areas, such as market risk (foreign exchange and interest rate risk), credit risk and liquidity risk.

There has been no change to the Establishment’s exposure to these financial risks or the manner in which it manages and measures the risk.

Interest risk

As at 31 March 2020, the Establishment does not have any significant exposure to interest rate risk because the Establishment does not have any interest-bearing liabilities.

Foreign currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in AED.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Establishment. Credit risk arises from credit exposure to outstanding trade receivables. The management of the Establishment has implemented centralised procedures for credit control. Credit risk is minimised through a conservative credit policy. Individual counter-party limits are set in accordance with the credit policy. The Establishment’s exposure to credit risk is closely monitored and the aggregate value of transactions concluded is spread amongst counter-parties. Credit exposure is controlled by counter-party limits that are reviewed and approved by the management regularly. Due to the risk on transactions in the countries in which the Establishment operates, management will, based on past experience and level of risk associated with these transactions, make an allowance for losses on such transactions should they consider it necessary.

Ongoing credit evaluation is performed on the financial condition of trade receivable. Further details of credit risk on trade receivables are discussed in Note 9 to the financial statements.

The credit risk on liquid funds is limited because the counterparty is a bank with high credit-ratings assigned by international credit-rating agencies.

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

15 Financial instruments and risk management (continued)

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired
Doubtful	Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Establishment has no realistic prospect of recovery	Amount is written off

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of directors which has built an appropriate liquidity risk management framework for the management of the Establishment's short, medium and long-term funding and liquidity management requirements. The Establishment manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All of the Establishment's financial assets and financial liabilities are due to be settled within one year from the reporting date.

16 Operating lease commitments

Operating lease - Establishment as lessee

	2020	2019
	AED	AED
Minimum lease payments recognised as expense during the year (Note 13)	**-**	81,451

The Establishment's lease agreement is for a period of one year and is renewable every year. At the reporting date, the Establishment does not have any outstanding commitments under its non-cancellable operating lease.

17 Capital risk management

The Establishment manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the equity balance.

The capital structure of the Establishment consists of equity comprising issued share capital, statutory reserves and retained earnings.

18 Events after the reporting period

The outbreak of COVID-19 ("pandemic") is causing significant disruption worldwide resulting in an economic slowdown across the globe.

The Establishment has considered the possible effects that may result from the pandemic on the recoverability of the carrying amounts of financial assets of the Establishment. For assessing the recoverability of the financial assets, the Establishment has considered assumptions based on internal and external information up to the date of adoption of the financial statements. The Establishment has performed analysis on the assumptions used and based on current estimates expects that the carrying amount of these assets will be recovered and no material loss would result on this account.

The Management have taken into account the possible effects which could be faced by the business and are satisfied that the Establishment is a going concern for a period of at least twelve months from the date of approval of these financial statements.

Therefore, the going concern basis of accounting in preparing the financial statements continues to be adopted.

Redington Gulf FZE
Jebel Ali Free Zone
Dubai, United Arab Emirates

Report and separate financial statements
for the year ended 31 March 2020

Redington Gulf FZE

Table of contents	**<u>Pages</u>**

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INDEPENDENT AUDITOR'S REPORT

The Shareholder
Redington Gulf FZE
Jebel Ali Free Zone
Dubai
United Arab Emirates

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of **Redington Gulf FZE - Jebel Ali Free Zone, Dubai, United Arab Emirates** (the "Establishment") which comprise the separate statement of financial position as at 31 March 2020, and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended and notes to the separate financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Establishment as at 31 March 2020, 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 (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with other ethical requirements that are relevant to our audit of the Establishment's separate 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 for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Cont'd…

INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Redington Gulf FZE (continued)

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

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the separate 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 report. However, future events or conditions may cause the Establishment to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management 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.

Report on Other Legal and Regulatory Requirements

Further, we report that the separate financial statements of the Establishment comply, in all material respects, with the applicable provisions of the Jebel Ali Free Zone Companies Implementing Regulations 2016.

Deloitte & Touche (M.E.)

Cynthia Corby
Registration No.: 995

Dubai
United Arab Emirates

Separate statement of financial position as at 31 March 2020

	Notes	2020 AED	2019 AED
ASSETS			
Non-current assets			
Intangible asset	6	**11,558,927**	14,044,879
Property and equipment	7	**16,978,296**	19,374,509
Right-of-use assets	18	**8,987,620**	-
Investments in subsidiaries	8	**90,585,891**	91,738,486
Deferred tax asset	19(b)	**797,853**	766,909
Loan to a subsidiary	9	**154,366,508**	154,366,508
Total non-current assets		**283,275,095**	280,291,291
Current assets			
Inventories	10	**416,876,727**	518,391,763
Due from related parties	9	**1,240,123,685**	1,117,060,459
Trade and other receivables	11	**374,651,560**	442,405,974
Other financial assets	12	**3,918,590**	3,653,050
Cash and cash equivalents	13	**311,643,075**	160,987,119
Total current assets		**2,347,213,637**	2,242,498,365
Total Assets		**2,630,488,732**	2,522,789,656
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**12,000,000**	12,000,000
Additional paid-in capital		**96,173,863**	96,173,863
Capital reserve		**171,681,370**	171,681,370
Cumulative translation adjustment reserve		**(2,347,677)**	(1,368,951)
Equity-settled employee benefits reserve	23	**13,778,412**	11,588,788
Re-measurement of retirement benefit obligation		**(478,910)**	-
Retained earnings		**752,838,272**	763,251,012
Total Equity		**1,043,645,330**	1,053,326,082
Non-current liabilities			
Provision for employees' end-of-service indemnity	15	**9,870,308**	9,400,655
Lease liabilities	18	**7,680,372**	-
Total non-current liabilities		**17,550,680**	9,400,655
Current liabilities			
Bank borrowings	16	**398,712,755**	9,798,390
Due to related parties	9	**63,500,790**	241,697,291
Income tax payable	19(a)	**5,144,833**	5,080,488
Loan from Parent Company	9	**-**	174,746,250
Trade and other payables	17	**1,100,552,916**	1,028,740,500
Lease liabilities	18	**1,381,428**	-
Total current liabilities		**1,569,292,722**	1,460,062,919
Total Liabilities		**1,586,843,402**	1,469,463,574
Total Equity and Liabilities		**2,630,488,732**	2,522,789,656

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Director

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

Separate statement of profit or loss and other comprehensive income for the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Sales		**6,683,342,983**	6,226,640,314
Cost of sales		**(6,376,488,849)**	(5,904,169,879)
Gross profit		**306,854,134**	322,470,435
General and administrative expenses	20	**(97,875,308)**	(94,265,172)
Selling and distribution expenses	21	**(80,203,765)**	(76,261,989)
Other income - net	22	**1,974,363**	9,914,901
Interest expense		**(19,963,985)**	(20,446,564)
Profit before taxation		**110,785,439**	141,411,611
Income tax expense	19(c)	**(435,706)**	(6,191,993)
Profit for the year		**110,349,733**	135,219,618
Other comprehensive loss for the year:			
Items that may be reclassified subsequently to profit or loss			
Transfer to cumulative translation adjustment reserve		**(978,726)**	(638,754)
Re-measurement of retirement benefit obligation		**(478,910)**	-
Total comprehensive income for the year		**108,892,097**	134,580,864

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

Separate statement of changes in equity for the year ended 31 March 2020

	Share capital AED	Additional paid-in capital AED	Capital reserve AED	Cumulative translation adjustment reserve AED	Equity-settled employee benefits reserve AED	Re-measurement of retirement benefit obligation AED	Retained earnings AED	Total AED
Balance at 1 April 2018	12,000,000	96,173,863	171,681,370	(730,197)	9,041,018	-	714,768,295	1,002,934,349
Other comprehensive loss for the year	-	-	-	(638,754)	-	-	-	(638,754)
Profit for the year	-	-	-	-	-	-	135,219,618	135,219,618
Total comprehensive (loss)/income for the year	-	-	-	(638,754)	-	-	135,219,618	134,580,864
Dividend (Note 28)	-	-	-	-	-	-	(86,736,901)	(86,736,901)
Stock appreciation rights granted to employees (Note 23)	-	-	-	-	2,547,770	-	-	2,547,770
Balance at 31 March 2019	12,000,000	96,173,863	171,681,370	(1,368,951)	11,588,788	-	763,251,012	1,053,326,082
Cumulative effect of first-time adoption of IFRS 16 (Note 2.1)	-	-	-	-	-	-	(217,538)	(217,538)
Balance at 1 April 2019 - restated	12,000,000	96,173,863	171,681,370	(1,368,951)	11,588,788	-	763,033,474	1,053,108,544
Other comprehensive loss for the year	-	-	-	(978,726)	-	-	-	(978,726)
Re-measurement of retirement benefit obligation (Note 15)	-	-	-	-	-	(478,910)	-	(478,910)
Profit for the year	-	-	-	-	-	-	110,349,733	110,349,733
Total comprehensive (loss)/income for the year	-	-	-	(978,726)	-	(478,910)	110,349,733	108,892,097
Dividend (Note 28)	-	-	-	-	-	-	(120,544,935)	(120,544,935)
Stock appreciation rights granted to employees (Note 23)	-	-	-	-	2,189,624	-	-	2,189,624
Balance at 31 March 2020	**12,000,000**	**96,173,863**	**171,681,370**	**(2,347,677)**	**13,778,412**	**(478,910)**	**752,838,272**	**1,043,645,330**

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

Separate statement of cash flows
for the year ended 31 March 2020

	2020 AED	2019 AED
Cash flows from operating activities		
Profit before taxation	**110,785,439**	141,411,611
Adjustments for:		
Current service cost on provision for employees' end-of-service indemnity (Note 15)	**1,226,783**	1,469,139
Depreciation of property and equipment (Note 7)	**3,008,256**	3,592,876
Amortisation of intangible asset (Note 6)	**6,620,865**	7,797,432
Depreciation of right-of-use assets (Note 18)	**1,699,430**	-
Stock appreciation rights granted to employees (Note 23)	**2,189,624**	2,547,770
Expected credit losses (Note 11)	**276,037**	5,031,018
Gain on disposals of property and equipment - net (Note 22)	**(23,307)**	(65,564)
Interest income (Note 22)	**(2,026,535)**	(920,238)
Allowance for slow-moving inventories (Note 10)	**1,119,387**	139,430
Interest expense	**19,963,985**	20,446,564
Operating cash flow before changes in operating assets and liabilities	**144,839,964**	181,450,038
(Increase)/decrease in other financial assets	**(265,540)**	56,707
Decrease in trade and other receivables	**67,373,698**	125,894,441
Decrease/(increase) in inventories	**100,395,649**	(189,865,144)
(Increase)/decrease in due from related parties	**(123,048,010)**	224,069,231
Increase/(decrease) in trade and other payables	**112,043,685**	(36,475,420)
(Decrease)/increase in due to related parties	**(178,196,501)**	68,464,091
Net cash generated from operations	**123,142,945**	373,593,944
Employees' end-of-service indemnity paid (Note 15)	**(1,579,018)**	(855,919)
Taxes paid [Note 19(a)]	**(471,448)**	(5,007,262)
Net cash from operating activities	**121,092,479**	367,730,763
Cash flows from investing activities		
Purchases of property and equipment	**(726,504)**	(1,684,215)
Proceeds from disposals of property and equipment	**137,768**	165,622
Purchases of intangible asset	**(4,134,913)**	(9,500,210)
Interest received	**2,026,535**	99,833
Liquidation/(acquisition) of investments in subsidiaries	**1,152,595**	(3,297,092)
Net cash used in investing activities	**(1,544,519)**	(14,216,062)
Cash flows from financing activities		
Dividend paid (Note 28)	**(120,544,935)**	(86,736,901)
Interest paid	**(54,368,127)**	(50,283,323)
Proceeds from/(repayments of) bank borrowings under trust receipts - net	**348,888,009**	(213,102,507)
Proceeds from bank short-term loans - net	**40,026,356**	-
Repayments of principal portion of lease liabilities (Note 18)	**(1,524,575)**	-
Repayments of interest portion of lease liabilities (Note 18)	**(433,291)**	-
(Repayments of)/proceeds from loan from Parent Company - net	**(180,025,858)**	85,507,201
Net cash from/(used in) financing activities	**32,017,579**	(264,615,530)
Net increase in cash and cash equivalents	**151,565,539**	88,899,171
Cash and cash equivalents at the beginning of the year	**160,987,119**	72,689,697
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	**(909,583)**	(601,749)
Cash and cash equivalents at the end of the year (Note 13)	**311,643,075**	160,987,119
<u>Non-cash transaction:</u>		
Employees' end-of-service indemnity transferred from/(to) related parties (Notes 9 and 15)	**15,216**	(62,688)

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

Notes to the separate financial statements for the year ended 31 March 2020

1. Establishment and operations

a) Redington Gulf FZE is a Free Zone Establishment (the "Establishment") registered on 27 March 2000 pursuant to Law No. 9 of 1992 of Implementing Regulations issued thereunder by the Jebel Ali Free Zone Authority.

b) The immediate Parent and Holding Company is Redington International Mauritius Limited, Mauritius, and the ultimate controlling party is Redington (India) Limited, India.

c) The principal activity of the Establishment is the distribution of information technology and telecommunication products and spare parts, providing hardware support and maintenance services for information technology and telecommunication products.

d) The address of the registered office of the Establishment is P.O. Box 17266, Jebel Ali, Dubai, United Arab Emirates (U.A.E.).

e) The Establishment operates in Kuwait, Iraq and India through its branches, Redington Gulf FZE - Distribution (Kuwait Branch), Ensure Computer Services (Kuwait Branch), Redington Gulf FZE (Iraq Branch) and Redington Gulf FZE (India Branch). These separate financial statements include the financial position and financial performance of the operations of the branches.

f) Details of the Establishment's subsidiaries and sub-subsidiaries as at 31 March 2020 are as follows:

Name of subsidiary	*Place of registration and operation*	*Ownership interest %*	*Beneficial interest %*	*Principal activity*
Cadensworth FZE	Jebel Ali, Dubai, U.A.E.	100	100	Distribution of information technology products and spare parts.
Redington Middle East (L.L.C.) [Note 1(g)]	Dubai, U.A.E.	49	100	Distribution of information technology products, providing hardware support and maintenance services.
Cadensworth United Arab Emirates (LLC) [Note 1(g)]	Dubai, U.A.E.	49	100	Distribution of information technology products, providing hardware support and maintenance services.
Redington Gulf and Co. LLC	Muscat, Oman	70	100	Distribution of information technology products, providing hardware support and maintenance services.

Notes to the separate financial statements for the year ended 31 March 2020 (continued)

1. Establishment and operations (continued)

Name of subsidiary	*Place of registration and operation*	*Ownership interest %*	*Beneficial interest %*	*Principal activity*
Ensure Services Bahrain S.P.C.	Manama, Kingdom of Bahrain	100	100	Providing hardware support and maintenance services.
Ensure Services Arabia LLC	Riyadh, Kingdom of Saudi Arabia	100	100	Providing hardware support and maintenance services.
Redington Gulf FZE Co.	Erbil, Iraq	100	100	Distribution of information technology products, providing hardware support and maintenance services.
Redington Egypt Ltd.	Cairo, Egypt	100	100	Distribution of information technology products, providing hardware support and maintenance services.
Africa Joint Technical Services	Tripoli, Libya	65	100	Providing hardware support and maintenance services.
Redington Morocco Ltd.	Casablanca, Morocco	100	100	Distribution of information technology products, providing hardware support and maintenance services.
Redington Kenya Limited	Nairobi, Kenya	100	100	Distribution of information technology products, providing hardware support and maintenance services.
Redington Kenya (EPZ) Limited	Nairobi, Kenya	100	100	Distribution of information technology products, providing hardware support and maintenance services.
Redington Tanzania Limited	Dar e saalam, Tanzania	100	100	Distribution of information technology products, providing hardware support and maintenance services.
Redington Uganda Limited	Kampala, Uganda	100	100	Distribution of information technology products, providing hardware support and maintenance services.

Notes to the separate financial statements for the year ended 31 March 2020 (continued)

1. Establishment and operations (continued)

Name of subsidiary	*Place of registration and operation*	*Ownership interest %*	*Beneficial interest %*	*Principal activity*
Ensure IT Services (Pty) Ltd.	Johannesburg, South Africa	100	100	Distribution of information technology and telecommunication products, providing hardware support and maintenance services.
Redington Angola Ltd.	Luanda, Angola	100	100	Distribution of information technology products, providing hardware support and maintenance services.
Redington Limited	Accra, Ghana	100	100	Distribution of information technology products, providing hardware support and maintenance services.
Redington Rwanda Ltd.	Kigali, Rwanda	100	100	Distribution of information technology products, providing hardware support and maintenance services.
Redington Turkey Holdings S.A.R.L.	Luxembourg City, Grand Duchy of Luxembourg	100	100	Investment in companies which are engaged in supply chain and related business.
Redington Kazakhstan LLP	Almaty, Kazakhstan	100	100	Distribution of information technology and telecommunication products.
Ensure Gulf FZE	Dubai, U.A.E.	100	100	Providing hardware support and maintenance services.
Proconnect Supply Chain Logistics L.L.C. [Note 1(g)]	Dubai, U.A.E.	49	100	Providing logistic services.
Redington Senegal Limited SARL	Dakar, Senegal	100	100	Distribution of information technology and telecommunication products.
Redington Saudi Arabia Distribution Company	Riyadh, Kingdom of Saudi Arabia	75	100	Distribution of information technology and telecommunication products.

Notes to the separate financial statements
for the year ended 31 March 2020 (continued)

1. Establishment and operations (continued)

Name of subsidiary	*Place of registration and operation*	*Ownership interest %*	*Beneficial interest %*	*Principal activity*
RNDC Alliance West Africa Limited	Lagos, Nigeria	100	100	Distribution of information technology and telecommunication products.
CDW International Trading FZCO	Dubai, U.A.E.	100	100	Distribution of information technology and telecommunication products.
Linkplus Bilgisayar Sistemleri Sanayi ve Ticaret A.S.	Istanbul, Turkey	100	100	Distribution of information technology products.
Redserv Business Solutions Private Limited	Chennai, India	100	100	Business process consulting and outsourcing.
Citrus Consulting Services FZ LLC	Dubai, U.A.E.	84.8	84.8	Software consultancy, customer service, developer, solution provider and support service provider.
Redington Cote d'Ivoire SARL	Abidjan, Cote d'Ivoire	100	100	Distribution of information technology and telecommunication products.

Ensure Gulf FZE has the following subsidiaries:

Name of subsidiary	*Place of registration and operation*	*Ownership interest %*	*Beneficial interest %*	*Principal activity*
Ensure Technical Services (PTY) Ltd.	KwaZulu-Natal, South Africa	100	100	Providing hardware support and maintenance services.
Ensure Middle East Trading L.L.C. [Note 1(g)]	Dubai, U.A.E.	49	100	Providing hardware support and maintenance services.
Ensure Technical Services Kenya Limited	Nairobi, Kenya	100	100	Providing hardware support and maintenance services.
Ensure Technical Services Tanzania Limited	Dar e saalam, Tanzania	100	100	Providing hardware support and maintenance services.
Ensure Services Uganda Limited	Kampala, Uganda	100	100	Providing hardware support and maintenance services.
Ensure Solutions Nigeria Limited	Lagos, Nigeria	99.9	100	Providing hardware support and maintenance services.
Ensure Ghana Limited	Accra, Ghana	100	100	Providing hardware support and maintenance services.

Notes to the separate financial statements
for the year ended 31 March 2020 (continued)

1. Establishment and operations (continued)

Ensure Gulf FZE has the following subsidiaries (continued)

Name of subsidiary	*Place of registration and operation*	*Ownership interest %*	*Beneficial interest %*	*Principal activity*
Ensure Technical Services Morocco Limited (Sarl)	Casablanca, Morocco	100	100	Providing hardware support and maintenance services.
Ensure Middle East Technology Solutions LLC [Note 1(g)]	Abu Dhabi, U.A.E.	49	100	Providing hardware support and maintenance services.

Proconnect Supply Chain Logistics L.L.C. has the following subsidiary:

Name of subsidiary	*Place of registration and operation*	*Ownership interest %*	*Beneficial interest %*	*Principal activity*
ProConnect Saudi LLC	Riyadh, Saudi Arabia	100	100	Providing logistics services.

Redington Egypt Ltd. has the following subsidiaries:

Name of subsidiary	*Place of registration and operation*	*Ownership interest %*	*Beneficial interest %*	*Principal activity*
Redington Distribution Company	Cairo, Egypt	99	100	Distribution of information technology and telecommunication products.
Ensure Services Limited	Cairo, Egypt	99	100	Providing hardware support and maintenance services.

Redington Turkey Holdings S.A.R.L. has the following subsidiary:

Name of subsidiary	*Place of registration and operation*	*Ownership interest %*	*Beneficial interest %*	*Principal activities*
Arena Bilgisayar Sanayi ve Ticaret A.S. [Note 1(g)]	Istanbul, Turkey	49.4	49.4	Distribution of information technology and telecommunication products.

Arena Bilgisayar Sanayi ve Ticaret A.S. has the following subsidiaries:

Name of subsidiary	*Place of registration and operation*	*Ownership interest* %	*Beneficial interest* %	*Principal activities*
Arena International FZE	Dubai, U.A.E	100	100	Computer software trading, computer equipment requisites trading, telephones and telecommunication equipment trading, computer and data processing requisites trading.

Notes to the separate financial statements
for the year ended 31 March 2020 (continued)

1. Establishment and operations (continued)

Arena Bilgisayar Sanayi ve Ticaret A.S. has the following subsidiaries (continued):

Name of subsidiary	*Place of registration and operation*	*Ownership interest*	*Beneficial interest*	*Principal activities*
Online Electronik Ticaret Hizmetleri A.S.	Istanbul, Turkey	100	100	Online electronics retail and market.
Arena Mobile Iletisim Hizmetteri ve Turketici Elektronigi Sanayi ve Ticaret A.S.	Istanbul, Turkey	100	100	Wholesale trade of mobile phones and other mobile devices.
PayNet Odeme Hizmetleri A.S.	Istanbul, Turkey	100	100	Payment intermediation services.
Paynet (Kibris) Odeme Hizmetleri Limited	Gazimagusa, Cyprus	100	100	Payment intermediation services.

g) In entities listed above where the Establishment owns less than 50% of the equity shares, the Establishment is exposed to or has rights to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect its returns and therefore exercises effective control. Consequently, these entities are considered as subsidiaries and sub-subsidiaries of the Establishment.

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and amended IFRS that are effective for the current year

In the current year, the Establishment, for the first time, has adopted IFRS 16 *Leases* (as issued by the IASB in January 2016). The standard replaces the existing guidance on leases, including IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC 15 “Operating Leases - Incentives” and SIC 27 “Evaluating the Substance of Transactions in the Legal Form of a Lease”.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Therefore, IFRS 16 does not have an impact for leases where the Establishment is the lessor. Details of these new requirements are described in Note 4 to the separate financial statements. The impact of the adoption of IFRS 16 on the Establishment’s separate financial statements is described below:

The date of initial application of IFRS 16 for the Establishment is 1 April 2019.

The Establishment has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. The Establishment does not restate any comparative information. Instead, the Establishment recognised a right to use the leased asset equal to the lease liability, which is equivalent to the present value of the future lease payments plus directly attributable costs and is amortised over the useful life.

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and amended IFRS that are effective for the current year (continued)

Impact of the new definition of a lease

The Establishment has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 April 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease based on whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Establishment applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract).

Impact on lessee accounting

Former operating leases

IFRS 16 changes how the Establishment accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Establishment:

a) recognises right-of-use assets and lease liabilities in the separate statement of financial position, initially measured at the present value of future lease payments;
b) recognises depreciation of right-of-use assets and interest on lease liabilities in the separate statement of profit or loss and other comprehensive income; and
c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the separate statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*. This replaces the previous requirement to recognise a provision for onerous lease contracts. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Establishment has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the separate statement of profit or loss and other comprehensive income.

The Establishment has used the following practical expedients when applying the cumulative catch-up approach to leases:

a) The Establishment has applied a single discount rate to its portfolio of leases given that its leases have reasonably similar characteristics.
b) The Establishment has excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
c) The Establishment has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
d) The Establishment has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and amended IFRS that are effective for the current year (continued)

Financial impact of initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the year ended 31 March 2020.

Impact on separate statement of profit or loss

	2020 AED
Increase in depreciation expense (Note 18)	**1,699,430**
Increase in interest expense (Note 18)	**433,291**
Decrease in other expenses	**(1,964,709)**
Decrease in profit for the year	**168,012**

Impact on separate statement of cash flows

	2020 AED
Lease payments:	
Principal	**1,524,575**
Interest paid	**433,291**
Net cash used in financing activities (Note 18)	**1,957,866**

Impact on assets, liabilities and equity as at 1 April 2019

	1 April 2019 AED
Assets	
Right-of-use assets (Note 18)	10,662,272
Prepayments	104,679
Liabilities	
Lease liabilities (Note 18)	10,561,597
Accrued interest (Accrued expenses)	213,534
Net impact on equity	(217,538)

The off-balance sheet lease obligations as at 31 March 2019 are reconciled as follows to the recognized lease liabilities as at 1 April 2019:

	AED
Operating lease commitments disclosed as at 31 March 2019 (Note 29)	6,690,240
Less: Adjustment due to discounting of the commitment at the incremental borrowing rate on 1 April 2019	(864,881)
Lease liability recognised as at 1 April 2019	5,825,359

Notes to the separate financial statements
for the year ended 31 March 2020 (continued)

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and amended IFRS that are effective for the current year (continued)

Financial impact of initial application of IFRS 16 (continued)

The weighted average lessees' incremental borrowing rate applied to lease liabilities recognised in the separate statement of financial position on 1 April 2019 is 4.51%.

The associated right-of-use assets were measured on a modified retrospective basis. Right-of-use assets are measured at the amount equal to the lease liability, further adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the separate statement of financial position as at the reporting period. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use of assets relate to the following types of assets:

	31 March 2020 AED	1 April 2019 AED
Land and buildings	**8,987,620**	10,662,272

Establishment *as a lessee*

a) The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and leases liabilities. It resulted in a decrease in other expense and an increase in depreciation expense and in finance cost.

b) Lease liability on leases previously classified as financing leases under IAS 17 and previously presented within obligations under finance lease is now presented within the lease liabilities in the separate statement of financial position. There has been no change in the liability recognised.

The application of IFRS 16 has an impact on the separate statement of cash flows of the Establishment.

Under IFRS 16, lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities (the Establishment has included these payments as part of payments to suppliers and employees);
- Cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Establishment has opted to include the interest paid as part of operating activities); and
- Cash payments for the principal portion for leases liability, as part of financing activities. Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated from operating activities has increased by AED 168,012 and net cash used in financing activities decreased by AED 1,957,866.

Notes to the separate financial statements
for the year ended 31 March 2020 (continued)

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS applied with no material effect on the separate financial statements

In the current year, the Establishment has applied a number of amendments to IFRS issued by the IASB that are effective for the annual period that begins on 1 April 2019.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these separate financial statements:

New and revised IFRS	***Effective for annual periods beginning on or after***
Amendments to IFRS 9 *Prepayment Features with Negative Compensation and Modification of financial liabilities*	1 January 2019
The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.	
The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.	
Amendments to IAS 28 *Investment in Associates and Joint Ventures*: Relating to long-term interests in associates and joint ventures.	1 January 2019
These amendments clarify that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	
Annual Improvements to IFRSs 2015-2017 *Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*	1 January 2019
The *Annual Improvements* include amendments to four Standards.	
IAS 12 *Income Taxes*	1 January 2019
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	
IAS 23 *Borrowing Costs*	1 January 2019
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS applied with no material effect on the separate financial statements (continued)

New and revised IFRS	***Effective for annual periods beginning on or after***
IFRS 11 *Joint Arrangements*	1 January 2019
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its previously held interests in the joint operation.	
Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*	1 January 2019
The amendments to IAS 19 *Employee Benefits* clarify the accounting for defined benefit plan amendments, curtailments and settlements.	
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances.	

The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

2.3 New and amended IFRS in issue but not yet effective and not early adopted

New and revised IFRS	***Effective for annual periods beginning on or after***
Definition of Material - Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2020
The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those separate financial statements, which provide financial information about a specific reporting entity.’	
Definition of a Business - Amendments to IFRS 3 *Business Combinations*	1 January 2020
The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have ‘the ability to contribute to the creation of outputs’ rather than ‘the ability to create outputs’.	

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.3 New and amended IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRS	***Effective for annual periods beginning on or after***
Amendments to References to the Conceptual Framework in IFRS related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	1 January 2020
IFRS 7 *Financial Instruments: Disclosures* and IFRS 9 - Financial Instruments Amendments regarding pre-replacement issues in the context of the IBOR reform.	1 January 2020
IFRS 17 *Insurance Contracts*	1 January 2022
IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as at 1 January 2022.	
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Establishment's separate financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the separate financial statements of the Establishment in the year of initial application.

3. Presentation of financial statements of the Establishment on a stand-alone basis

These separate financial statements are presented for Redington Gulf FZE on a stand-alone basis as permitted by IAS 27 *Separate Financial Statements*, which requires investments in subsidiaries to be accounted for under the cost method in these separate financial statements. In addition, consolidated financial statements of Redington Gulf FZE and its subsidiaries are separately issued and are available at the Establishment's registered office.

4. Significant accounting policies

Statement of compliance

The separate financial statements are prepared in accordance with IFRS.

Basis of preparation

The separate financial statements are prepared in accordance with the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The significant accounting policies adopted are set out below.

4. Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase costs and other related expenses that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Revenue recognition

The Establishment recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1) Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.
2) Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3) Determine the transaction price: The transaction price is the amount of consideration to which the Establishment expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4) Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Establishment will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Establishment expects to be entitled in exchange for satisfying each performance obligation.
5) Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Establishment satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

The Establishment allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Establishment's efforts or inputs to the satisfaction of the performance obligations.

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

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

Revenue is reduced for customer returns, rebates and other similar allowances.

4. Significant accounting policies (continued)

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any identified impairment loss. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Establishment and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when incurred. Depreciation is charged so as to write off the cost of assets, except for capital work-in-progress, over their estimated useful lives, using the straight-line method, as follows.

	Years
Building	20
Leasehold improvements	3-5
Warehouse equipment	5
Furniture and fixtures	4-5
Motor vehicles	3-5
Office equipment	5-8
Computers	3-5

The estimated useful lives and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for as a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

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

Intangible asset

Cost of software purchased is amortised using the straight-line method over its estimated useful life of 3 years.

Impairment of tangible and intangible assets

At each reporting date, the Establishment reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Establishment estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Notes to the separate financial statements
for the year ended 31 March 2020 (continued)

4. Significant accounting policies (continued)

Impairment of tangible and intangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investments in subsidiaries

A subsidiary is an entity over which the Establishment exercises control. Control is achieved where the Establishment has:

- power over the entity;
- exposure or has rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect its returns.

Investments in subsidiaries are accounted in these separate financial statements of the Establishment using the "cost method" in accordance with IAS 27 *Separate Financial Statements* under which such investments are carried at cost less any impairment in value.

Provisions

Provisions are recognised when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that the Establishment will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee benefits

The Establishment operates a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Establishment's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The Establishment's gratuity plan is unfunded, the defined benefit obligation of which is determined annually by a qualified actuary using the projected unit credit method at each reporting date. Re-measurement of defined benefit obligation, which comprises of actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. The Establishment determines the net interest expenses on the net defined benefit obligation, taking into account any changes in the defined benefit liability during the period as a result of contribution and benefit payments. Net interest expenses related to defined benefit plan are recongised in "Interest expense" in the separate statement of profit or loss and other comprehensive income.

4. Significant accounting policies (continued)

Taxation

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the separate statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Establishment's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Establishment is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Establishment expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. Significant accounting policies (continued)

Taxation (continued)

Value-added taxes

Revenue, expenses and assets are recognised net of the amount of value-added taxes except: where the value-added taxes incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the tax is recognized as part of the acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of value-added taxes included.

The net amount of value-added taxes recoverable from and payable to the tax authority is included as part of "Trade and other receivables" in the separate statement of financial position.

Equity-settled share-based payments

The Establishment operates a number of equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the shares/options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares/options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of shares/options that are expected to vest. At each reporting date, the Establishment revises its estimates of the number of shares/options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in the separate statement of profit or loss and other comprehensive income, with a corresponding adjustment to retained earnings.

The ultimate controlling party, Redington (India) Limited, has granted rights to its equity instruments to the employees of the Establishment and its subsidiaries conditional upon the completion of continuing service with the Establishment for a specified period. The total amount of the grant over the vesting period is determined by reference to the fair value of the equity instruments granted and is recognised in each period as an increase in the investments in the subsidiaries with a corresponding credit to retained earnings.

In the separate financial statements of the subsidiaries, the fair value of the employee services received in exchange for the grant of the equity instruments of the Establishment is recognised as an expense with a corresponding credit to equity.

Foreign currencies

In preparing the separate financial statements of the Establishment, transactions in currencies other than the Establishment's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

4. Significant accounting policies (continued)

Foreign currencies (continued)

For the purpose of presenting the separate financial statements, the assets and liabilities of the Establishment's foreign operations are translated into Arab Emirates Dirhams (AED) using exchange rates prevailing at each reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation is reclassified to profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the Establishment's separate statement of financial position when the Establishment becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the separate statement of profit or loss and other comprehensive income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Notes to the separate financial statements for the year ended 31 March 2020 (continued)

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Establishment always recognises lifetime ECL for trade receivables. The expected credit loss on this financial asset is estimated using a provision matrix based on the Establishment's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Establishment recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Establishment measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Establishment compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Establishment considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Establishment becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Establishment considers the changes in the risk that the specified debtor will default on the contract.

The Establishment regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Establishment assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(a) The financial instrument has a low risk of default,

(b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

(c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

The Establishment employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Establishment.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event (see (ii) above);
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Establishment writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Establishment's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Establishment in accordance with the contract and all the cash flows that the Establishment expects to receive, discounted at the original effective interest rate.

Notes to the separate financial statements for the year ended 31 March 2020 (continued)

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Establishment derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Establishment neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Establishment recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Establishment retains substantially all the risks and rewards of ownership of a transferred financial asset, the Establishment continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

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

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

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

Leases (*policy with respect to leases adopted from 1 April 2019)*

The Establishment as lessee

The Establishment assesses whether contract is or contains a lease, at inception of the contract. The Establishment recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Establishment recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Establishment uses its incremental borrowing rate.

Notes to the separate financial statements
for the year ended 31 March 2020 (continued)

4. Significant accounting policies (continued)

Leases (*policy with respect to leases adopted from 1 April 2019)*

The Establishment as lessee (continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the separate statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Establishment remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Establishment made one adjustment during the period presented arising from the changes in lease payments agreed with the lessor.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Establishment expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line item in the separate statement of financial position.

4. Significant accounting policies (continued)

Leases (*policy with respect to leases adopted from 1 April 2019) (continued)*

The Establishment as lessee (continued)

The Establishment applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the separate statement of profit or loss and other comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Establishment has not used this practical expedient.

Leases *(policy with respect to leases applied before 1 April 2019)*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Establishment as lessee

Assets held under finance leases are initially recognised as assets of the Establishment at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

5. Critical accounting judgments and key sources of estimation uncertainty in applying the Establishment's accounting policies

Critical judgments in applying the Establishment's accounting policies

The following are the critical judgments (apart from those involving estimations, which are dealt with below) that the Board of Directors have made in the process of applying the Establishment's accounting policies, which are described in Note 4 to the separate financial statements, and that have the most significant effect on the amounts recognised in the separate financial statements.

Warranties

The Establishment's Original Equipment Manufacturer ("OEM") generally warrants the products distributed by the Establishment and these are assurance warranties provided in the normal course of business relating to product performance. The Establishment generally does not independently warrant the products it distributes and management does not consider that any provisions for warranties or claims are required.

5. Critical accounting judgments and key sources of estimation uncertainty in applying the Establishment's accounting policies (continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainties at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for general risks

In addition to specific allowance for doubtful debts management had considered it necessary to build an allowance for other risks based on a percentage of third party sales. Such provision is maintained in order to cover the general country related and economic and political risks which may affect customer account balances for which specific allowance has not been made and other receivables. Factors influencing this provision can relate to devaluation of currency in particular countries, unanticipated geopolitical risk which may affect recovery of inventory, cash or receivables. Revisions to this provision would be required if these factors differ from estimates.

Provision for impairment of trade receivables

The Establishment measures the estimated credit losses at an amount equal to lifetime ECL. In assessing whether the credit risk of an asset has significantly increased the Establishment takes into account qualitative and quantitative reasonable and supportable forward-looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Calculation of loss allowance

When measuring ECL, the Establishment uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Establishment would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost and net realisable value (net of price protection rebates). Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product Establishment level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle, product pricing, physical deterioration and quality issues. Based on the above factors, the Establishment has arrived at certain percentages for allowance for slow-moving inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

5. Critical accounting judgments and key sources of estimation uncertainty in applying the Establishment's accounting policies (continued)

Key sources of estimation uncertainty (continued)

Original equipment manufacturer ("OEM") supplier programs

OEM suppliers formulate programs for inventory volume promotion programs and price protection rebates. Inventory volume promotion programs and price protection rebates are recorded as a reduction of cost of sales. The rebates are accrued based on the terms of the program and sales of qualifying products. Some of these programs may extend over one or more reporting periods. The Establishment tracks vendor promotional programs for volume discounts on a program-by-program basis. Once the program is implemented, the benefit of the program based on the actual volume is recorded as a receivable from vendors with a corresponding reduction in the cost of sales. Concurrently, the vendor receivable is collected generally through reductions authorised by the vendor against the accounts payable balances.

The Establishment monitors the balances of receivables from vendors on a monthly basis. Actual rebates may vary based on volume or other sales achievement levels, which could result in an increase or reduction in the estimated amounts previously accrued. OEM suppliers may change the terms of some or all these programs or cease them altogether. Any such change could impact the gross margins on products or revenue earned.

Customer incentive

The Establishment accrues for rebates for its customers based on contracted percentages on the total sales made during the year and based on fulfilment of the related obligations at a point in time, which require management to ascertain whether these obligations have been met by its customers during the period of agreement. This requires management knowledge of all customers for whom these connected commitments are in place in order to ensure that the accrual is complete.

Notes to the separate financial statements
for the year ended 31 March 2020 (continued)

6. Intangible asset

	Computer software AED	Work-in-progress AED	Total AED
Cost			
At 1 April 2018	28,388,239	1,865,646	30,253,885
Additions	8,912,966	587,244	9,500,210
At 31 March 2019	37,301,205	2,452,890	39,754,095
Additions	-	4,134,913	4,134,913
Disposals	(1,154,064)	-	(1,154,064)
Transfer from work-in-progress	6,212,681	(6,212,681)	-
At 31 March 2020	**42,359,822**	**375,122**	**42,734,944**
Accumulated amortisation			
At 1 April 2018	17,911,784	-	17,911,784
Amortisation for the year (Note 20)	7,797,432	-	7,797,432
At 31 March 2019	25,709,216	-	25,709,216
Amortisation for the year (Note 20)	6,620,865	-	6,620,865
Disposals	(1,154,064)	-	(1,154,064)
At 31 March 2020	**31,176,017**	-	**31,176,017**
Carrying amount			
At 31 March 2020	**11,183,805**	**375,122**	**11,558,927**
At 31 March 2019	11,591,989	2,452,890	14,044,879

Work-in-progress represents costs incurred as at the reporting date on the development of the Establishment's business software.

Notes to the separate financial statements
for the year ended 31 March 2020 (continued)

7. Property and equipment

	Building AED	Leasehold improvements AED	Warehouse equipment AED	Furniture and fixtures AED	Motor vehicles AED	Office equipment AED	Computers AED	Total AED
Cost								
At 1 April 2018	24,687,175	897,857	5,962,579	23,453,260	420,638	3,723,625	3,588,148	62,733,282
Additions	-	-	480,864	204,897	-	463,125	535,329	1,684,215
Disposals	-	-	-	(1,953,210)	(167,144)	(444,355)	(405,507)	(2,970,216)
At 31 March 2019	24,687,175	897,857	6,443,443	21,704,947	253,494	3,742,395	3,717,970	61,447,281
Additions	-	-	67,264	807	-	565,627	92,806	726,504
Disposals	-	-	-	(592,619)	(84,924)	(120,114)	-	(797,657)
At 31 March 2020	**24,687,175**	**897,857**	**6,510,707**	**21,113,135**	**168,570**	**4,187,908**	**3,810,776**	**61,376,128**
Accumulated depreciation								
At 1 April 2018	9,357,456	5,658	5,293,245	20,303,159	358,161	2,903,956	3,128,419	41,350,054
Charge for the year (Note 20)	1,234,359	89,786	291,335	670,372	35,799	397,036	874,189	3,592,876
Eliminated upon disposals	-	-	-	(1,855,654)	(167,144)	(441,853)	(405,507)	(2,870,158)
At 31 March 2019	10,591,815	95,444	5,584,580	19,117,877	226,816	2,859,139	3,597,101	42,072,772
Charge for the year (Note 20)	1,234,359	89,786	281,025	848,002	18,485	406,536	130,063	3,008,256
Eliminated upon disposals	-	-	-	(492,619)	(77,506)	(113,071)	-	(683,196)
At 31 March 2020	**11,826,174**	**185,230**	**5,865,605**	**19,473,260**	**167,795**	**3,152,604**	**3,727,164**	**44,397,832**
Carrying amount								
At 31 March 2020	**12,861,001**	**712,627**	**645,102**	**1,639,875**	**775**	**1,035,304**	**83,612**	**16,978,296**
At 31 March 2019	14,095,360	802,413	858,863	2,587,070	26,678	883,256	120,869	19,374,509

The building consists of a distribution centre in the Jebel Ali Free Zone, Dubai, U.A.E., which is constructed on a land leased for a period of 20 years expiring in 2027.

Notes to the separate financial statements for the year ended 31 March 2020 (continued)

8. Investments in subsidiaries

	2020 AED	2019 AED
a)		
Balance at the beginning of the year	**91,738,486**	88,441,394
Additions during the year	**178,605**	3,297,092
Liquidated during the year	**(1,331,200)**	-
Balance at the end of the year	**90,585,891**	91,738,486

b) During the year ended 31 March 2020, the Establishment liquidated its investments in Redington Africa Distribution FZE and Redington Nigeria Limited amounting to AED 1,000,000 and AED 331,200, respectively.

c) During the year ended 31 March 2020, the Establishment made an additional investment in Redington Egypt Ltd. amounting to AED 178,605 in which ownership interest remained the same.

d) During the year ended 31 March 2019, the Establishment acquired additional 24.8% (2018: 60%) in the share capital of Citrus Consulting Services FZ LLC for a consideration amounting to AED 93,000.

e) During the year ended 31 March 2019, the Establishment acquired additional 10% (2018: 10%) of Linkplus Bilgisayar Sistemleri Sanayi Ve Ticaret A.S., Istanbul, Turkey, for a consideration of AED 3,204,092.

9. Related party balances and transactions

The Establishment enters into transactions with the companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise the Parent Company, companies and entities under common ownership and/or common management and key management personnel.

The management decides on the terms and conditions of the transactions and of services received/rendered from/to related parties as well as on other charges.

At the reporting date, balances due from/to related parties were as follows:

	2020 AED	2019 AED
Loan to a subsidiary	**154,366,508**	154,366,508
Due from related parties		
Entities under common management or control	**1,240,123,685**	1,117,060,459
Due to related parties		
Parent Company	**10,388,169**	10,265,238
Entities under common management or control	**53,112,621**	238,709,638
	63,500,790	241,697,291
Loan from Parent Company	**-**	174,746,250

Notes to the separate financial statements for the year ended 31 March 2020 (continued)

9. Related party balances and transactions (continued)

Loan to a subsidiary pertains to amount due from Redington Turkey Holdings SARL which bears a fixed interest of 0.5% (2019: 0.5%) per annum and will be repaid in full in November 2030.

Loan from Parent Company bears interest of LIBOR plus fixed rate of 0.5% per annum and has been repaid during the year.

The Establishment has determined that the amounts due from related parties do not carry a credit risk and hence no expected or specific loss allowance is required on these balances. In the process of making this determination, the Establishment has considered the terms underlying these balances, historical default rate, the ability of the related parties to settle these balances when due and the right of set off on a Establishment basis. The balances due from related parties are repayable on demand and there is no historical default rate. The settlement of the related party balances is managed by the ultimate controlling party through their centralized treasury process.

The following is a summary of transactions with related parties, which are included in the separate financial statements:

	2020 AED	2019 AED
Sales to subsidiaries under common management or control	**1,846,241,293**	1,891,619,602
Rebates given to subsidiaries under common management or control	**443,461,894**	681,604,569
Stock appreciation rights granted to employees (Note 23)	**2,189,624**	2,547,770
Purchases from subsidiaries under common management or control	**64,110,552**	114,998,520
Transfer of employees' end-of-service indemnity (Note 15)	**15,216**	(62,688)
Dividend income (Note 22)	**-**	8,337,383
Interest income	**651,515**	651,058
Interest expense	**5,279,608**	3,361,159
Remuneration of key management personnel		
Salaries and other short-term benefits	**1,495,288**	7,910,511
Long-term benefits	**63,321**	249,055

During the year ended 31 March 2019, the Establishment received dividend income from its subsidiaries, Redington Saudi Arabia Distribution Company and Redington Gulf and Co. LLC, amounting to AED 6.9 million and AED 1.4 million, respectively.

10. Inventories

	2020 AED	2019 AED
Goods held for sale	**414,360,892**	515,129,460
Allowance for slow-moving inventories	**(2,912,567)**	(1,793,180)
	411,448,325	513,336,280
Goods in transit	**5,428,402**	5,055,483
	416,876,727	518,391,763

Notes to the separate financial statements for the year ended 31 March 2020 (continued)

10. Inventories (continued)

Movement in allowance for slow-moving inventories:

	2020 AED	2019 AED
Balance at beginning of the year	**1,793,180**	1,653,750
Allowance for slow-moving inventories (Note 20)	**1,119,387**	139,430
Balance at end of the year	**2,912,567**	1,793,180

11. Trade and other receivables

	2020 AED	2019 AED
Trade receivables	**308,980,984**	364,701,266
Expected credit losses	**(8,263,470)**	(8,271,910)
	300,717,514	356,429,356
Advances to suppliers	**42,184,343**	36,823,696
Receivables from suppliers	**16,295,019**	30,103,399
Prepayments	**9,021,684**	10,501,220
Other advances	**2,392,175**	2,200,592
Value-added tax receivable	**2,291,732**	4,192,792
Deposits	**621,351**	728,452
Other receivables	**1,127,742**	1,426,467
	374,651,560	442,405,974

The average credit period on sales of goods and services is 30 days (2019: 34 days). No interest is charged on the past due trade receivables. In the opinion of the management, the Establishment has provided fully all receivables that are not recoverable.

Of the trade receivables balances at reporting date, AED 16,249,053 (2019: AED 37,502,878) is due from one customer (2019: one customer). There are no other customers who represent more than 5% of the total balance of trade receivables.

Notes to the separate financial statements for the year ended 31 March 2020 (continued)

11. Trade and other receivables (continued)

The following table details the risk profile of trade receivables based on the Establishment's provision matrix. As the Establishment's historical credit loss experience does not show significantly different loss patterns for different customer segments, the expected credit losses based on past due status is not further distinguished between the Establishment's different customer base:

	Gross carrying amount at default AED	Impaired receivables AED	Not impaired receivables AED
31 March 2020			
Current	**212,478,943**	**-**	**212,478,943**
Past due by:			
1 - 30 days	**37,135,114**	**-**	**37,135,114**
31 - 60 days	**17,726,637**	**-**	**17,726,637**
61 - 90 days	**12,358,553**	**-**	**12,358,553**
Over 90 days	**29,281,737**	**8,263,470**	**21,018,267**
	308,980,984	**8,263,470**	**300,717,514**
31 March 2019			
Current	285,065,143	-	285,065,143
Past due by:			
1 - 30 days	29,845,071	-	29,845,071
31 - 60 days	15,063,194	-	15,063,194
61 - 90 days	12,666,115	-	12,666,115
Over 90 days	22,061,743	8,271,910	13,789,833
	364,701,266	8,271,910	356,429,356

Movement in expected credit losses:

	2020 AED	2019 AED
Balance at beginning of the year	**8,271,910**	3,395,933
Expected credit losses (Note 21)	**276,037**	5,031,018
Amounts written-off as uncollectible	**(284,477)**	(155,041)
Balance at end of the year	**8,263,470**	8,271,910

12. Other financial assets

	2020 AED	2019 AED
Margin deposits	**3,918,590**	3,653,050

Margin deposits are held by banks against letters of guarantee issued to Ministry of Labour and Jebel Ali Free Zone Authority (Note 27).

Notes to the separate financial statements for the year ended 31 March 2020 (continued)

13. Cash and cash equivalents

	2020 AED	2019 AED
Cash on hand	**104,378**	98,911
Bank balances:		
Current accounts	**162,570,432**	101,125,584
Short-term deposits	**148,968,265**	59,762,624
	311,643,075	160,987,119

Short-term deposits have original maturity period of three months or less and carry an average interest rate of 0.45% per annum (2019: 0.25% per annum).

14. Share capital

	2020 AED	2019 AED
Authorised, issued and fully paid-up:		
12 shares of AED 1,000,000 each	**12,000,000**	12,000,000

15. Provision for employees' end-of-service indemnity

The Establishment provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Establishment. The Establishment's obligation towards gratuity is a defined benefit plan and the details of actuarial valuation at the reporting date are as follows:

	2020 AED	2019 AED
Balance at the beginning of the year	**9,400,655**	8,850,123
Service cost	**1,226,783**	1,469,139
Net interest cost	**327,762**	-
Actuarial loss on obligation	**478,910**	-
Amounts paid during the year	**(1,579,018)**	(855,919)
Transferred from/(to) related parties (Note 9)	**15,216**	(62,688)
Balance at the end of the year	**9,870,308**	9,400,655

Expense recognized in "Staff salaries and benefits" under the separate statement of profit or loss and other comprehensive income:

	2020 AED	2019 AED
Service cost	**1,226,783**	1,469,139
Net interest cost	**327,762**	-
	1,554,545	1,469,139

Notes to the separate financial statements for the year ended 31 March 2020 (continued)

15. Provision for employees' end-of-service indemnity (continued)

Principal assumptions used for purposes of the actuarial valuation:

	2020	2019
Discount rate	**3.00%**	4.10%
Salary escalation rate	**3.00%**	3.00%
Mortality rate	**Per AM (80) table**	Per AM (80) table
Withdrawal rate	**19.00%**	20.00%

The sensitivity analysis has been determined based on the exposure to discount rates, salary escalation rate, mortality rate and withdrawal rate. The sensitivity rate applied by the Establishment to ascertain the impact in one of the actuarial assumptions, keeping other assumptions constant, on the defined benefit obligation is as follows:

	Increase/(decrease)	
	2020 AED	2019 AED
Increase of 1% in assumptions		
Discount rate	**(603,651)**	(557,131)
Salary escalation rate	**728,429**	677,013
Decrease of 1% in assumptions		
Discount rate	**689,013**	634,572
Salary escalation rate	**(649,262)**	(694,010)

16. Bank borrowings

	2020 AED	2019 AED
Trust receipts	**398,712,755**	9,798,390

As at 31 March 2020, bank borrowings amounting to AED 398.7 million (2019: AED 9.8 million) are secured by assignment of insurance policies over inventories on a pari-passu basis. Trust receipts and short-term loans are repayable within one year and are at floating rates of interest, negotiated with the banks at LIBOR plus margin (2019: LIBOR plus margin).

For the year ended 31 March 2020, the average interest rate is at 3.26% (2019: 4.02%) per annum.

Notes to the separate financial statements for the year ended 31 March 2020 (continued)

16. Bank borrowings (continued)

Movement in bank borrowings is as follows:

	Trust receipts AED
Balance as at 1 April 2018	222,900,897
New loans availed	5,054,511,820
Repayments made	(5,267,614,327)
Balance as at 31 March 2019	9,798,390
New loans availed	4,169,091,932
Repayments made	(3,780,177,567)
Balance as at 31 March 2020	**398,712,755**

17. Trade and other payables

	2020 AED	2019 AED
Trade payables	**1,028,069,709**	965,244,690
Accrued expenses	**28,766,026**	30,822,543
Advances from customers	**21,668,061**	11,536,875
Other payables	**22,049,120**	21,136,392
	1,100,552,916	1,028,740,500

18. Right-of-use assets and lease liabilities

Establishment *as a lessee*

The Establishment leases several assets including land, buildings and motor vehicles. The average lease term is 5.5 years.

	Right-of-use assets AED	**Lease liabilities AED**
Balance as at 1 April 2019 (restated)	**10,662,272**	**10,561,597**
Depreciation expense (Note 20)	**(1,699,430)**	**-**
Cumulative translation adjustment	**24,778**	**24,778**
Interest expense	**-**	**433,291**
Payments	**-**	**(1,957,866)**
Balance as at 31 March 2020	**8,987,620**	**9,061,800**

18. Right-of-use assets and lease liabilities (continued)

Establishment *as a lessee (continued)*

	Right-of-use assets AED	Lease liabilities AED
Current	**-**	**1,381,428**
Non-current	**8,987,620**	**7,680,372**
	8,987,620	**9,061,800**

The management tested for indicators of impairment relating to right-of-use assets at the reporting date in accordance with IAS 36 and have concluded that there is no impairment.

19. Taxation

The Establishment is subject to taxation in Kuwait, India and Iraq where its Branches operate. The applicable income tax rates range from 15% to 30%.

a) *The movement in income tax payable is as follows:*

	2020 AED	2019 AED
Balance at the beginning of the year	**5,080,488**	3,727,140
Charged during the year	**535,793**	6,360,610
Paid during the year	**(471,448)**	(5,007,262)
Balance at end of the year	**5,144,833**	5,080,488

b) *The movement in deferred tax asset is as follows:*

	2020 AED	2019 AED
Balance at the beginning of the year	**766,909**	635,297
Tax benefit during the year	**100,087**	168,617
Exchange effect	**(69,143)**	(37,005)
Balance at the end of the year	**797,853**	766,909

c) *Income tax expense for the year is as follows:*

	2020 AED	2019 AED
Current taxation	**535,793**	6,360,610
Deferred taxation	**(100,087)**	(168,617)
	435,706	6,191,993

Notes to the separate financial statements for the year ended 31 March 2020 (continued)

20. General and administrative expenses

	2020 AED	2019 AED
Staff salaries and benefits	**32,733,481**	31,928,120
Software expenses	**15,518,499**	13,443,307
Bank charges	**14,766,454**	13,509,227
Insurance	**7,810,282**	8,508,616
Amortisation of intangible asset (Note 6)	**6,620,865**	7,797,432
Communication expenses	**3,274,036**	3,509,305
Depreciation of property and equipment (Note 7)	**3,008,256**	3,592,876
Consultancy expenses	**2,256,733**	3,077,535
Legal and professional charges	**1,898,630**	1,564,706
Depreciation on right-of-use assets (Note 18)	**1,699,430**	-
Rent (Note 29)	**1,197,026**	2,991,844
Allowance for slow-moving inventories (Note 10)	**1,119,387**	139,430
Utilities	**817,308**	859,251
Sponsorship fees	**773,299**	776,636
Repair and maintenance	**544,748**	505,454
Travelling	**10,488**	12,698
Others	**3,826,386**	2,048,735
	97,875,308	94,265,172

21. Selling and distribution expenses

	2020 AED	2019 AED
Staff salaries and benefits	**37,945,064**	33,985,877
Sales promotion	**23,850,007**	22,040,302
Freight outwards	**10,462,682**	6,777,431
Warehouse charges	**5,400,448**	4,606,716
Travelling	**1,830,469**	2,690,101
Expected credit losses (Note 11)	**276,037**	5,031,018
Others	**439,058**	1,130,544
	80,203,765	76,261,989

22. Other income - net

	2020 AED	2019 AED
Interest income	**2,026,535**	920,238
Gain on disposals of property and equipment - net	**23,307**	65,564
Dividend income (Note 9)	**-**	8,337,383
Others - net	**(75,479)**	591,716
	1,974,363	9,914,901

Notes to the separate financial statements for the year ended 31 March 2020 (continued)

23. Equity-settled share-based payments

a) Options issued to employees under the Employee Stock Option Plan

Share Purchase options granted by the ultimate controlling party, Redington (India) Limited, to employees under the Employee Stock Option Plan are measured at the fair value of the equity instruments at the grant date on 29 February 2008. At the reporting date, all options are vested.

b) Shares issued to the Senior Management Team under the Stock Appreciation Rights (SAR) Scheme 2017

On 30 December 2017 ("Grant Date"), the ultimate controlling party, granted 2,425,000 options to the employees of the Establishment over a vesting period of 3 years under the SAR Scheme 2017. Under the terms of this plan, the ultimate controlling party entitles the employees to receive its equity shares equivalent to the increase in the value of one equity share from the Grant Date.

The SAR vests over the period of 3 years in the following manner: 10% at the end of year 1; 20% at the end of year 2 and 70% at the end of year 3 from the Grant Date.

The fair value of the shares granted, being AED 2,189,624 (2019: AED 2,547,770) is recorded as "Staff salaries and benefits" under the General and administrative expenses in the separate statement of profit or loss and other comprehensive income and under the "Equity-settled employee benefits reserve" in the separate statement of changes in equity. Being the Parent Company of the subsidiaries, the management of the Establishment decided to bear all the expenses related to the scheme and no recharges are made to related parties.

The fair value of each share granted is estimated on the Grant Date using the Black-Scholes option pricing model with the following weighted average assumptions over the vesting period from the Grant Date:

	Vesting Period		
	30 December 2018	30 December 2019	30 December 2020
Market price (in INR)	174.6	174.6	174.6
Expected life (in years)	2.5	3.5	4.5
Volatility (%)	30.88	33.94	36.92
Risk-free rate (%)	6.73	6.93	7.09
Exercise price (in INR)	148.5	148.5	148.5
Dividend yield (%)	1.2	1.2	1.2
Fair value per vest (in INR)	55.47	66.17	76.01

The fair value per share is INR 71.99.

The shares activity is summarised below:

	2020	2019
Balance at the beginning of the year	**2,345,000**	2,425,000
Less: SAR lapsed	**250,000**	80,000
Balance at end of the year	**2,095,000**	2,345,000

24. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 4 to the separate financial statements.

(b) Categories of financial instruments

	2020 AED	2019 AED
Financial assets		
Financial assets at amortised cost	**2,012,504,416**	1,794,651,411
Investments in subsidiaries	**90,585,891**	91,738,486
	2,103,090,307	1,886,389,897
Financial liabilities		
Financial liabilities at amortised cost	**1,529,890,466**	1,423,175,822

(c) Fair value

The Management determined that the carrying values of financial assets and financial liabilities approximate their fair values in the separate statement of financial position at the reporting date.

25. Financial risk management

The financial risk management policies are discussed by the management of the Establishment on a regular basis to ensure that these are in line with the overall business strategies and its risk management philosophy. Management sets policies which seek to minimise potential adverse effects of financial performance of the Establishment. The Management provides necessary guidance/instructions to the employees covering specific areas, such as market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Establishment's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rate and interest rates.

There has been no change to the Establishment exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Foreign currency risk management

The Establishment undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amounts of the Establishment's foreign currency denominated monetary assets and monetary liabilities as at the reporting date are as follow:

	2020 AED	2019 AED
Assets		
Kuwait Dinar	**40,129,686**	26,571,247
Indian Rupees	**-**	183,003
Euro	**2,704,235**	1,562,121
Iraqi Dinars	**10,338**	10,346

25. Financial risk management (continued)

(a) Foreign currency risk management (continued)

	2020	2019
	AED	AED
Liabilities		
Kuwaiti Dinar	**2,105,464**	6,409,646
Indian Rupees	**243,042**	332,458
Euro	**1,461,907**	2,851,416

The following table details the Establishment's sensitivity to a 10% increase and decrease in the AED against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit and other equity where the AED strengthens 10% against the relevant currency. For a 10% weakening of the AED against the relevant currency, there would be an equal and opposite impact on the profit and other equity:

	2020	2019
	AED	AED
Profit or (loss)		
Kuwaiti Dinar	**(3,802,422)**	(2,016,160)
Indian Rupees	**24,304**	14,946
Euro	**(124,233)**	128,930
Iraqi Dinars	**(1,034)**	(1,035)

This is mainly attributable to the exposure to outstanding trade payables and trade receivables at the reporting date.

(b) Interest rate risk management

The Establishment is exposed to interest rate risk as the Establishment borrows funds at floating interest rates. The Establishment's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Establishment's profit for the year ended 31 March 2020 would decrease/increase by AED 1,993,564 (2019: decrease/increase by AED 48,992). This is mainly attributable to the Establishment's exposure to interest rates on its variable rate borrowings.

25. Financial risk management (continued)

(c) Credit risk management

Credit risk arises from credit exposure to outstanding trade receivables. The management of the Establishment has implemented centralised procedures for credit control. Credit risk is minimised through credit insurance and a conservative credit policy. Individual counterparty limits are set in accordance with the credit policy. The Establishment's exposure to credit risk is continuously monitored and the aggregate value of transactions concluded is spread amongst counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management regularly. Due to the risk on transactions in the countries in which the Establishment operates, management will, based on past experience and level of risk associated with these transactions, make a provision for losses on such transactions should they consider it necessary.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

The Establishment does not have any significant credit risk exposure to any single counterparty or any company of the counterparty having similar characteristics. The Establishment defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 10% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Further details of credit risk on trade receivables are discussed in Note 11 to the separate financial statements.

The Establishment, on occasion, makes advance payment to suppliers in order to avail settlement discounts, which could be earlier than the date of receipt of goods and prior to recording the purchase and liability. On occasion, the Establishment would also settle supplier liabilities earlier than the agreed credit period in order to avail settlement discounts.

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

Category	***Description***	***Basis for recognising expected credit losses***
Performing	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL - not credit-impaired
Doubtful	Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Establishment has no realistic prospect of recovery	Amount is written off

(d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Establishment's short, medium and long-term funding and liquidity management requirements. The Establishment manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

Notes to the separate financial statements for the year ended 31 March 2020 (continued)

25. Financial risk management (continued)

(d) Liquidity risk management (continued)

All of the Group's financial assets and financial liabilities are due to be settled within one year from the reporting date, except for the loan to a subsidiary and the lease liabilities as at 31 March 2020 as follows:

	Average interest rate %	Less than 1 year AED	More than 1 year but less than 5 years AED	More than 5 years AED	Total AED
Financial assets					
Interest-bearing instruments	**0.50**	**-**	**-**	**154,366,508**	**154,366,508**
Financial liabilities					
Interest-bearing instruments	**4.51**	**1,381,428**	**5,430,771**	**2,249,601**	**9,061,800**

26. Capital risk management

The Establishment manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholder through the optimisation of the debt and equity balance. The Establishment's overall strategy remains unchanged from the previous year.

The capital structure of the Establishment consists of debt, which includes the bank borrowings disclosed in Note 16, other financial assets disclosed in Note 12, cash and cash equivalents disclosed in Note 13 and equity comprising issued capital, reserves and retained earnings as disclosed in the separate statement of changes in equity.

Gearing ratio

The Establishment's risk management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Establishment targets an optimum gearing ratio of 85% determined as the proportion of gross debt to equity.

The gearing ratio at the year-end was as follows:

	2020 AED	2019 AED
Debt	**398,712,755**	9,798,390
Cash and cash equivalents and other financial assets	**(315,561,665)**	(164,640,169)
Net debt	**83,151,090**	(154,841,779)
Equity	**1,043,645,330**	1,053,326,082
Net debt to equity ratio	**8%**	N/A

27. Contingent liabilities

	2020 AED	2019 AED
Letters of guarantee	**34,449,619**	645,374

As at 31 March 2020, margin deposits amounting to AED 3,918,590 (2019: AED 3,653,050) are held against letters of guarantee (Note 12).

28. Dividend

During the year ended 31 March 2020, the Directors of the Establishment declared and approved dividend of AED 10,045,411 per share aggregating to AED 120,544,935 (2019: dividend of AED 7,228,075 per share aggregating to AED 86,736,901).

29. Operating lease commitments

At the reporting date, the Establishment has outstanding commitments under non-cancellable operating lease, which fall due as follows:

	2020 AED	2019 AED
Within one year	**-**	836,280
More than one year but less than five years	**-**	3,345,120
More than five years	**-**	2,508,840
	-	6,690,240

As at 31 March 2020, the operating lease commitments amounted to AED Nil as a result of the Establishment's application of IFRS 16.

30. Non-adjusting event subsequent to the reporting date

The outbreak of COVID-19 ("pandemic") is causing significant disruption worldwide resulting in an economic slowdown across the globe.

The Establishment has considered the possible effects that may result from the pandemic on the recoverability of the carrying amounts of receivables, inventories and intangible assets (collectively the "assets") of the Establishment. For assessing the recoverability of the assets, the Establishment has considered assumptions based on internal and external information up to the date of adoption of the separate financial statements. The Establishment has performed analysis on the assumptions used and based on current estimates expects that the carrying amount of these assets will be recovered and no material loss would result on this account.

The Management have taken into account the possible effects which could be faced by the business and are satisfied that the Establishment is a going concern for a period of at least twelve months from the date of approval of these separate financial statements.

Therefore, the going concern basis of accounting in preparing the separate financial statements continues to be adopted.

31. Reclassifications

In accordance with the requirements of IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, certain items have been corrected retrospectively and accordingly balances in the separate statement of profit or loss and other comprehensive income for the prior year ended 31 March 2019, as previously reported have been reclassified to reflect the substance of rebates from suppliers as follows:

	As previously reported AED	Reclassification AED	As reclassified AED
Cost of sales	5,222,565,310	681,604,569	5,904,169,879
Selling and distribution expenses	757,866,558	(681,604,569)	76,261,989

Cadensworth United Arab Emirates (LLC)

Dubai, United Arab Emirates

Reports and financial statements
For the year ended 31 March 2020

Cadensworth United Arab Emirates (LLC)

Table of contents | | **Page**

Cadensworth United Arab Emirates (LLC)

General manager's report

The Manager has pleasure in submitting the report and the audited financial statements for the year ended 31 March 2020.

Incorporation and registered offices

Cadensworth United Arab Emirates (LLC) (the "Company"), a limited liability company, was incorporated in Dubai, United Arab Emirates (U.A.E.) on 23 April 2009.

The address of the registered office of the Company is P.O. Box 12816, Dubai, U.A.E.

Principal activities

The Company is an authorized distributor of information technology products and spare parts in the Middle East.

Financial position and results

The financial position and results of the Company for the year ended 31 March 2020 are set out in the accompanying financial statements.

Share capital

Share capital comprises 300 authorised, issued and fully paid shares of AED 1,000 each, equivalent to AED 300,000.

Auditors

The financial statements for the year ended 31 March 2020 have been audited by Deloitte & Touche (M.E.) and, being eligible, offer themselves for re-appointment.

Manager

Deloitte.

Deloitte & Touche (M.E.)
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INDEPENDENT AUDITOR'S REPORT

The Shareholder
Cadensworth United Arab Emirates (LLC)
Dubai
United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Cadensworth United Arab Emirates (LLC), Dubai, United Arab Emirates** (the "Company"), which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, 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 (ISA). 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 (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates (U.A.E.), 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.

Other Information

Management is responsible for the other information. The other information comprises the General Manager's report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Deloitte.

INDEPENDENT AUDITOR'S REPORT
to the Shareholder of Cadensworth United Arab Emirates (LLC) (continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the articles of association of the Company and U.A.E. Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 represents the underlying transactions and events in a manner that achieves fair presentation.

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Deloitte.

INDEPENDENT AUDITOR'S REPORT
to the Shareholder of Cadensworth United Arab Emirates (LLC) (continued)

Report on Other Legal and Regulatory Requirements

As required by the U.A.E. Federal Law No. (2) of 2015, we report that:

i) We have obtained all the information we considered necessary for the purposes of our audit;

ii) The financial statements of the Company have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E. Federal Law No. (2) of 2015;

iii) The Company has maintained proper books of account;

iv) The financial information included in the report of the Manager is consistent with the books of account of the Company;

v) The Company has not purchased or invested in any shares during the year ended 31 March 2020;

vi) Note 8 to the financial statements of the Company discloses material related party transactions, the terms under which they were conducted and principles of managing conflict of interests; and

vii) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2020 any of the applicable provisions of the U.A.E. Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 March 2020.

Deloitte & Touche (M.E.)

Cynthia Corby
Registration No.: 995

Dubai
United Arab Emirates

Cadensworth United Arab Emirates (LLC)

Statement of financial position
As at 31 March 2020

	Notes	2020 AED	2019 AED
ASSETS			
Non-current assets			
Right-of-use assets	5	**262,169**	-
Equipment		**28,735**	43,201
Total non-current assets		**290,904**	43,201
Current assets			
Inventories	7	**696,367**	3,175,287
Trade and other receivables	9	**5,369,179**	10,991,705
Due from related parties	8	**3,261,008**	113,515,606
Cash and cash equivalents	10	**71,266**	362,427
Total current assets		**9,397,820**	128,045,025
Total assets		**9,688,724**	128,088,226
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**300,000**	300,000
Statutory reserve	12	**150,000**	150,000
Retained earnings		**7,097,293**	6,315,398
Re-measurement of retirement benefit obligation		**(64,473)**	-
Total equity		**7,482,820**	6,765,398
LIABILITIES			
Non-current liabilities			
Provision for employees' end-of-service indemnity	13	**770,727**	653,706
Lease liabilities	6	**63,243**	-
Total non-current liabilities		**833,970**	653,706
Current liabilities			
Trade and other payables	14	**1,190,174**	9,420,159
Due to Parent Company	8	-	111,248,963
Lease liabilities	6	**181,760**	-
Total current liabilities		**1,371,934**	120,669,122
Total liabilities		**2,205,904**	121,322,828
Total equity and liabilities		**9,688,724**	128,088,226

Suram
....
Manager

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

Cadensworth United Arab Emirates (LLC)

Statement of profit or loss and other comprehensive income
For the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Revenue		**367,574,295**	899,685,535
Cost of sales		**(360,684,134)**	(892,028,214)
Gross profit		**6,890,161**	**7,657,321**
General and administrative expenses	15	**(1,339,285)**	(1,085,284)
Selling and distribution expenses	16	**(4,725,695)**	(5,570,810)
Interest expense		**(43,286)**	-
Profit for the year		**781,895**	**1,001,227**
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Re-measurement of retirement benefit obligation	13	**(64,473)**	-
Other comprehensive loss for the year		**(64,473)**	**-**
Total comprehensive income for the year		**717,422**	**1,001,227**

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

Cadensworth United Arab Emirates (LLC)

Statement of changes in equity
For the year ended 31 March 2020

	Share capital AED	Statutory reserve AED	Retained earnings AED	Re-measurement of retirement benefit obligation AED	Total AED
At 1 April 2018	300,000	150,000	5,314,171	-	5,764,171
Profit for the year	-	-	1,001,227	-	1,001,227
At 31 March 2019	300,000	150,000	6,315,398	-	6,765,398
Profit for the year	-	-	781,895	-	781,895
Re-measurement of retirement benefit obligation (Note 13)	-	-	-	(64,473)	(64,473)
Total comprehensive income for the year	-	-	781,895	(64,473)	717,422
At 31 March 2020	**300,000**	**150,000**	**7,097,293**	**(64,473)**	**7,482,820**

Cadensworth United Arab Emirates (LLC)

Statement of cash flows
For the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Cash flows from operating activities			
Profit for the year		**781,895**	1,001,227
Adjustments for:			
Depreciation of equipment		**17,832**	25,927
Expected credit losses	9	**-**	39,943
Depreciation of right-of-use assets	5	**410,329**	-
Current service cost on provision for employees' end-of-service indemnity	13	**156,342**	193,892
Allowance for slow-moving inventories	7	**176**	-
Interest expense		**43,286**	-
Operating cash flows before changes in operating assets and liabilities		**1,409,860**	1,260,989
Changes in working capital:			
Decrease/(increase) in inventories	7	**2,478,744**	(1,521,506)
Decrease/(increase) in due from related parties	8	**110,254,598**	(37,842,099)
Decrease/(increase) in trade and other receivables	9	**5,568,384**	(4,266,692)
(Decrease)/increase in due to Parent Company	8	**(111,248,963)**	36,383,560
(Decrease)/increase in trade and other payables	14	**(8,229,985)**	6,028,737
Cash generated from operating activities		**232,638**	42,989
Employees' end-of-service indemnity paid	13	**(130,460)**	(174,436)
Net cash from/(used in) operating activities		**102,178**	(131,447)
Cash flows from investing activity			
Purchase of equipment		**(3,366)**	(6,980)
Cash used in investing activity		**(3,366)**	(6,980)
Cash flows from financing activities			
Repayment of principal portion of lease liability	6	**(373,353)**	-
Repayment of interest portion of lease liability	6	**(16,620)**	-
Net cash used in financing activities		**(389,973)**	-
Net decrease in cash and cash equivalents		**(291,161)**	(138,427)
Cash and cash equivalents at the beginning of the year		**362,427**	500,854
Cash and cash equivalents at the end of the year	10	**71,266**	362,427
Non-cash transaction -			
Employees' end-of-service indemnity transferred to a related party [Note 8(c) and Note 13]		**-**	(197)
		-	(197)

1 General operations

Cadensworth United Arab Emirates (LLC) (the "Company") was incorporated on 23 April 2009 as a limited liability company in Dubai, United Arab Emirates (U.A.E.). The shareholders of the Company are Mr. Ahmed Abdullah Ahmed Al Mulla, a U.A.E. national, holding 51% of the share capital and Redington Gulf FZE (the "Parent Company"), a company incorporated in Jebel Ali Free Zone, U.A.E., holding 49% of the share capital and exercising control over the Company. The Ultimate Parent and controlling party is Redington (India) Limited, India.

The Company is an authorized distributor of information technology products and spare parts in the Middle East.

The registered address of the Company is P.O. Box 12816, Dubai, U.A.E.

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

2.1 New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 16 Leases

In the current year, the Company, for the first time, has adopted IFRS 16 Leases (as issued by the IASB in January 2016). The standard replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases - Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor. Details of these new requirements are described in Note 3 to the financial statements. The impact of the adoption of IFRS 16 on the Company's financial statements is described below:

The date of initial application of IFRS 16 for the Company is 1 April 2019.

The Company has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. The Company did not restate any comparative information. Instead, the Company recognised a right to use the leased asset equal to the lease liability, which is equivalent to the present value of the future lease payments plus directly attributable costs and is amortised over the useful life.

(a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 April 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease based on whether the customer has the right to control the use of an identified asset for a period of

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

time in exchange for consideration. The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract).

(b) Impact on lessee accounting

Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

• recognises right-of-use assets (either or both)

- on a retrospective basis as if the new rules had always been applied or

- at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 March 2019.

• recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and

• separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

For short term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the statement of profit or loss and other comprehensive income.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases:

a) The Company has applied a single discount rate to its portfolio of leases given that its leases have reasonably similar characteristics.

b) The Company has excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

c) The Company has elected not to recognise right-of-use assets and lease liabilities to leases

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

for which the lease term ends within 12 months of the date of initial application.

d) The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(c) Financial impact of initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the year ended 31 March 2020.

Impact on assets, liabilities and equity as at 1 April 2019

	As previously reported	**IFRS 16 adjustments**	**As at 1 April 2019**
Right-of-use assets	-	**672,498**	**672,498**
Prepayments	54,142	**(54,142)**	**-**
Net impact on total assets	54,142	**618,356**	**672,498**
Lease liabilities	-	**618,356**	**618,356**
Net impact on total liabilities	-	**618,356**	**618,356**
Retained earnings		**-**	

Impact on statement of profit or loss during the year

	2020
	AED
Increase in depreciation expenses	**410,329**
Increase in interest expense on lease liabilities	**16,620**
Decrease in other (rental) expenses	**(386,429)**
Decrease in profit for the year	**40,520**

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact on statement of cash flows during the year

	2020 AED
Lease payments:	
Principal	**373,353**
Interest paid	**16,620**
Net cash used in financing activities (Note 6)	**389,973**

Impact of initial application of other amendments to IFRS standards

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 April 2019.

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IFRS 9 Prepayment Features with Negative Compensation and Modification of financial liabilities The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.	1 January 2019
Amendments to IAS 28 Investment in Associates and Joint Ventures: Relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	1 January 2019
Annual Improvements to IFRSs 2015-2017 Cycle Amendments to IAS 12 Income Taxes, IAS 23 Borrowing Costs, IFRS 3 Business Combinations and IFRS 11 Joint Arrangements The Annual Improvements include amendments to Four Standards.	1 January 2019

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
i) IAS 12 Income Taxes	1 January 2019
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	
ii) IAS 23 Borrowing costs	1 January 2019
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	
iii) IFRS 3 Business Combinations	1 January 2019
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.	
iv) IFRS 11 Joint Arrangements	1 January 2019
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.	
Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements.	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:	

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
• Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances.	

2.2 New and revised IFRS in issue but not yet effective

The Company has not applied the following new and amended IFRSs that have been issued but are not yet effective.

New and revised IFRSs	***Effective for annual periods beginning on or after***
Definition of Material - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'	1 January 2020
Definition of a Business – Amendments to IFRS 3 Business Combinations The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8,	1 January 2020

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	
IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments Amendments regarding pre-replacement issues in the context of the IBOR reform.	1 January 2020
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at 1 January 2021.	1 January 2021

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the year of initial application.

3 Significant accounting policies

3.1 Statement of compliance

The financial statements are prepared in accordance with IFRS.

3.2 Basis of preparation

The financial statements are prepared in accordance with the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The significant accounting policies adopted are set out below.

3.3 Revenue recognition

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1) Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria

3 Significant accounting policies (continued)

3.3 Revenue recognition (continued)

for each of those rights and obligations.

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

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

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

5) Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations.

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

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

3.4 Leases

Leases (policy with respect to leases adopted from 1 April 2019)

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this

3 Significant accounting policies (continued)

3.4 Leases (continued)

rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
• fixed lease payments (including in-substance fixed payments), less any lease incentives;

• variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

• the amount expected to be payable by the lessee under residual value guarantees;

• the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

• payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
• the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

• the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

• a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company made one adjustment during the period presented arising from the changes in lease payments agreed with the lessor.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line item in the statement of financial position.

3 Significant accounting policies (continued)

3.4 Leases (continued)

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss and other comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

Leases (policy with respect to leases applied before 1 April 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

3.5 Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates. For the purpose of the financial statements, the results and financial position of the Company are expressed in Arab Emirates Dirhams (AED), which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3 Significant accounting policies (continued)

3.5 Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are included in profit or loss.

3.6 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes purchase costs and other related expenses incurred in bringing the inventories to their present location and condition. Cost is calculated using weighted average cost method. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

3.7 Equipment

Equipment is stated at cost less accumulated depreciation and any identified impairment loss. Subsequent costs are included in the asset's carrying amount or recognised 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. All other repairs and maintenance are charged to profit or loss when incurred.

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives using the straight-line method as follows:

	Useful lives
Computer equipment	5 years
Office equipment	5 years
Warehouse equipment	5 years

The estimated useful lives and depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for as a prospective basis.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Impairment of tangible assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3 Significant accounting policies (continued)

3.8 Impairment of tangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.10 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.11 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3 Significant accounting policies (continued)

3.11 Financial assets (continued)

All recognised financial assets are measured subsequently in their entirety at amortised cost.

(i) Amortised cost and effective interest method

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

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting year, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Impairment of financial assets

The Company always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit loss on this financial asset is estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3 Significant accounting policies (continued)

3.11 Financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Despite the aforegoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default (“PD”) of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3 Significant accounting policies (continued)

3.11 Financial assets (continued)

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

3.12 Financial liabilities

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

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and

3 Significant accounting policies (continued)

3.12 Financial liabilities (continued)

points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

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

3.13 Employee Benefits

The Company operates a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The Company's gratuity plan is unfunded, the defined benefit obligation of which is determined annually by a qualified actuary using the projected unit credit method at each reporting date. Re-measurement of retirement benefit obligation, which comprises of actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. The Company determines the net interest expenses on the net defined benefit obligation, taking into account any changes in the retirement benefit liability during the period as a result of contribution and benefit payments. Net interest cost related to defined benefit plan are recongised in "Interest expense" in the statement of profit or loss and other comprehensive income.

4 Critical accounting judgments and key sources of estimation uncertainty

4.1 Critical judgements in applying accounting policies

The following is the critical judgement (apart from those involving estimations, which are dealt with below) that management has made in the process of applying the Company's accounting policies, which are described in Note 3 to the financial statements, and that has the most significant effect on the amounts recognised in the financial statements.

Warranties

The Company's Original Equipment Manufacturer ("OEM") generally warrants the products distributed by the Company and these are assurance warranties provided in the normal course of business relating to product performance. The Company generally does not independently warrant the products it distributes and therefore management does not consider that any provisions for warranties or claims are required.

4.2 Key sources of estimation uncertainty

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

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

4.2 Key sources of estimation uncertainty (continued)

Allowance for slow-moving inventories

Inventories are stated at the lower of cost and net realizable value. Adjustments to reduce the cost of inventory to its net realizable value, if required, are made at the product group level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle, product pricing, physical deterioration and quality issues. Based on the above factors, the Company has arrived at certain percentages for allowance for slow-moving inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Provision for impairment of trade receivables

The Company measures the estimated credit losses at an amount equal to lifetime ECL. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Calculation of loss allowance

When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

5 Leases (the Company as Lessee)

The Comapny leases several assets involving land and building. The average lease term is 2 years.

Right-of-use assets

Movement of the recognised right-of-use assets during the year:

	AED
Balance as at 1 April 2019 (restated)	**672,498**
Depreciation expense (Note 15)	**(410,329)**
Balance as at 31 March 2020	**262,169**

6 Lease liabilities

	31 March 2020	1 April 2019*
	AED	AED
Amount due for settlement within 12 months		
Not later than 1 year (shown under current liabilities)	**181,760**	-
Amount due for settlement after 12 months		
Later than 1 year and not later than 5 years	**63,243**	-
	245,003	-

*Balance of lease liabilities as at 1 April 2019 is not presented in the statement of financial position.

	2020
	AED
As at the date of initial application	**618,356**
Amortization of interest expense during the year	**16,620**
Repayment of lease liabilities during the year	**(389,973)**
As at the end of the year	**245,003**

7 Inventories

	2020	2019
	AED	AED
Goods held for sale	**696,543**	3,175,287
Allowance for slow moving inventories	**(176)**	-
	696,367	3,175,287

During the year ended 31 March 2020, the amount charged as allowance for slow-moving inventories amounting to AED 176 is presented under "Other expenses" of the General and administrative expenses (Note 15).

8 Related party transactions

The Company enters into transactions with the Parent Company, companies and entities that fall within the definition of a related party as contained in IAS 24 Related Party Disclosures. Related parties comprise the Parent Company, companies and entities under common ownership and/or common management and control and key management personnel.

Management decides on the terms and conditions and of services received from/rendered to related parties as well as on other charges.

a) At the end of the reporting period, amounts due from related parties were as follows:

	2020	2019
	AED	AED
Due from related parties		
Parent Company	**3,261,008**	-
Entities under common control/ownership	**-**	113,515,606
	3,261,008	113,515,606

The Company has determined that the amounts due from a related party does not carry a credit risk and hence no expected or specific loss allowance is required on this balance. In the process of making this determination, the Company has considered the terms underlying this balance, historical default rate, the ability of the related party to settle this balance when due and the right of set off on a Group basis. The balance due from a related party is repayable on demand and there is no historical default rate. The settlement of the related party balance is guaranteed by the ultimate controlling party through their centralized treasury process.

b) At the end of the reporting period, amounts due to related parties were as follows:

	2020	2019
	AED	AED
Due to Parent Company		
Due to Parent Company	**-**	111,248,963
	-	111,248,963

Balances with related parties are all current, interest-free, unsecured and have no fixed repayment terms.

8 Related party transactions (continued)

c) Transactions

The following is a summary of transactions with related parties, which are included in the financial statements:

	2020	2019
	AED	AED
Sales	**175,087,066**	533,427,446
Purchases	**388,746,339**	949,087,073
Rebates	**25,600,015**	66,435,000
Recharge of staff salaries and benefits (Note 16)	**4,353,213**	4,726,000
Employees’ end-of-service indemnity transferred to a related party (Note 13)	**-**	(197)

Staff salaries and benefits are recharged to the Company where employees are shared resources between related parties.

The Company is managed directly by the key management personnel of the Parent Company, which does not recharge key management remuneration.

Rebates relate to the backend income allocated by the Parent Company. Backend income is centralized at the Parent Company, as it receives the backend income directly from third party suppliers. Hence, backend income is transferred by the Parent directly to the Company rather than routing it through the related parties from whom the Company makes its purchases.

9 Trade and other receivables

	2020	2019
	AED	AED
Trade receivables	**4,872,329**	10,381,936
Expected credit losses	**(39,943)**	(39,943)
	4,832,386	10,341,993
Prepayments	**295,631**	448,625
Deposits	**141,136**	144,136
Other receivables	**100,026**	56,951
	5,369,179	10,991,705

The average credit period on sale of goods is 30 days (2019: 30 days).

9 Trade and other receivables (continued)

At 31 March 2020, one customer accounted for 77% (2019: two customers accounted for 81%) of total trade receivables. There no other customers who represent more than 5% of the total balance of trade receivables as at year-end.

At 31 March 2020, the Company measured the expected credit losses at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the expected credit losses based on past due status is not further distinguished between the Company's different customer base.

As at 31 March 2020, the impaired trade receivables amounting to AED 39,943 is aged for more than one year (2019: AED 39,943 is aged between 181 days to 360 days). During the year ended 31 March 2020, expected credit losses charged for the year amounted to nil (2019: 39,943) (Note 15).

10 Cash and cash equivalents

	2020	2019
	AED	AED
Cash on hand	**15,343**	14,964
Bank balances - current accounts	**55,923**	347,463
	71,266	362,427

11 Share capital

Share capital comprises 300 authorized and fully paid shares of AED 1,000 each.

12 Statutory reserve

In accordance with the U.A.E. Companies Law No. (2) of 2015, the Company has established a statutory reserve by appropriation of 10% of net profit until the reserve equals 50% of the share capital. This reserve is not available for distribution except as stipulated by the Law. No appropriation has been made for the current year as the reserve equals 50% of the share capital.

13 Provision for employees' end-of-service indemnity

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The Company's obligation towards gratuity is a defined benefit plan and the details of actuarial valuation at the reporting date are as follows:

	2020	2019
	AED	AED
Balance at the beginning of the year	**653,706**	634,447
Charge for the year	**156,342**	193,892
Net interest cost	**26,666**	-
Payments during the year	**(130,460)**	(174,436)
Actuarial loss on obligation	**64,473**	-
Transferred to a related party [Note 8(c)]	**-**	(197)
Balance at the end of the year	**770,727**	653,706

Expense recognized in "Staff salaries and benefits" under the statement of profit or loss and other comprehensive income:

	2020	2019
	AED	AED
Service cost	**156,342**	193,892
Net interest cost	**26,666**	-
	183,008	193,892

Principal assumptions used for purposes of the actuarial valuation:

	2020	2019
Discount rate	**3.00%**	4.10%
Salary escalation rate	**3.00%**	3.00%
Mortality rate	**Per AM (80) table**	Per AM (80) table
Withdrawal rate	**19.00%**	20.00%

13 Provision for employees' end-of-service indemnity (continued)

The sensitivity analysis has been determined based on the exposure to discount rates, salary escalation rate, mortality rate and withdrawal rate. The sensitivity rate applied by the Company to ascertain the impact in one of the actuarial assumptions, keeping other assumptions constant, on the defined benefit obligation is as follows:

	Increase/(decrease)	
	2020	2019
	AED	AED
Increase of 1% in assumptions		
Discount rate	**(44,858)**	(31,956)
Salary escalation rate	**54,590**	39,366
Decrease of 1% in assumptions		
Discount rate	**50,897**	36,005
Salary escalation rate	**(49,013)**	(35,582)

14 Trade and other payables

	2020	2019
	AED	AED
Trade payables	**26,411**	1,965
Accrued expenses	**861,452**	802,025
Value-added tax payable - net	**297,266**	151,795
Advance received from customers	**5,045**	8,464,374
	1,190,174	9,420,159

15 General and administrative expenses

	2020	2019
	AED	AED
Consultancy fees	**485,535**	171,530
Depreciation of right-of-use assets (Note 5)	**410,329**	-
Transportation	**235,199**	273,302
License fee	**64,658**	72,020
Depreciation of equipment	**17,832**	25,927
Repairs and maintenance	**3,655**	30,676
Bank charges	**2,558**	251,160
Expected credit losses (Note 9)	**-**	39,943
Other expenses	**119,519**	220,726
	1,339,285	1,085,284

16 Selling and distribution expenses

	2020	2019
	AED	AED
Staff salaries and benefits [Note 8(c)]	**4,353,213**	4,726,000
Insurance	**278,736**	282,788
Warehouse rent (Note 18)	**88,655**	525,416
Others	**5,091**	36,606
	-	-
	-	-
	-	-
	4,725,695	5,570,810

17 Financial instruments and risk management

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

Categories of financial instruments

31 March 2020

	Financial assets Amortised cost AED	**Financial liabilities Amortised cost AED**
Cash and cash equivalents (Note 10)	71,266	-
Due from related parties (Note 8)	3,261,008	-
Trade and other receivables (Note 9)	5,073,548	-
Lease liabilities (Note 6)	-	245,003
Trade and other payables (Note 14)	-	887,863

31 March 2019

	Financial assets Amortised cost AED	**Financial liabilities Amortised cost AED**
Cash and cash equivalents (Note 10)	362,427	-
Due from related parties (Note 8)	113,515,606	-
Trade and other receivables (Note 9)	10,543,080	-
Due to Parent Company (Note 8)	-	111,248,963
Trade and other payables (Note 14)	-	803,990

Fair value measurements

The Management determines that the carrying value of financial assets and financial liabilities approximates the fair value as at the reporting date as these financial assets and financial liabilities are substantially due to be realized and settled within a period of one year in the normal course of the Company's business.

Financial risk management objectives

The financial risk management policies are discussed by the management of the Company on a regular basis to ensure that these are in line with the overall business strategies and its risk management philosophy. Management sets policies which seek to minimize potential adverse effects of financial performance of the Company. The management provides necessary guidance/instructions to the employees covering specific areas, such as market risk (interest rate risk and foreign currency), credit risk and liquidity risk.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

17 Financial instruments and risk management (continued)

Interest risk

As at the reporting date, the Company does not have any significant exposure to interest rate risk because the Company does not have any interest-bearing financial liabilities.

Foreign currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in AED.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposure to outstanding trade receivables. The management of the Company has implemented centralised procedures for credit control. Credit risk is minimised through a conservative credit policy. Individual counter-party limits are set in accordance with the credit policy. The Company's exposure to credit risk is closely monitored and the aggregate value of transactions concluded is spread amongst counter-parties. Credit exposure is controlled by counter-party limits that are reviewed and approved by the management regularly. Due to the risk on transactions in the countries in which the Company operates, management will, based on past experience and level of risk associated with these transactions, make an allowance for losses on such transactions should they consider it necessary.

Ongoing credit evaluation is performed on the financial condition of trade receivable. Further details of credit risk on trade receivables are discussed in Note 9 to the financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

Category	**Description**	**Basis for recognising expected credit losses**
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired
Doubtful	Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

17 Financial instruments and risk management (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management, which has built a liquidity risk management framework for the management of the Company's funding and liquidity management requirements. The Company manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

All of the Company's financial assets and financial liabilities are due to be settled within one year from the reporting date except for lease liabilities as disclosed in Note 6 to the financial statements.

18 Operating lease commitments

Operating lease - Company as lessee

	2020	2019
	AED	AED
Minimum lease payments recognised as expense during the year (Note 16)	**88,655**	525,416

The Company's lease agreement is for a period of one year and is renewable every year.

19 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the equity balance.

The capital structure of the Company consists of equity comprising issued share capital, statutory reserve and retained earnings.

20 Non-adjusting event subsequent to the reporting date

The outbreak of COVID-19 ("pandemic") is causing significant disruption worldwide resulting in an economic slowdown across the globe.

The Company has considered the possible effects that may result from the pandemic on the recoverability of the carrying amounts of receivables and inventories (collectively the "assets") of the Company. For assessing the recoverability of the assets, the Company has considered assumptions based on internal and external information up to the date of adoption of the financial statements. The Company has performed analysis on the assumptions used and based on current estimates expects that the carrying amount of these assets will be recovered and no material loss would result on this account.

The Management have taken into account the possible effects which could be faced by the business and are satisfied that the Company is a going concern for a period of at least twelve months from the date of approval of these financial statements.

Therefore, the going concern basis of accounting in preparing the financial statements continues to be adopted.

Redserv Business Solutions Private Limited

(in ₹)

Balance Sheet as at	Note No.	March 31, 2020	March 31, 2019
ASSETS			
Non-current assets			
Right of use assets	4	43,59,320	-
Financial assets			
Other financial assets - non current	5	28,38,523	-
Other non-current assets	6	37,146	1,60,000
Total non - current assets		**72,34,989**	**1,60,000**
Current assets			
Financial assets			
Cash and cash equivalents	7	42,423	4,89,345
Others financial assets - current	8	-	48,93,720
Other current assets	9	2,22,872	1,100
Total current assets		**2,65,295**	**53,84,165**
Total assets		**75,00,284**	**55,44,165**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	10,00,000	10,00,000
Other equity		(1,53,10,092)	(61,82,993)
Total equity		**(1,43,10,092)**	**(51,82,993)**
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	11	7,12,139	-
Other non-current liabilities	12	-	1,56,537
Total non - current liabilities		**7,12,139**	**1,56,537**
Current liabilities			
Financial liabilities			
Borrowings	13	82,39,574	-
Trade payables	14		
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		11,13,104	28,43,588
Lease liabilities	11	43,73,994	-
Other current liabilities	15	73,71,565	77,27,033
Total current liabilities		**2,10,98,237**	**1,05,70,621**
Total equity and liabilities		**75,00,284**	**55,44,165**

The accompanying notes form an integral part of the financial statements

As per our report of even date

For R.G.Rajan Associates

Chartered Accountants

Firm Registration Number : 003429S

R.G.Rajan

Partner

Membership Number 025437

Place : Chennai

For and on behalf of the Board

Sriram Ganeshan
Director

Sunder S
Director

Redserv Business Solutions Private Limited

in ₹

Statement of Profit and Loss	Note No.	For the year ended March 31, 2020	March 31, 2019
Other income	16	2,26,148	-
Total income		**2,26,148**	**-**
Expenses			
Finance costs	17	5,84,662	-
Depreciation and amortisation expenses	4	37,36,560	-
Other expenses	18	50,32,025	55,86,572
Total Expenses		**93,53,247**	**55,86,572**
Profit / (loss) before tax		(91,27,099)	(55,86,572)
Tax expenses			
Current Tax		-	-
Deferred tax		-	-
Total tax expenses		-	-
Profit / (loss) for the period		**(91,27,099)**	**(55,86,572)**
Other comprehensive income		-	-
Total comprehensive income for the period		**(91,27,099)**	**(55,86,572)**
Earnings per equity share:			
Basic (in ₹)	19	(91.27)	(55.87)
Diluted (in ₹)		(91.27)	(55.87)
Weighted average equity shares used in computing earnings per equity share			
Basic	19	1,00,000	1,00,000
Diluted		1,00,000	1,00,000

The accompanying notes form an integral part of the financial statements

As per our report of even date
For R.G.Rajan Associates
Chartered Accountants
Firm Registration Number : 003429S

R.G.Rajan
Partner
Membership Number 025437

Place : Chennai

For and on behalf of the Board

Sriram

Sriram Ganeshan
Director

Sunder S
Director

REDSERV BUSINESS SOLUTIONS PVT LTD

Redserv Business Solutions Private Limited
Statement of Changes in Equity

A. Equity share capital *in ₹*

Balance as at April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
10,00,000	-	10,00,000

Balance as at April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
10,00,000	-	10,00,000

B. Other equity

Particulars	Reserves and surplus	Total
	Retained earnings	
Balance as at April 1, 2018	(5,96,421)	(5,96,421)
Profit / (loss) for the year	(55,86,572)	(55,86,572)
Balance as at March 31, 2019	**(61,82,993)**	**(61,82,993)**

Particulars	Reserves and surplus	Total
	Retained earnings	
Balance as at April 1, 2019	(61,82,993)	(61,82,993)
Profit / (loss) for the year	(91,27,099)	(91,27,099)
Balance as at March 31, 2020	**(1,53,10,092)**	**(1,53,10,092)**

The accompanying notes form an integral part of the financial statements

As per our report of even date
For R.G.Rajan Associates
Chartered Accountants
Firm Registration Number : 003429S

For and on behalf of the Board

R.G.Rajan
Partner
Membership Number 025437

Sriram Ganeshan
Director

Sunder S
Director

REDSERV BUSINESS SOLUTIONS PVT. LTD.

Place : Chennai

Redserv Business Solutions Private Limited
Statement of Cash Flows

in ₹

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities			
Profit before tax		(91,27,099)	(55,86,572)
Adjustments for:			
Depreciation		37,36,560	-
Finance cost		5,84,662	-
Interest income		(2,12,663)	-
Unrealised exchange loss / (gain)		(13,485)	11,380
Operating profit before working capital changes		(50,32,025)	(55,75,192)
Changes in other financial assets and other assets		21,68,942	(30,69,850)
Changes in trade payables		(17,30,484)	26,18,588
Changes in financial liabilities and other liabilities		78,97,591	52,76,901
		33,04,024	(7,49,553)
Income taxes paid		-	-
Net cash generated by operating activities		**33,04,024**	**(7,49,553)**
Cash flow from investing activities			
Expenditure on property, plant and equipment (net of sale proceeds)		-	-
Investment in equity		-	-
Net cash used in investing activities		-	-
Cash flow from financing activities			
Proceeds from allotment of shares		-	-
Proceeds from long-term borrowings		-	-
Payment of lease liabilities		(37,50,946)	-
Net cash generated by financing activities		**(37,50,946)**	-
Net increase in cash and cash equivalents		(4,46,922)	(7,49,553)
Cash and cash equivalents at the beginning of the period		4,89,345	12,38,898
Cash and cash equivalents at the end of the period	7	**42,423**	**4,89,345**

The accompanying notes form an integral part of the financial statements

As per our report of even date
For R.G.Rajan Associates
Chartered Accountants
Firm Registration Number : 003429S

R.G.Rajan
Partner
Membership Number 025437

Place : Chennai

For and on behalf of the Board

Sriram Ganeshan
Director

Sunder S
Director

Redserv Business Solutions Private Limited

Notes to financial statements for the period ended March 31, 2020

(All amounts are in ₹, unless otherwise stated)

1. COMPANY OVERVIEW

Redserv Business Solutions Private Limited ('the Company') was incorporated on March 27, 2017 as a private limited company under the Companies Act, 2013 ('the Act'). The company has obtained approval from SEZ authorities on 08-Mar-2018 to carry on the business of providing various services in the field of IT and IT enabled services (BPO).

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.01 Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the requirements prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.02 Functional currency and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

2.03 Basis of measurement

The financial statements have been prepared on accrual basis under the historical cost convention except for certain financial assets and liabilities which are measured at fair values.

2.04 Going concern

The company is a step down subsidiary of Redington (India) Limited. RBI vide its letter dated 09-Apr-2019 has advised Redington (India) Ltd to wind up its step down subsidiary. Based on the representations made, RBI vide its letter dated 18-Feb-20, accorded the approval to Redington (India) Ltd to continue the operations of this company. Though the networth was eroded as at the end of financial year ended on 31st Mar 20, but based on the business plan of the management, the financial ability of its immediate and ultimate parent, the accounts of the company are prepared on the assumption of going concern.

2.05 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions considered in the reported amount of assets, liabilities (including contingent assets and contingent liabilities) and the reported income and expenses during the year. The management believes that these estimates, judgements and assumptions used in the preparation of financial statements are prudent and reasonable.

Future results could differ from these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise. Estimates, judgements and underlying assumptions are reviewed periodically on an ongoing basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.01 Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no changes are required to lease period relating to the existing lease contracts.

<u>The company as a lessee</u>

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method . Consequently, the Company recorded the lease liability at the present value of the remaining lease payments, discounted using the the incremental borrowing rate at the date of initial application and the right of use asset equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 80.96 lakhs , and a lease liability of ₹ 82.52 lakhs.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 8.75% p.a being 3 years Marginal Cost Lending rate of State Bank of India on 1st April 2019.

3.02 Foreign currency

Income and expenditure in foreign currencies are recorded at the exchange rate prevailing at the date of transaction. Exchange gain/loss on settlement of foreign currency transactions are recognised in the statement of profit and loss.

All monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the end of the accounting period at the prevailing exchange rates as on the reporting date and the resulting exchange gain/loss is recognised in the Statement of Profit and Loss.

3.03 Income Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit for the year except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

a) Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. The amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates under the provisions of the Income Tax Act, 1961. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

b) Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

c) Deferred tax is not recognised for temporary difference arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction.

d) Deferred tax assets – unrecognised or recognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

3.04 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingent liability is disclosed for all

a) possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company (or)

b) present obligations arising from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

In respect of contingent assets for which inflow of economic benefits are probable, the Company discloses a brief description of the nature of the contingent assets at the end of the year. and, where practicable, an estimate of their financial effect.

3.05 Cash and cash equivalents

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risks of changes in rate.

3.06 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated based on the nature of transactions.

3.07 Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

3.08 Fair value measurement

Certain of the Company's accounting policy or disclosures require the measurement of fair value for both financial / non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the time of measurement date. When measuring fair value, the Company takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and /or disclosure purpose in these financial statements is determined on such basis, except for share based payment transactions that are within the scope of Ind AS 102 "*Share-based payment*", leasing transactions that are within the scope of Ind AS 17 "*Leases*", and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 "*Inventories*" or value used in Ind AS 36 "*Impairment of assets*".

The Company has an established framework with respect to the measurement of fair values. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques which are follows

i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an assets or a liability fall into different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

3.09 Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

Classification and subsequent measurement

Financial assets

i) On initial recognition, a financial asset is classified as measured at
   - Amortised cost
   - Fair value through profit and loss

ii) A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at Fair Value Through Profit or Loss (FVTPL)
   - The asset is held within a business model whose objective is to hold assets to collect contractual flows; and
   - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

iv) Financial assets at FVTPL – These are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

   Financial assets at amortised cost – These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit and loss.

v) Financial assets are not re-classified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing its financial assets.

Financial liabilities

i) Financial liabilities are classified as measured at amortised cost or FVTPL.

ii) A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such in initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit and loss.

iii) Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on de-recognition is also recognised in profit and loss.

De-recognition

Financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is the cumulative gain or loss that has to be recognised in the statement of profit and loss.

Financial liabilities

The Company de-recognises a financial liability when its contractual obligations are discharges or cancelled, or expire. The difference between the carrying amount of the financial liability de-recognised and the sum of consideration paid and payable is recognised as gain or loss in the statement of profit and loss.

The Company also de-recognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit and loss.

Offsetting

Financial assets and financial liabilities are offset and net amount presented in the balance sheet when, and only when there is a legally enforceable right to set off the amounts and it intend either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

Impairment of financial assets

The Company recognises loss allowance for expected credit loss ('ECL') on financial asset measured at amortised cost. At each reporting date, the Company assess whether such financial assets carried at amortised cost are credit – impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company measures loss allowance at an amount equal to lifetime expected credit losses except for bank balances which are measured as 12 month expected credit losses for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to life time expected credit losses.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the ECL which results from default events that are possible within 12 months after the reporting date.

Measurement of expected credit losses

The Company has adopted a model, as permitted under Ind AS 109 "Financial Instruments", for measuring lifetime expected credit loss "ECL" allowance for trade receivables. The model determines the expected credit losses as the probability-weighted estimate of credit losses.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets. The gross carrying amount of a financial assets is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

4. Right of use assets

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020

in ₹

Particulars	Category of ROU assets	Total
	Building	
Gross carrying value		
As at April 01, 2019	-	-
Additions / Adjustments during the year	80,95,880	**80,95,880**
Deductions/ Retirement during the year	-	-
As at March 31, 2020	**80,95,880**	**80,95,880**
Depreciation		
As at April 01, 2019	-	-
For the period	37,36,560	**37,36,560**
Deductions / Adjustments during the year	-	-
As at March 31, 2020	**37,36,560**	**37,36,560**
Carrying value		
As at March 31, 2020	**43,59,320**	**43,59,320**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

5. Other financial assets - non current

Particulars	As at March 31, 2020	As at March 31, 2019
Rental deposits		
Rental deposits paid	46,23,493	-
Less : Provision for bad and doubtful debts	(17,84,970)	-
	28,38,523	-

6. Other non-current assets

Particulars	As at March 31, 2020	As at March 31, 2019
Capital advance		
Capital advance paid	1,60,000	1,60,000
Less : Provision for bad and doubtful debts	(1,60,000)	-
Prepaid rent	37,146	-
	37,146	**1,60,000**

7. Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
In current accounts	35,319	4,82,241
Cash on hand	7,104	7,104
	42,423	**4,89,345**

8. Other financial assets - current

Particulars	As at March 31, 2020	As at March 31, 2019
Rental deposits	-	48,93,720
	-	**48,93,720**

9. Other current assets

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid rent	2,22,872	-
Advances other than capital advances		
Payment to vendore for supply of services	-	1,100
	2,22,872	**1,100**

10. Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	No of shares	Amount	No of shares	Amount
Authorised				
Equity shares, ₹10/- par value	1,00,000	10,00,000	1,00,000	10,00,000
Issued, subscribed and fully paid				
Equity shares, ₹10/- par value	1,00,000	10,00,000	1,00,000	10,00,000
	1,00,000	**10,00,000**	**1,00,000**	**10,00,000**

a. Reconciliation of the shares outstanding at the beginning and at the end of the period

Particulars	As at March 31,	
	2020	2019
Equity shares	No of shares	No of shares
At the beginning of the year	1,00,000	1,00,000
Issued during the year	-	-
Outstanding at the end of the year	**1,00,000**	**1,00,000**

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Particulars	As at March 31,	
	2020	2019
Equity shares	No of shares	No of shares
Redington Gulf FZE (Holding company)	99,990	99,990

d. Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No of shares	% held	No of shares	% held
Redington Gulf FZE	99,990	99.99%	99,990	99.99%

11. Lease liabilities

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non - current	Current	Non - current	Current
Lease liabilities measured at amortised cost	7,12,139	43,73,994	-	-
	7,12,139	43,73,994	-	-

12. Other non-current liabilities

Particulars	As at March 31,	
	2020	2019
Others		
Deferred rent	-	1,56,537
	-	1,56,537

13. Borrowings

Particulars	As at March 31,	
	2020	2019
Unsecured loans from related parties repayable on demand	82,39,574	-
	82,39,574	-

14. Trade payables

The Company has circulated letters to suppliers and based on confirmations received so far from the parties, necessary disclosures relating to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 are made in the financial statements. There are no overdue outstanding amounts (including interest) payable to these enterprises.

Particulars	As at March 31,	
	2020	2019
Amount due to vendor		
- Principal	-	-
- Interest	-	-
Interest paid in terms of section 16	-	-
Amount paid beyond the appointed day	-	-
Amount of interest due and payable for the delay	-	-
Amount of interest accrued and remaining unpaid	-	-

15. Other current liabilities

Particulars	As at March 31,	
	2020	2019
Other advances		
Advances received from customers	73,17,682	76,53,546
Others		
Withholding taxes and others	53,883	52,487
Expenses payable	-	21,000
	73,71,565	77,27,033

16. Other income

Particulars	As at March 31, 2020	2019
Interest on rental deposits	2,12,663	-
Exchange Rate Fluctuations	13,485	-
	2,26,148	-

17. Finance costs

Particulars	As at March 31, 2020	2019
Interest on lease payments	5,84,662	-
	5,84,662	-

18. Other expenses

Particulars	Year ended March 31, 2020	2019
Bad debts	19,44,970	-
Bank Charges	41,772	-
Exchange Rate Fluctuations	-	11,380
Office Maintenance	6,53,038	3,75,925
Payments to auditor (Refer details below)	1,94,110	1,92,962
Power and fuel	5,94,929	4,71,262
Printing and Stationery	-	4,325
Professional Charges	34,600	57,000
Rates & Taxes	-	1,200
Rent - Building	9,75,578	38,49,447
Rent - Maintenance	44,328	2,42,190
Security charges	5,48,700	3,78,209
Travelling Expenses	-	2,672
	50,32,025	**55,86,572**
Payments to auditor		
As auditor:		
Statutory audit fee	1,64,500	1,55,900
In other capacity:		
Other services (certification fees)	-	-
Tax on the above	29,610	37,062
	1,94,110	**1,92,962**

19. Earnings per equity share

Particulars	2019-20	2018-19
Profit after tax	(91,27,099)	(55,86,572)
Weighted average number of equity shares (Basic)	1,00,000	1,00,000
Earnings per share- Basic ₹	(91.27)	(55.87)
Weighted average number of equity shares (Diluted)	1,00,000	1,00,000
Earnings per share-diluted ₹	(91.27)	(55.87)
Face Value per share in ₹	10	10

20. Contingent liabilities & commitments

Particulars	As at March 31, 2020	As at March 31, 2019
Contingent liabilities (Claims against the company not acknowledged as debt)	-	-
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-

21. Leases

The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	As at March 31, 2020
Balance at the beginning	-
Additions	82,52,417
Finance cost accrued during the period	5,84,662
Deletions	-
Payment of lease liabilities	37,50,946
Translation differences	-
Balance at the end	**50,86,133**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	As at March 31, 2020
Within one year of the balance sheet date	43,73,994
Due in a period between one year and five years	7,12,139
Due after five years	-

22. Financial instruments

a) Financial assets and liabilities

The following table shows the carrying amounts of financial assets and financial liabilities:

Particulars	Note reference	Carrying amount as at March 31, 2020		
		FVTPL	Amortised cost	Total
Financial assets				
(measured at fair value)				
Other financial assets - non current	5	-	28,38,523	28,38,523
Cash and cash equivalents	7	-	42,423	42,423
Total		-	**28,80,946**	**28,80,946**
Financial liabilities				
(measured at fair value)				
Borrowings	13	82,39,574	-	82,39,574
Lease liabilities	11	-	50,86,133	50,86,133
Trade payables	14	-	11,13,104	11,13,104
Total		**82,39,574**	**61,99,237**	**1,44,38,811**

Particulars	Note reference	Carrying amount as at March 31, 2019		
		FVTPL	Amortised cost	Total
Financial assets				
(measured at fair value)				
Cash and cash equivalents	7	-	4,89,345	4,89,345
Other financial assets - current	8	-	48,93,720	48,93,720
Total		-	**53,83,065**	**53,83,065**
Financial liabilities				
(measured at fair value)				
Trade payables	14	-	28,43,588	28,43,588
Total		-	**28,43,588**	**28,43,588**

b) Fair value hierarchy

The carrying amount of financial assets and financial liabilities is a reasonable approximation of their respective fair value. Hence, the information regarding fair value hierarchy is not separately disclosed.

c) Financial risk management

Financial risk factors

The Company's activities primarily expose it to credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

Credit risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is detailed in the table here below.

Particulars	As at	
	March 31, 2020	March 31, 2019
Capital advance		1,60,000
Rental deposits	30,000	48,93,720
Lease deposits	28,08,523	-

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has no outstanding borrowings. The Company has a high level of liquidity risk as the working capital is not sufficient to meet the current requirements of the company.

As at March 31, 2020 the company had a working capital of (208.33) lakhs including cash and cash equivalents of Rs. 0.42 lakhs. As at March 31, 2019 the company had a working capital of Rs.(51.86) lakhs including cash and cash equivalents of Rs. 4.89 lakhs.

23. Related party disclosures

(i) Names of related parties and related party relationship

Related parties where control exists

Description of Relationship	Name of the Party
1. Holding company	Redington Gulf FZE, Dubai
2. Ultimate holding company	Redington (India) Limited
3. Fellow subsidiary	Cadensworth FZE, Dubai
4. Key management personnel	Raj Shankar Sunder S Sriram Ganeshan V Srinivasababu

(ii) Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties and the respective closing balances for the financial year:

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Financing transactions:		
Advance received for services to be provided		
Redington Gulf FZE, Dubai	-	50,85,302
Expenses / advances paid by the related party on behalf of the company		
Redington Gulf FZE, Dubai	79,17,195	-
Closing balances		
Other current liabilities		
Redington Gulf FZE, Dubai	1,55,57,256	76,53,546

24. Due to the RBI order's dated 9 Apr 19 to wind up the company, while preparing the financial statements for the year ended on 31st Mar 2019, no amortization adjustments were made in respect of financial assets that were classified as measured on amortized cost basis, as they were expected to be recovered within the next financial year and classified as current assets.. However based on the representation made, RBI vide its letter dated 18 Feb 20, had accorded permission to the company to resume its operations. In view of this revised scenario, certain financial assets which were earlier classified as current are reclassified as non current and amortization were applied. Consequent adjustments were made in the current financial year.

25. During the financial year, pending the outcome of its representation to RBI to allow the operations of the company, the immediate parent, had met the obligations of the company by direct payments to vendors as the fund transfer from immediate parent to the company for meeting its obligations would be treated as commencement or carrying out of business operations which would be deemed as non-compliance with RBI's order. This action of the immediate parent requires RBI's approval.

26. Segment reporting

The company is yet to commence its operations and hence, no segmental information is disclosed.

27. Deferred tax

On a review of the position as on 31st March 2020, regarding accounting for taxes on income under Ind AS-12, on the basis of prudence, deferred tax asset is not being considered.

28. Previous year figures

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

For R.G.Rajan Associates
Chartered Accountants
Firm Registration Number : 003429S

R.G.Rajan
Partner
Membership Number 025437
Place : Chennai

For and on behalf of the Board

Surans

Sriram Ganeshan
Director

Sunder S
Director

REDSERV BUSINESS SOLUTIONS PVT. LTD.

Cadensworth FZE
Jebel Ali Free Zone
Dubai, United Arab Emirates

Report and Statutory financial statements
For the year ended 31 March 2020

Cadensworth FZE

Table of contents | **Page**

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INDEPENDENT AUDITOR'S REPORT

The Shareholder
Cadensworth FZE
Jebel Ali Free Zone
Dubai
United Arab Emirates

Report on the Separate Financial Statements

Opinion

We have audited the separate financial statements of **Cadensworth FZE, Jebel Ali Free Zone, Dubai, United Arab Emirates** (the "Establishment"), which comprise the separate statement of financial position as at 31 March 2020, the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Establishment as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Separate Financial Statements section of our report. We are independent of the Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with other ethical requirements that are relevant to our audit of the Establishment's 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 for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Cont'd…

Deloitte.

INDEPENDENT AUDITOR'S REPORT
to the Shareholder of Cadensworth FZE (continued)

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

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the separate 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 report. However, future events or conditions may cause the Establishment to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management 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.

Report on Other Legal and Regulatory Requirements

Further, we report that the separate financial statements of the Establishment comply, in all material respects, with the applicable provisions of the Jebel Ali Free Zone Companies Implementing Regulations 2016.

Deloitte & Touche (M.E.)

Cynthia Corby
Registration No. 995

Dubai
United Arab Emirates

Cadensworth FZE

Separate statement of financial position
As at 31 March 2020

	Notes	2020 AED	2019 AED
ASSETS			
Non-current assets			
Right-of-use assets	5	**85,911**	-
Property and equipment		**46,805**	65,463
Intangible assets	7	**229,840**	962,348
Investment in a subsidiary		**1,000**	1,000
Investment in an associate	8	**484,610**	484,610
Total non-current assets		**848,166**	1,513,421
Current assets			
Inventories	10	**13,767,004**	17,674,741
Due from related parties	9	**16,560,843**	5,830,357
Trade and other receivables	11	**14,627,575**	15,574,393
Available-for-sale financial asset	12	**6**	6
Cash and cash equivalents	13	**119,371**	84,906
Total current assets		**45,074,799**	39,164,403
Total assets		**45,922,965**	40,677,824
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**1,000,000**	1,000,000
Re-measurement of retirement benefit obligation		**(161,151)**	-
Retained earnings		**9,533,511**	8,801,207
Total equity		**10,372,360**	9,801,207
LIABILITIES			
Non-current liabilities			
Provision for employees' end-of-service indemnity	15	**3,071,842**	2,673,625
Total non-current liabilities		**3,071,842**	2,673,625
Current liabilities			
Due to related parties	9	**8,147,780**	3,860,048
Trade and other payables	16	**24,260,430**	24,342,944
Lease liabilities	6	**70,553**	-
Total current liabilities		**32,478,763**	28,202,992
Total liabilities		**35,550,605**	30,876,617
Total equity and liabilities		**45,922,965**	40,677,824

These separate financial statements were approved and authorised for issue by:

Siram

Director

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

Cadensworth FZE

Separate statement of profit or loss and other comprehensive income
For the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Revenues	17	**83,842,406**	217,406,173
Cost of revenues	18	**(76,387,583)**	(200,399,152)
Gross profit		**7,454,823**	**17,007,021**
Selling and distribution expenses	20	**(4,163,307)**	(9,930,841)
General and administrative expenses	19	**(2,449,253)**	(6,254,870)
Interest expense		**(109,959)**	-
Profit for the year		**732,304**	**821,310**
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Re-measurement of retirement benefit obligation	15	**(161,151)**	-
Other comprehensive loss for the year		**(161,151)**	**-**
Total comprehensive income for the year		**571,153**	**821,310**

Cadensworth FZE

Separate statement of changes in equity
For the year ended 31 March 2020

	Share capital AED	Re-measurement of retirement benefit obligation AED	Retained earnings AED	Total AED
At 1 April 2018	1,000,000	-	7,979,897	8,979,897
Profit for the year	-	-	821,310	821,310
At 31 March 2019	1,000,000	-	8,801,207	9,801,207
Profit for the year	-	-	732,304	732,304
Re-measurement of retirement benefit obligation (Note 15)	-	(161,151)	-	(161,151)
Total comprehensive income for the year	-	(161,151)	732,304	571,153
At 31 March 2020	**1,000,000**	**(161,151)**	**9,533,511**	**10,372,360**

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

Cadensworth FZE

Separate statement of cash flows
For the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Cash flows from operating activities			
Profit for the year		**732,304**	821,310
Adjustments for:			
Depreciation of property and equipment		**26,084**	31,648
Amortisation of intangible assets	7	**732,508**	738,984
Depreciation of right-of-use assets	5	**206,186**	-
Allowance for slow-moving inventories	10	**170,663**	827,589
Expected credit losses	11	**31,380**	39,415
Current service cost on provision for employees' end-of-service indemnity	15	**366,130**	443,587
Interest expense		**109,959**	-
Operating cash flows before changes in operating assets and liabilities		**2,375,214**	2,902,533
Changes in working capital:			
Decrease in inventories		**3,737,074**	12,769,096
Increase in due from related parties		**(10,730,486)**	(2,035,863)
Decrease in trade and other receivables		**905,351**	32,954,407
Increase/(decrease) in due to related parties	9	**4,249,488**	(46,668,253)
(Decrease)/increase in trade and other payables	16	**(82,514)**	152,196
Cash (used for)/generated from operations		**454,127**	74,116
Employees' end-of-service indemnity paid	15	**(195,023)**	(254,485)
Net cash generated from/(used in) operating activities		**259,104**	(180,369)
Cash flows from investing activities			
Purchase of property and equipment		**(7,426)**	(5,691)
Purchase of intangible assets	7	**-**	(34,543)
Cash used in investing activities		**(7,426)**	(40,234)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities	6	**(211,457)**	-
Repayment of interest portion of lease liabilities	6	**(5,756)**	-
Net cash from financing activities		**(217,213)**	-
Net increase/(decrease) in cash and cash equivalents		**34,465**	(220,603)
Cash and cash equivalents at the beginning of the year		**84,906**	305,509
Cash and cash equivalents at the end of the year	13	**119,371**	84,906
Non-cash transaction -			
Employees' end-of-service indemnity transferred to related parties (Notes 9 and 15)		**(38,244)**	(72,162)
		(38,244)	(72,162)

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

1 General operations

Cadensworth FZE (the "Establishment"), is registered in Jebel Ali Free Zone as a Free Zone Establishment with limited liability. The Establishment is a wholly owned subsidiary of Redington Gulf FZE, Dubai, United Arab Emirates (U.A.E.) (the "Parent Company"). The ultimate controlling party is Redington (India) Limited, India.

The Establishment is an authorised distributor of information technology products and spare parts for global vendors in the Middle East. The address of the registered office of the Establishment is P.O. Box 17441, Jebel Ali Free Zone, Dubai, U.A.E.

These financial statements present the separate financial statements of the Establishment. The Establishment's investment in a subsidiary is carried at cost. Further, the consolidated financial statements, as required under International Financial Reporting Standards, are prepared by the Parent Company and are available at its registered office at P.O. Box 17266, Jebel Ali, Dubai, U.A.E.

Details of the Establishment's subsidary as at 31 March 2020 are as follows:

Name of subsidiary	Place of registration and operation	Ownership interest %	Beneficial interest %	Principal activity
CDW International Trading FZCO	Dubai, U.A.E.	100	100	Distribution of information technology and telecommunication products.

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

2.1 New and amended IFRS Standards that are effective for the current year

In the current year, the Establishment, for the first time, has adopted IFRS 16 Leases (as issued by the IASB in January 2016). The standard replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases - Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Therefore, IFRS 16 does not have an impact for leases where the Establishment is the lessor. Details of these new requirements are described in Note 4 to the separate financial statements. The impact of the adoption of IFRS 16 on the Establishment's separate financial statements is described below:

The date of initial application of IFRS 16 for the Establishment is 1 April 2019.

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

The Establishment has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. The Establishment did not restate any comparative information. Instead, the Establishment recognised a right to use the leased asset equal to the lease liability, which is equivalent to the present value of the future lease payments plus directly attributable costs and is amortised over the useful life.

Impact of the new definition of a lease

The Establishment has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 April 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease based on whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Establishment applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract).

Impact on lessee accounting

Former operating leases

IFRS 16 changes how the Establishment accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Establishment:
a) recognises right-of-use assets and lease liabilities in the separate statement of financial position, initially measured at the present value of future lease payments;

b) recognises depreciation of right-of-use assets and interest on lease liabilities in the separate statement of profit or loss and other comprehensive income; and

c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the separate statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*. This replaces the previous requirement to recognise a provision for onerous lease contracts. For short term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Establishment has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the separate statement of profit or loss and other comprehensive income.

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

The Establishment has used the following practical expedients when applying the cumulative catch-up approach to leases:

a) The Establishment has applied a single discount rate to its portfolio of leases given that its leases have reasonably similar characteristics.

b) The Establishment has excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

c) The Establishment has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

d) The Establishment has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Financial impact of initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the year ended 31 March 2020.

Impact on separate statement of profit or loss:

	2020 AED
Increase in depreciation expense (Note 19)	**206,186**
Increase in interest expense (Note 6)	**5,756**
Decrease in other expenses	**(216,003)**
Increase in profit for the year	**(4,061)**

Impact on separate statement of cash flows:

	2020 AED
Lease payments:	
Principal	**211,457**
Interest paid	**5,756**
Net cash used in financing activities (Note 6)	**217,213**

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact on assets, liabilities and equity as at 1 April 2019:

	1 April 2019 AED
Assets	
Right-of-use assets (Note 5)	292,097
Prepayments	(10,087)
Liabilities	
Lease liabilities (Note 6)	282,010
Net impact on equity	-

The off-balance sheet lease obligations as at 31 March 2019 are reconciled as follows to the recognized lease liabilities as at 1 April 2019:

	AED
Operating lease commitments disclosed as at 31 March 2019 (Note 22)	220,056
Less: Adjustment due to discounting of the commitment at the incremental borrowing rate on 1 April 2019	9,154
Lease liability recognised as at 1 April 2019	210,902

The weighted average lessees' incremental borrowing rate applied to lease liabilities recognised in the separate statement of financial position on 1 April 2019 is 4.16%.

The associated right-of-use assets were measured on a modified retrospective basis. Right-of-use assets are measured at the amount equal to the lease liability, further adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the separate statement of financial position as at the reporting period. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Establishment *as a lessee*

a) The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and leases liabilities. It resulted in a decrease in other expense and an increase in depreciation expense and in finance cost.

b) Lease liability on leases previously classified as financing leases under IAS 17 and previously presented within obligations under finance lease is now presented within the lease liabilities in the separate statement of financial position. There has been no change in the liability recognised.

The application of IFRS 16 has an impact on the separate statement of cash flows of the Establishment.

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Under IFRS 16, lessees must present:

• Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities (the Establishment has included these payments as part of payments to suppliers and employees);

• Cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Establishment has opted to include the interest paid as part of operating activities); and

• Cash payments for the principal portion for leases liability, as part of financing activities. Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated from operating activities has increased by AED 9,817 and net cash used in financing activities decreased by AED 217,213.

In the current year, the Establishment has applied a number of amendments to IFRS issued by the IASB that are effective for the annual period that begins on 1 April 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these separate financial statements:

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IFRS 9 Prepayment Features with Negative Compensation and Modification of financial liabilities The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.	1 January 2019
Amendments to IAS 28 Investment in Associates and Joint Ventures: Relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	1 January 2019

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Annual Improvements to IFRSs 2015-2017 Cycle Amendments to IAS 12 Income Taxes, IAS 23 Borrowing Costs, IFRS 3 Business Combinations and IFRS 11 Joint Arrangements The Annual Improvements include amendments to Four Standards.	1 January 2019
i) IAS 12 Income Taxes	1 January 2019
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	
ii) IAS 23 Borrowing costs	1 January 2019
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	
iii) IFRS 3 Business Combinations	1 January 2019
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.	
iv) IFRS 11 Joint Arrangements	1 January 2019
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.	
Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements.	1 January 2019

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances.	

The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

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

New and revised IFRSs	***Effective for annual periods beginning on or after***
Definition of Material - Amendments to IAS 1 *Presentation of Financial* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2020
The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those separate financial statements, which provide financial information about a specific reporting entity.'	

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

2.2 New and revised IFRS Standards in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Definition of a Business - Amendments to IFRS 3 *Business Combinations* The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have ‘the ability to contribute to the creation of outputs’ rather than ‘the ability to create outputs’.	1 January 2020
Amendments to References to the Conceptual Framework in IFRS related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	1 January 2020
IFRS 7 *Financial Instruments: Disclosures* and IFRS 9 - *Financial* Instruments Amendments regarding pre-replacement issues in the context of the IBOR reform.	1 January 2020
IFRS 17 *Insurance Contracts* IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as at 1 January 2022.	1 January 2020
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Establishment’s separate financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the separate financial statements of the Establishment in the year of initial application.

3 Significant accounting policies

Statement of compliance

The separate financial statements have been prepared in accordance with IFRSs, as issued by the IASB.

Basis of preparation

The separate financial statements are prepared in accordance with the historical cost basis except for available-for-sale financial asset. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The significant accounting policies adopted are set out below.

Investment in a subsidiary (accounted under Cost Method)

A subsidiary is an entity over which the Establishment exercises control. Control is achieved where the Establishment has:

- power over the entity;
- exposure or has rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect its returns.

Investment in a subsidiary is accounted in these separate financial statements of the Establishment using the "cost method" in accordance with IAS 27 Separate Financial Statements under which such investments are carried at cost less any impairment in value.

Income from the investment is recognised only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of acquisition.

Invesment in an associate (accounted under Cost Method)

Investment in an associate, where the Establishment has the ability to exercise significant influence and that is neither a subsidiary nor an interest in a joint venture since date of acquisition, is accounted in these separate financial statements of the Establishment using the "cost method" in accordance with IAS 27. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other companies, are considered when assessing whether the Establishment has significant influence. If the conversion or the potential voting rights results to significant influence, equity accounting is applied from the date on which the investee becomes an associate.

The Establishment's reporting date and that of its associate are identical and the associate's accounting policies conform to those used by the Establishment for like transactions and events in similar circumstances. Where necessary, adjustments are made to bring such accounting policies in line with those of the Establishment.

The Establishment determines whether it is necessary to recognize an additional impairment loss on its investment in the associate. The Establishment determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Establishment calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognizes the same in the separate statement of profit or loss and other comprehensive income.

3 Significant accounting policies (continued)

Revenue recognition

Revenue from sale of goods and services

The revenue of the Establishment involves the sale of spare parts and assurance-type warranty services.

The Establishment recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

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

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

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

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

5) Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Establishment satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

• The customer simultaneously receives and consumes the benefits provided by the Establishment's performance as the Establishment performs; or

• The Establishment's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

• The Establishment's performance does not create an asset with an alternative use to the Establishment and the entity has an enforceable right to payment for performance completed to date.

The Establishment allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Establishment's efforts or inputs to the satisfaction of the performance obligations.

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

3 Significant accounting policies (continued)

Revenue recognition (continued)

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

Leases

Policy with respect to leases adopted from 1 April 2019

The Establishment as lessee

The Establishment assesses whether contract is or contains a lease, at inception of the contract. The Establishment recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Establishment recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Establishment uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

• fixed lease payments (including in-substance fixed payments), less any lease incentives;

• variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

• the amount expected to be payable by the lessee under residual value guarantees;

• the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

• payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the separate statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3 Significant accounting policies (continued)

Leases (continued)

Policy with respect to leases adopted from 1 April 2019

The Establishment remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

• the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

• the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

• a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Establishment made one adjustment during the period presented arising from the changes in lease payments agreed with the lessor.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Establishment expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line item in the separate statement of financial position.

The Establishment applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the ‘Property and equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ‘Other expenses’ in the separate statement of profit or loss and other comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Establishment has not used this practical expedient.

3 Significant accounting policies (continued)

Leases (continued)

Policy with respect to leases applied before 1 April 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Establishment as lessee

Assets held under finance leases are initially recognised as assets of the Establishment at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

Foreign currencies

The separate financial statements of the Establishment are presented in the currency of the primary economic environment in which the Establishment operates. For the purpose of the separate financial statements, the results and financial position of the Establishment are expressed in Arab Emirates Dirhams, which is the functional currency of the Establishment, and the presentation currency for the separate financial statements.

In preparing the financial statements of the Establishment, transactions in currencies other than the Establishment's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss.

3 Significant accounting policies (continued)

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Establishment and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when incurred. Depreciation is charged so as to write off the cost of assets over their estimated useful lives using the straight-line method as follows:

	Useful lives
Furniture and fixtures	5
Office equipment	5
Computers	5

The estimated useful lives and depreciation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

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

Intangible assets

Cost of computer software purchased is amortised using the straight-line method over its estimated useful life of 3 years.

Impairment of tangible and intangible assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3 Significant accounting policies (continued)

Impairment of tangible and intangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase costs and other related expenses that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Provisions

Provisions are recognised when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that the Establishment will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised in the Establishment's separate statement of financial position when the Establishment becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the

3 Significant accounting policies (continued)

Financial instruments (continued)

acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the separate statement of profit or loss and other comprehensive income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Impairment of financial assets

The Establishment always recognises lifetime ECL for trade receivables. The expected credit loss on this financial asset is estimated using a provision matrix based on the Establishment's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Establishment recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Establishment measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

3 Significant accounting policies (continued)

Financial instruments (continued)

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Establishment compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Establishment considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Establishment becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Establishment considers the changes in the risk that the specified debtor will default on the contract.

The Establishment regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Establishment assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(a) The financial instrument has a low risk of default,
(b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
(c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Establishment employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Establishment.

3 Significant accounting policies (continued)

Financial instruments (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event (see (ii) above);
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Establishment writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Establishment's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Establishment in accordance with the contract and all the cash flows that the Establishment expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Establishment derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Establishment neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Establishment recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Establishment retains substantially all the risks and rewards of ownership of a transferred financial asset, the

3 Significant accounting policies (continued)

Financial instruments (continued)

Establishment continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

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

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

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

Employee benefits

The Establishment operates a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Establishment's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The Establishment's gratuity plan is unfunded, the defined benefit obligation of which is determined annually by a qualified actuary using the projected unit credit method at each reporting date. Re-measurement of defined benefit obligation, which comprises of actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. The Establishment determines the net interest expenses on the net defined benefit obligation, taking into account any changes in the defined benefit liability during the period as a result of contribution and benefit payments. Net interest expenses related to defined benefit plan are recongised in "Interest expense" in the separate statement of profit or loss and other comprehensive income.

4 Critical accounting judgments and key sources of estimation uncertainty

Critical judgements in applying accounting policies

The following is the critical judgment (apart from those involving estimations, which are dealt with below) that management has made in the process of applying the Establishment's accounting policies, which are described in Note 3 to the separate financial statements, and that has the most significant effect on the amounts recognised in the separate financial statements.

Warranties

The Establishment's Original Equipment Manufacturer ("OEM") generally warrants the products distributed by the Establishment and these are assurance warranties provided in the normal course of business relating to product performance. The Establishment generally does not independently warrant the products it distributes and therefore management does not consider that any provisions for warranties or claims are required.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at each reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Calculation of loss allowance

When measuring ECL the Establishment uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

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

Provision for impairment of trade receivables

The Establishment reviews its receivables to assess adequacy of provisions at least on an annual basis. The Establishment's credit risk is primarily attributable to its trade receivables. In determining whether provisions should be recognised, the Establishment makes an estimate of the collectible amount when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of time past due, based on ECL on such receivables.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product group level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle, product pricing,

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

Key sources of estimation uncertainty (continued)

physical deterioration and quality issues. Based on the above factors, the Establishment has arrived at certain percentages for allowance for slow-moving inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

5 Leases (the Establishment as Lessee)

The Establishment leases office premises in which the average lease term is 2 years.

Movement of the recognised right-of-use assets during the year:

	AED
Balance as at 1 April 2019 (restated)	292,097
Depreciation for the year (Note 20)	(206,186)
Balance as at 31 March 2020	85,911

6 Lease liabilities

	31 March 2020	1 April 2019*
	AED	AED
Amount due for settlement within 12 months		
Not later than 1 year (shown under current liabilities)	**70,553**	-

Balance as at 1 April 2019 amounted to nil as not presented in the separate statement of financial position.

	2020
	AED
As at the date of initial application	**282,010**
Amortization of interest expense during the year	**5,756**
Repayment of lease liabilities during the year	**(217,213)**
As at the end of the year	**70,553**

7 Intangible assets

	Computer software
	AED
Cost	
At 1 April 2018	2,187,308
Additions	34,543
At 31 March 2019	2,221,851
At 31 March 2020	**2,221,851**
Accumulated amortisation	
At 1 April 2018	520,519
Amortisation expense	738,984
At 31 March 2019	1,259,503
Amortisation expense	732,508
At 31 March 2020	**1,992,011**
Carrying amount	
At 31 March 2020	**229,840**
At 31 March 2019	962,348

8 Investment in an associate

Cost method

Name of associate	Principal activity	Country of incorporation	Ownership interest		Carrying amount of investment	
			2020	2019	**2020**	2019
					AED	AED
ProConnect Saudi LLC	Providing logistics services	Riyadh, Saudi Arabia	**49.00%**	49.00%	**484,610**	484,610

Summarised financial information in respect of the Establishment's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS.

	2020	2019
	AED	AED
ProConnect Saudi LLC		
Current assets	**12,528,983**	13,558,187
Non-current assets	**24,906,040**	745,560
Current liabilities	**24,022,678**	3,619,395
Non-current liabilities	**10,571,123**	482,766
Equity	**2,841,222**	10,201,586
Profit for the year	**1,384,899**	5,277,633

9 Related party transactions

The Establishment enters into transactions with the the Parent Company, companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise the Parent Company, companies and entities under common ownership and/or common management and key management personnel.

The management decides on the terms and conditions of the transactions and of services received/rendered from/to related parties as well as on other charges.

a) At the end of the reporting period, amounts due from related parties were as follows:

	2020	2019
	AED	AED
Due from related parties		
Entities under common control/ownership	**16,560,843**	5,830,357
	16,560,843	5,830,357

b) At the end of the reporting period, amounts due to related parties were as follows:

	2020	2019
	AED	AED
Due to related parties		
Parent Company	**5,098,394**	1,188,920
Entities under common control/ownership	**3,049,386**	2,671,128
	8,147,780	3,860,048

Balances with related parties are all current, interest-free, unsecured and have no fixed repayment terms.

c) Transactions

	AED	AED
Parent Company - Purchases	**929,775**	117,701,334
Parent Company - Rebates received	**1,250,000**	14,100,000
Parent Company - Revenues	**-**	33,104,453
Entities under common control/ownership - Revenues	**19,375,922**	20,900,743
Entities under common control/ownership - Purchases	**4,313,581**	4,636,032
Entities under common control/ownership - Employees' end-of-service indemnity transferred to related parties (Note 15)	**(38,244)**	(72,162)

9 Related party transactions (continued)

i) Rebates relate to the backend income allocated by the Parent Company. Backend income is centralized at the Parent Company, as it receives the backend income directly from third party suppliers.

ii) The Establishment has determined that the amounts due from related parties do not carry a credit risk and hence no expected or specific loss allowance is required on these balances. In the process of making this determination, the Establishment has considered the terms underlying these balances, historical default rate, the ability of the related parties to settle these balances when due and the right of set-off on a group basis. The balances due from related parties are repayable on demand and there is no historical default rate. The settlement of the related party balances is managed by the ultimate controlling party through its centralized treasury process.

d) Compensation of key management personnel

The Establishment is managed by the key management personnel of the Parent Company. The remuneration of the key management personnel is not recharged to the Establishment.

10 Inventories

	2020	2019
	AED	AED
Goods held for sale	**3,306**	78,155
Spare parts	**15,362,744**	19,024,969
	15,366,050	19,103,124
Allowance for slow-moving inventories	**(1,599,046)**	(1,428,383)
	13,767,004	17,674,741

Movement in allowance for slow moving and obsolete inventories

	2020	2019
	AED	AED
Balance at the beginning of the year	**1,428,383**	600,794
Charged during the year (Note 19)	**170,663**	827,589
Balance at the end of the year	**1,599,046**	1,428,383

11 Trade and other receivables

	2020	2019
	AED	AED
Trade receivables	**3,606,850**	7,653,179
Expected credit losses	**(70,795)**	(39,415)
	3,536,055	7,613,764
Receivable from suppliers	**10,663,394**	7,368,370
Other advances	**214,781**	206,698
Refundable deposits	**191,332**	195,922
Prepayments	**22,013**	189,639
	14,627,575	15,574,393

The average credit period on sales of goods is 25 days (2019: 25 days). No interest is charged on the past due trade receivables. Of the trade receivables balance at the reporting date, AED 1 million is due from five customers (2019: AED 5 million is due from three customers), each of whom represents more than 5% of the total balance of trade receivables.

At 31 March 2020, the Establishment measured the estimated credit losses at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Establishment writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

11 Trade and other receivables (continued)

<u>Ageing of trade receivables but not impaired:</u>

31 March 2020	**Current**	**1-90 days**	**91-180 days**	**181-360 days**	**Total**
	AED	**AED**	**AED**	**AED**	**AED**
Estimated total gross carrying amount	**2,529,834**	**515,574**	**231,409**	**259,238**	**3,536,055**
					3,536,055

<u>Ageing of trade receivables but not impaired:</u>

31 March 2019	Current	1-90 days	91-180 days	181-360 days	Total
	AED	AED	AED	AED	AED
Estimated total gross carrying amount	6,765,644	601,898	154,438	91,784	7,613,764
					7,613,764

11 Trade and other receivables (continued)

31 March 2020	*Ageing of impaired trade receivables:* 181-360 days	More than 360 days	Total
	AED	**AED**	**AED**
Expected credit loss rate	**100.00%**	**100.00%**	
Estimated total gross carrying amount at default	**5,405**	**65,390**	**70,795**
Lifetime ECL	**5,405**	**65,390**	**70,795**
			-

31 March 2019	*Ageing of impaired trade receivables:* 91-180 days	Total
	AED	AED
Expected credit loss rate	100.00%	
Estimated total gross carrying amount at default	39,415	39,415
Lifetime ECL	39,415	39,415
		-

Movement in expected credit losses is as follows:

	Collectively assessed	Individually assessed	Total
	AED	**AED**	**AED**
Balance at 1 April 2018	-	-	-
Charged during the year (Note 20)	-	39,415	39,415
Balance as at 31 March 2019	**-**	**39,415**	**39,415**
Charged during the year (Note 20)	-	31,380	31,380
Balance as at 31 March 2020	**-**	**70,795**	**70,795**

12 Available-for-sale financial asset

The available-for-sale financial asset of the Establishment pertains to 10 shares (0.01%) of Redserv Business Pvt. Ltd. (Redserv), incorporated and registered in India, for AED 6. Redserv is a related party of the Establishment. The investment is measured at fair value as at the reporting date.

13 Cash and cash equivalents

	2020	2019
	AED	AED
Cash on hand	**17,739**	16,563
Bank balances - current accounts	**101,632**	68,343
	119,371	84,906

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank of U.A.E. Accordingly, the management of the Establishment estimates the loss allowance on balances with bank at the reporting date at an amount equal to lifetime ECL. None of the balances with the banks at the reporting date are past due, and taking into account the historical default experience and the current credit ratings of the banks, the management of the Establishment have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

14 Share capital

	2020	2019
	AED	AED
Authorised, issued and fully paid up:		
1 share of AED 1,000,000 per share	**1,000,000**	1,000,000

15 Provision for employees' end-of-service indemnity

The Establishment provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Establishment. The Establishment's obligation towards gratuity is a defined benefit plan and the details of actuarial valuation at the reporting date are as follows:

	2020	2019
	AED	AED
Balance at the beginning of the year	**2,673,625**	2,556,685
Charge for the year	**366,130**	443,587
Net interest cost	**104,203**	-
Actuarial loss on obligation	**161,151**	-
Payments during the year	**(195,023)**	(254,485)
Transferred to related parties (Note 9)	**(38,244)**	(72,162)
Balance at the end of the year	**3,071,842**	2,673,625

Principal assumptions used for purposes of the actuarial valuation:

	2020	2019
Discount rate	**3.00%**	4.10%
Salary escalation rate	**3.00%**	3.00%
Mortality rate	**Per AM (80) table**	Per AM (80) table
Withdrawal rate	**19.00%**	20.00%

The sensitivity analysis has been determined based on the exposure to discount rates, salary escalation rate, mortality rate and withdrawal rate. The sensitivity rate applied by the Establishment to ascertain the impact in one of the actuarial assumptions, keeping other assumptions constant, on the defined benefit obligation is as follows:

	Increase/(decrease)	
	2020	2019
	AED	AED
Increase of 1% in assumptions		
Discount rate	**(186,814)**	156,758
Salary escalation rate	**227,702**	196,466
Decrease of 1% in assumptions		
Discount rate	**215,014**	183,082
Salary escalation rate	**(201,434)**	(174,501)

16 Trade and other payables

	2020	2019
	AED	AED
Trade payables	**21,246,653**	21,560,979
Accrued expenses	**1,807,763**	1,720,229
Advances received from customers	**966,472**	916,790
Value added tax payable net	**239,542**	144,946
	24,260,430	24,342,944

17 Revenues

	2020	2019
	AED	AED
Service	**83,129,111**	94,377,076
Trading	**713,295**	123,029,097
	83,842,406	217,406,173

18 Cost of revenues

	2020	2019
	AED	AED
Service	**75,421,255**	83,655,938
Trading	**966,328**	116,743,214
	76,387,583	200,399,152

19 General and administrative expenses

	2020	2019
	AED	AED
Amortisation of intangible assets (Note 7)	**732,508**	738,984
Employees' salaries and benefits	**706,813**	3,665,339
Depreciation of right-of-use assets (Note 5)	**206,186**	-
Allowance for slow-moving inventories (Note 10)	**170,663**	827,589
Rent (Note 22)	**111,687**	220,056
Foreign exchange losses - net	**108,703**	218,659
Bank charges	**43,494**	116,766
Utilities	**38,528**	36,697
Depreciation of property and equipment	**26,084**	31,648
Repairs and maintenance	**1,021**	54,328
Insurance	**44**	137
Others	**303,522**	344,667
	2,449,253	6,254,870

20 Selling and distribution expenses

	2020	2019
	AED	AED
Warehouse expenses	**2,690,719**	2,936,181
Employees' salaries and benefits	**1,312,652**	6,807,057
Travelling expenses	**128,556**	148,188
Expected credit losses (Note 11)	**31,380**	39,415
	-	-
	-	-
	-	-
	4,163,307	9,930,841

21 Financial instruments and risk management

Significant accounting policies

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

21 Financial instruments and risk management (continued)

Categories of financial instruments

31 March 2020

	Financial assets Amortised cost AED	Financial liabilities Amortised cost AED
Cash and cash equivalents (Note 13)	119,371	-
Available-for-sale financial asset (Note 12)	6	-
Trade and other receivables (Note 11)	3,942,168	-
Due from related parties (Note 9)	16,560,843	-
Trade and other payables (Note 16)	-	23,054,416
Due to related parties (Note 9)	-	8,147,780
Lease liabilities (Note 6)	-	70,553

31 March 2019

	Financial assets Amortised cost AED	Financial liabilities Amortised cost AED
Cash and cash equivalents (Note 13)	84,906	-
Available-for-sale financial asset	6	-
Trade and other receivables (Note 11)	8,016,384	-
Due from related parties (Note 9)	5,830,357	-
Trade and other payables (Note 16)	-	23,281,208
Due to related parties (Note 9)	-	3,860,048

Fair value measurements

The Management determined that the carrying values of financial assets and financial liabilities approximate their fair values in the separate statement of financial position as at the reporting date.

Fair value hierarchy

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The available-for-sale financial asset was measured at Level 3.

21 Financial instruments and risk management (continued)

Financial risk management objectives

The Establishment's financial risk management policies set out the Establishment's overall business strategies and risk management philosophy. The Establishment's overall financial risk management program seeks to minimise potential adverse effects to the financial performance of the Establishment. The management carries out overall financial risk management covering specific areas, such as market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk.

Interest risk

The Establishment is not exposed to interest rate risk as it has no variable interest-bearing financial instruments.

Foreign currency risk

The Establishment undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

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

	2020	2019
	AED	AED
Assets		
Euro	**-**	2,935,409

The carrying amounts of the Cadensworth FZE's foreign currency denominated monetary liabilities at the end of the reporting date are as follows:

	2020	2019
	AED	AED
Liabilities		
Euro	**243,041**	1,431,087

Foreign currency sensitivity analysis

The following table details the Establishment's sensitivity to a 10% increase and decrease in the AED against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

21 Financial instruments and risk management (continued)

A negative number below indicates a decrease in profit and other equity where the AED strengthens 10% against the relevant currency. For a 10% weakening of the AED against the relevant currency, there would be an equal and opposite impact on the profit and other equity:

	2020	2019
	AED	AED
Profit and loss at the end of the year		
Euro	**24,304**	(150,432)

This is mainly attributable to the exposure to outstanding trade receivables and trade payables at the reporting date.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Establishment. Credit risk arises from credit exposure to outstanding trade receivables. The management of the Establishment has implemented centralised procedures for credit control. Credit risk is minimised through a conservative credit policy. Individual counter-party limits are set in accordance with the credit policy. The Establishment's exposure to credit risk is closely monitored and the aggregate value of transactions concluded is spread amongst counter-parties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management regularly. Due to the risk on transactions in the countries in which the Establishment operates, management will, based on past experience and level of risk associated with these transactions, make an allowance for losses on such transactions should they consider it necessary. Ongoing credit evaluation is performed on the financial condition of a trade receivable. Further details of credit risk on trade receivables are discussed in Note 11 to the separate financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

Category	**Description**	**Basis for recognising expected credit losses**
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired
Doubtful	Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Establishment has no realistic prospect of recovery	Amount is written off

21 Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Establishment will be unable to meet its funding requirements. Ultimate responsibility for liquidity risk management rests with management, which has built an appropriate liquidity risk management framework for the management of the Establishment's funding and liquidity management requirements. The Establishment manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

All of the Establishment's financial assets and financial liabilities are due to be settled within one year from the reporting date.

22 Operating lease commitments

For the year ended 31 March 2020, minimum lease payments under operating lease recognised as expense in the year amounted to AED 111,687 (2019: AED 220,056) (Note 19).

As at the reporting date, the Establishment had outstanding commitment under non-cancellable operating lease, which falls due as follows:

	2020	2019
	AED	AED
Within one year	**-**	220,056

23 Capital risk management

The Establishment manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholder through the optimisation of the equity balance. The Establishment's overall strategy remains unchanged from the previous year.

Having considered the structure and magnitude of the Establishment, the Parent Company has decided that the capital structure be limited to equity comprising issued capital and retained earnings and to have a zero leverage of debt financing.

24 Non-adjusting event subsequent to the reporting date

The outbreak of COVID-19 ("pandemic") is causing significant disruption worldwide resulting in an economic slowdown across the globe.

The Establishment has considered the possible effects that may result from the pandemic on the recoverability of the carrying amounts of receivables, inventories and intangible assets (collectively the "assets") of the Establishment. For assessing the recoverability of the assets, the Establishment has considered assumptions based on internal and external information up to the date of adoption of the separate financial statements. The Establishment has performed analysis on the assumptions used and based on current estimates expects that the carrying amount of these assets will be recovered and no material loss would result on this account.

The Management have taken into account the possible effects which could be faced by the business and are satisfied that the Establishment is a going concern for a period of at least twelve months from the date of approval of these separate financial statements.

Therefore, the going concern basis of accounting in preparing the separate financial statements continues to be adopted.

Ensure Gulf FZE
Jebel Ali Free Zone
Dubai, United Arab Emirates

Report and Separate financial statements
For the year ended 31 March 2020

Table of contents **Page**

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INDEPENDENT AUDITOR'S REPORT

The Shareholder
Ensure Gulf FZE
Jebel Ali Free Zone
Dubai
United Arab Emirates

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of **Ensure Gulf FZE, Jebel Ali Free Zone, Dubai, United Arab Emirates** (the "Establishment") which comprise the separate statement of financial position as at 31 March 2020, and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Establishment as at 31 March 2020, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Separate Financial Statements section of our report. We are independent of the Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Establishment's separate 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 the Board of Directors for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the Articles of Association of the Establishment and Jebel Ali Free Zone Authority Implementing Regulations 2016, for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Establishment's financial reporting process.

Cont'd…

Deloitte.

INDEPENDENT AUDITOR'S REPORT
to the Shareholder of Ensure Gulf FZE (continued)

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

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Establishment to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management and the Board of 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.

Report on Other Legal and Regulatory Requirements

Further, we report that the separate financial statements of the Establishment comply, in all material respects, with the applicable provisions of the Jebel Ali Free Zone Companies Implementing Regulations 2016.

Deloitte & Touche (M.E.)

Cynthia Corby
Registration No.: 995

Dubai
United Arab Emirates

Ensure Gulf FZE

Separate Statement of financial position
As at 31 March 2020

	Notes	2020 AED	2019 AED
ASSETS			
Non-current assets			
Property and equipment		**42,390**	16,792
Intangible assets	5	**5,164,136**	2,635,776
Investments in subsidiaries	6	**1,020,710**	1,020,710
Total non-current assets		**6,227,236**	3,673,278
Current assets			
Inventories		**5,222**	91,868
Trade and other receivables	8	**15,511,219**	12,663,655
Due from related parties	7	**42,397,777**	30,977,696
Cash and cash equivalents	9	**1,405**	98,491
Total current assets		**57,915,623**	43,831,710
Total assets		**64,142,859**	47,504,988
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**1,000,000**	1,000,000
Re-measurement of retirement benefit obligation		**(43,073)**	-
Retained earnings		**19,722,072**	12,667,896
Total equity		**20,678,999**	13,667,896
LIABILITIES			
Non-current liabilities			
Provision for employees' end-of-service indemnity	11	**2,041,760**	1,810,502
Total non-current liabilities		**2,041,760**	1,810,502
Current liabilities			
Trade and other payables	12	**3,885,480**	3,946,495
Due to related parties	7	**37,536,620**	28,080,095
Total current liabilities		**41,422,100**	32,026,590
Total liabilities		**43,463,860**	33,837,092
Total equity and liabilities		**64,142,859**	47,504,988

These separate financial statements were approved and authorised for issue by:

Susan

Director

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

Ensure Gulf FZE

Separate Statement of profit or loss and other comprehensive income
For the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Revenue		**18,182,086**	15,853,041
Cost of sales	13	**(6,402,673)**	(6,501,777)
Gross profit		**11,779,413**	**9,351,264**
General and administrative expenses	14	**(6,472,113)**	(6,696,572)
Management fee income		**1,699,358**	3,282,779
Other income		**121,292**	3,281
Interest expense		**(73,774)**	-
Profit for the year		**7,054,176**	**5,940,752**
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Re-measurement of retirement benefit obligation	11	**(43,073)**	-
Other comprehensive loss for the year		**(43,073)**	**-**
Total comprehensive income for the year		**7,011,103**	**5,940,752**

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

Ensure Gulf FZE

Separate Statement of changes in equity
For the year ended 31 March 2020

	Share capital AED	Re-measurement of retirement benefit obligation AED	Retained earnings AED	Total AED
At 1 April 2018	1,000,000	-	6,727,144	7,727,144
Profit for the year	-	-	5,940,752	5,940,752
At 31 March 2019	1,000,000	-	12,667,896	13,667,896
Profit for the year	-	-	7,054,176	7,054,176
Re-measurement of retirement benefit obligation (Note 11)	-	(43,073)	-	(43,073)
Total comprehensive income for the year	-	(43,073)	7,054,176	7,011,103
At 31 March 2020	**1,000,000**	**(43,073)**	**19,722,072**	**20,678,999**

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

Ensure Gulf FZE

Separate Statement of cash flows
For the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Cash flows from operating activities			
Profit for the year		**7,054,176**	5,940,752
Adjustments for:			
Depreciation of property and equipment		**15,052**	18,015
Amortisation of intangible assets	5	**13,452**	14,700
Interest expense	11	**73,774**	-
(Reversal of)/provision for impairment losses	8	**(149,137)**	223,736
Current service cost on provision for employees' end-of-service indemnity	11	**195,625**	222,289
Operating cash flows before changes in operating assets and liabilities		**7,202,942**	6,419,492
Changes in working capital:			
Decrease/(increase) in inventories		**86,646**	(32,489)
Increase in due from related parties		**(11,420,081)**	(3,195,623)
Increase in trade and other receivables		**(2,698,427)**	(3,760,428)
(Decrease)/increase in trade and other payables		**(61,015)**	1,026,713
Increase in due to related parties		**9,456,525**	2,576,905
Cash generated from operations		**2,566,590**	3,034,570
Employees' end-of-service indemnity paid	11	**(81,214)**	(356,300)
Net cash from operating activities		**2,485,376**	2,678,270
Cash flows from investing activities			
Purchase of property and equipment		**(40,650)**	-
Purchase of intangible assets	5	**(2,541,812)**	(2,622,324)
Net cash used in investing activities		**(2,582,462)**	(2,622,324)
Net (decrease)/increase in cash and cash equivalents		**(97,086)**	55,946
Cash and cash equivalents at the beginning of the year		**98,491**	42,545
Cash and cash equivalents at the end of the year	9	**1,405**	98,491

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

1 General operations

Ensure Gulf FZE (the “Establishment”), is registered in Jebel Ali Free Zone, Dubai, United Arab Emirates (U.A.E.) as a Free Zone Establishment with limited liability on 25 July 2012 under registration number 153609. The Establishment is a wholly owned subsidiary of Redington Gulf FZE, Dubai, U.A.E., (the “Parent Company”). The ultimate controlling party is Redington (India) Limited, India.

The principal activities of the Establishment are computer equipment requisites trading, computer software trading, networking services provisioning, and technical support for their own products. The Establishment started its commercial operations on 1 April 2013. The address of the registered office of the Establishment is Plot No. S30902, Jebel Ali Free Zone, Dubai, U.A.E.

These financial statements present the separate financial statements of the Establishment as permitted by IFRS 10 *Consolidated Financial Statements*. The Establishment’s investments in subsidiaries are carried at cost. Further, the consolidated financial statements, as required under IFRSs, are prepared by the Parent Company and are available and can be obtained from the registered office address of the Parent Company at P.O. Box 17266 Jebel Ali, Dubai, U.A.E.

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

2.1 New and amended IFRS Standards that are effective for the current year

In the current year, the Establishment has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 April 2019.

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IFRS 9 Prepayment Features with Negative Compensation and Modification of financial liabilities The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.	1 January 2019
Amendments to IAS 28 Investment in Associates and Joint Ventures: Relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture	1 January 2019

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
but to which the equity method is not applied.	
Annual Improvements to IFRSs 2015-2017 Cycle Amendments to IAS 12 Income Taxes, IAS 23 Borrowing Costs, IFRS 3 Business Combinations and IFRS 11 Joint Arrangements The Annual Improvements include amendments to Four Standards.	1 January 2019
i) IAS 12 Income Taxes	1 January 2019
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	
ii) IAS 23 Borrowing costs	1 January 2019
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	
iii) IFRS 3 Business Combinations	1 January 2019
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.	
iv) IFRS 11 Joint Arrangements	1 January 2019
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.	
Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements.	1 January 2019

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
IFRIC 23 Uncertainty over Income Tax Treatments The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances.	1 January 2019

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 April 2019.

2.2 New and revised IFRS in issue but not yet effective

At the date of the authorisation of these separate financial statements, the Establishment has not applied the following new and amended IFRSs that have been issued but are not yet effective.

New and revised IFRSs	***Effective for annual periods beginning on or after***
Definition of Material - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose separate financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'	1 January 2020
Definition of a Business – Amendments to IFRS 3 Business Combinations The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute	1 January 2020

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	
Amendments to References to the Conceptual Framework in IFRS Standards Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	1 January 2020
IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments Amendments regarding pre-replacement issues in the context of the IBOR reform.	1 January 2020
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at 1 January 2021.	1 January 2021

Management anticipates that these new standards, interpretations and amendments will be adopted in the Establishment's separate financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the separate financial statements of the Establishment in the year of initial application.

3 Significant accounting policies

3.1 Statement of compliance

The separate financial statements have been prepared in accordance with IFRSs as issued by IASB.

3.2 Basis of preparation

The separate financial statements are prepared in accordance with the historical cost basis. Historical cost is generally based on the consideration given in exchange for assets. The significant accounting policies adopted are set out below.

3.3 Property and equipment

Property and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Establishment and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to profit or loss when the expenditure is incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives using the straight-line method as follows:

	Years
Office equipment	3
Computers	4
Furniture and fixtures	5

The estimated useful lives and depreciation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

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

3.4 Intangible assets

Intangible assets represent cost of the Establishment's accounting software and is amortised using the straight-line method over its estimated useful life of 3 years.

3.5 Investments in subsidiaries (accounted under Cost Method)

A subsidiary is an entity over which the Establishment exercises control. Control is achieved where the Establishment has:

- power over the entity;
- exposure or has rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect its returns.

3 Significant accounting policies (continued)

3.5 Investments in subsidiaries (accounted under Cost Method) (continued)

Investments in subsidiaries are accounted in these separate financial statements of the Establishment using the "cost method" in accordance with IAS 27 Separate Financial Statements under which such investments are carried at cost less any impairment in value.

At each reporting date, the Establishment reviews the carrying amounts of its investments in subsidiaries to determine whether there is any indication that the assets have suffered an impairment loss.

3.6 Revenue recognition

The Establishment's revenue arises from assurance-type warranty services, post-warranty services and repairs and maintenance.

The Establishment recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

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

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

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

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

5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Establishment satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Establishment's performance as the Establishment performs; or

- The Establishment's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Establishment's performance does not create an asset with an alternative use to the Establishment and the entity has an enforceable right to payment for performance completed to date.

3 Significant accounting policies (continued)

3.6 Revenue recognition (continued)

The Establishment allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Establishment's efforts or inputs to the satisfaction of the performance obligations.

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

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

3.7 Leases

The Establishment as lessee (policy with respect to leases adopted from 1 April 2019)

The Establishment assesses whether contract is or contains a lease, at inception of the contract. The Establishment recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Establishment recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Establishment uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

• fixed lease payments (including in-substance fixed payments), less any lease incentives;

• variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

• the amount expected to be payable by the lessee under residual value guarantees;

• the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

• payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the separate statement of financial position.

3 Significant accounting policies (continued)

3.7 Leases (continued)

The Establishment as lessee (policy with respect to leases adopted from 1 April 2019) (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Establishment remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

• the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

• the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

• a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Establishment made one adjustment during the period presented arising from the changes in lease payments agreed with the lessor.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Establishment expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line item in the separate statement of financial position.

The Establishment applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the separate statement of profit or loss and other comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Establishment has not used this practical expedient.

3 Significant accounting policies (continued)

3.7 Leases (continued)

The Establishment as lessee (policy with respect to leases applied before 1 April 2019)

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

3.8 Foreign currencies

The separate financial statements of the Establishment are presented in the currency of the primary economic environment in which the Establishment operates. For the purpose of the separate financial statements, the results and financial position of the Establishment are expressed in Arab Emirates Dirhams (AED), which is the functional currency of the Establishment and the presentation currency for the separate financial statements.

In preparing the separate financial statements of the Establishment, transactions in currencies other than the Establishment's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss.

3.9 Provisions

Provisions are recognised when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that the Establishment will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at each reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.10 Financial instruments

Financial assets and financial liabilities are recognised in the Establishment's separate statement of financial position when the Establishment becomes a party to the contractual provisions of the instrument.

3 Significant accounting policies (continued)

3.10 Financial instruments (continued)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the separate statement of profit or loss and other comprehensive income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Impairment of financial assets

The Establishment always recognises lifetime ECL for trade receivables. The expected credit loss on this financial asset is estimated using a provision matrix based on the Establishment's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3 Significant accounting policies (continued)

3.10 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For all other financial instruments, the Establishment recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Establishment measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Establishment compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Establishment considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Establishment becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Establishment considers the changes in the risk that the specified debtor will default on the contract.

The Establishment regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Establishment assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(a) The financial instrument has a low risk of default,
(b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

3 Significant accounting policies (continued)

3.10 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

(c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Establishment employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Establishment.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event (see (ii) above);

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Establishment writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the

3 Significant accounting policies (continued)

3.10 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses (continued)

reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Establishment's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Establishment in accordance with the contract and all the cash flows that the Establishment expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Establishment derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Establishment neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Establishment recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Establishment retains substantially all the risks and rewards of ownership of a transferred financial asset, the Establishment continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

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

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

3 Significant accounting policies (continued)

3.10 Financial instruments (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

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

3.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes purchase costs and other related expenses incurred in bringing the inventories to their present condition and location. Cost is calculated using weighted average cost method. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

3.12 Employee benefits

The Establishment operates a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Establishment's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The Establishment's gratuity plan is unfunded, the defined benefit obligation of which is determined annually by a qualified actuary using the projected unit credit method at each reporting date. Re-measurement of defined benefit obligation, which comprises of actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. The Establishment determines the net interest expenses on the net defined benefit obligation, taking into account any changes in the defined benefit liability during the period as a result of contribution and benefit payments. Net interest expenses related to defined benefit plan are recongised in "Interest expense" in the separate statement of profit or loss and other comprehensive income.

4 Critical accounting judgments and key sources of estimation uncertainty

4.1 Critical accounting judgements in applying the Establishment's accounting policies

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

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

4.1 Critical accounting judgements in applying the Establishment's accounting policies (continued)

Control over subsidiaries

In certain cases, the control exercised by the Establishment over subsidiaries results from informal agreements between the shareholders. Management have considered each such case and determined whether in their judgment, effective and continuing control is achieved in practice.

As discussed in Note 6 to the separate financial statements, certain entities are considered to be subsidiaries of the Establishment even though the Establishment has only 50% or less of the ownership interest and/or voting rights. Management have assessed whether or not the Establishment has control over such entities based on whether the Establishment is exposed to or has rights to variable returns from its involvement and has the practical ability to direct the entities' relevant activities unilaterally such as to provide it with the power to affect its returns. In making their judgment, the management has considered the following:

• the Establishment's absolute size of holding in such entities and the relative size and dispersion of the shareholdings owned by the other shareholders;
• the Establishment's control over and ability to direct the key management and operational staff;
• extent of reliance of the Establishment on other shareholders to generate business and the Establishment's ability to serve alternative sources of revenue, if required; and,
• operational expertise of the Establishment on which the investor relies in the locations where the entities operate.

After assessment, the management has concluded that the Establishment has exhibited sufficient practical ability to direct the relevant activities of such entities and therefore the Establishment has control over them.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Establishment takes into account qualitative and quantitative reasonable and supportable forward-looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparty to settle the financial assets. The Establishment has identified the GDP and the unemployment rate of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The Establishment has not recognised a loss allowance as the amount is not material.

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

4.2 Key sources of estimation uncertainty

Below is the key assumption concerning the future, and other key source of estimation uncertainty at each reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Calculation of loss allowance

When measuring ECL, the Establishment uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Establishment would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

5 Intangible assets

	Software	Work in-progress	Total
	AED	**AED**	**AED**
Cost			
At 1 April 2018	44,100	-	44,100
Additions	-	2,622,324	2,622,324
At 31 March 2019	44,100	2,622,324	2,666,424
Additions	-	2,541,812	2,541,812
At 31 March 2020	**44,100**	**5,164,136**	**5,208,236**
Accumulated amortisation			
At 1 April 2018	15,948	-	15,948
Amortisation expenses	14,700	-	14,700
At 31 March 2019	30,648	-	30,648
Amortisation expenses	13,452	-	13,452
At 31 March 2020	**44,100**	**-**	**44,100**
Carrying amount			
At 31 March 2020	**-**	**5,164,136**	**5,164,136**
At 31 March 2019	13,452	2,622,324	2,635,776

6 Investments in subsidiaries

Cost method

Name of subsidiary	Principal activity	Country of incorporation	Ownership interest		Carrying amount of investment	
			2020	2019	**2020**	2019
Ensure Ghana Limited	Providing hardware support and maintenance services	Accra, Ghana	**100.00%**	100.00%	**368,000**	368,000
Ensure Middle East Trading L.L.C.*	Providing hardware support and maintenance services	Dubai, U.A.E.	**49.00%**	49.00%	**300,000**	300,000
Ensure Middle East Technology Solutions LLC*	Providing hardware support and maintenance services	Abu Dhabi, U.A.E.	**49.00%**	49.00%	**150,000**	150,000
Ensure Solutions Nigeria Limited	Providing hardware support and maintenance services	Lagos, Nigeria	**99.90%**	99.90%	**73,500**	73,500

6 Investments in subsidiaries (continued)

Ensure Technical Services Morocco Limited (Sarl)	Providing hardware support and maintenance services	Casablanca, Morocco	**100.00%**	100.00%	**46,000**	46,000
Ensure Technical Services Kenya Limited	Providing hardware support and maintenance services	Nairobi, Kenya	**100.00%**	100.00%	**44,160**	44,160
Ensure Services Uganda Limited	Providing hardware support and maintenance services	Kampala, Uganda	**100.00%**	100.00%	**36,750**	36,750
Ensure Technical Services Tanzania Limited	Providing hardware support and maintenance services	Dar es Salaam, Tanzania	**100.00%**	100.00%	**2,300**	2,300
					1,020,710	1,020,710

*In entities listed above where the Establishment owns less than 50% of the equity shares, the Establishment is exposed to or has rights to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect its returns and therefore exercises effective control. Consequently, these entities are considered as subsidiaries of the Establishment.

7 Related party transactions

The Establishment enters into transactions with the Parent Company, companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise the Parent Company, companies under common ownership and/or common management and control and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on the other charges.

a) At the end of the reporting period, amounts due from related parties were as follows:

	2020	2019
	AED	AED
Due from related parties		
Parent Company	**33,002,073**	20,453,152
Entities under common ownership/control	**9,395,704**	10,524,544
	42,397,777	30,977,696

b) At the end of the reporting period, amounts due to related parties were as follows:

	2020	2019
	AED	AED
Due to related parties		
Entities under common ownership/control	**37,536,620**	28,080,095

The amounts due from/to related parties are current, interest-free, unsecured and have no fixed repayment dates.

The Establishment has determined that the amounts due from related parties do not carry a credit risk and hence no expected or specific loss allowance is required on these balances. In the process of making this determination, the Establishment has considered the terms underlying these balances, historical default rate, the ability of the related parties to settle these balances when due and the right of set off on a Establishment basis. The balances due from related parties are repayable on demand and there is no historical default rate. The settlement of the related party balances is managed by the ultimate controlling party through their centralized treasury process.

7 Related party transactions (continued)

c) Transactions

The following is the summary of transactions with related parties, which are included in the separate financial statements:

	2020	2019
	AED	AED
Sales	**31,551**	12,236
Purchases	**2,600,755**	2,666,602
Management fee income	**1,699,358**	3,282,779
Reimbursement of labour expenses (Note 14)	**632,100**	433,650

Management fee income relates to fees charged by the Establishment to its subsidiaries, Ensure Middle East Trading L.L.C. (EME) and Ensure Middle East Technology Solutions LLC (EMETS). Based on the Memorandum of Agreement signed by the parties, the Establishment can charge 2% and 25% of the total sales of EME and EMETS, respectively, as management fee (2019: 5% and 25% of the total sales of EME and EMETS, respectively, as management fee).

d) Compensation of key management personnel

The compensation of the key management personnel of the Establishment is paid by the Parent Company and is not recharged to the Establishment.

8 Trade and other receivables

	2020	2019
	AED	AED
Trade receivables	**-**	288,279
Receivable from suppliers, net of allowance for impairment losses	**14,110,640**	11,504,683
Advances to suppliers	**853,432**	248,725
Refundable deposits	**319,834**	307,443
Prepayments	**110,194**	135,102
Employee receivables	**78,172**	173,655
Input VAT - net	**38,947**	5,768
	15,511,219	12,663,655

a) The average credit period on service rendered is 30 days (2019: 30 days). No interest is charged on past due trade receivables.

8 Trade and other receivables (continued)

b) At 31 March 2019, two customers accounted for 100% of total trade receivables.

c) As at 31 March 2019, the Establishment's trade receivables amounting to AED 64,543 was currently aged and AED 223,736 was past due by 1 to 30 days.

d) As at 31 March 2020, allowance for impairment losses on receivable from suppliers amounted to AED 7,350 (2019: AED 223,736) involving receivable from suppliers aged for more than 365 days (2019: more than 365 days).

The following table shows the movement in impairment loss that has been recognised for receivables from suppliers:

	Collectively assessed	**Individually assessed**	**Total**
	AED	**AED**	**AED**
Balance as at 1 April 2018	-	-	-
Impairment loss for the year (Note 14)	**223,736**	-	**223,736**
Balance as at 31 March 2019	**223,736**	-	**223,736**
Reversal of impairment loss for the year (Note 14)	**(149,137)**	-	**(149,137)**
Amounts written off as not recoverable	**(67,249)**	-	**(67,249)**
Balance as at 31 March 2020	**7,350**	-	**7,350**

9 Cash and cash equivalents

	2020	2019
	AED	AED
Cash on hand	**1,405**	15,816
Cash in banks	-	82,675
	1,405	98,491

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central bank of U.A.E. Accordingly, the management of the Establishment estimates the loss allowance on balances with banks at the reporting date at an amount equal to lifetime ECL. None of the balance with bank at the reporting date are past due, and taking into account the historical default experience and the current credit ratings of the banks, the management of the Establishment have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

10 Share capital

	2020	2019
	AED	AED
Authorised, issued and fully paid up share capital of 1 shares of AED 1,000,000	**1,000,000**	1,000,000

11 Provision for employees' end-of-service indemnity

The Establishment provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Establishment. The Establishment's obligation towards gratuity is a defined benefit plan and the details of actuarial valuation at the reporting date are as follows:

	2020	2019
	AED	AED
Balance at the beginning of the year	**1,810,502**	1,944,513
Charge for the year	**195,625**	222,289
Net interest expense	**73,774**	-
Actuarial loss on obligation	**43,073**	-
Payments during the year	**(81,214)**	(356,300)
Balance at the end of the year	**2,041,760**	1,810,502

Principal assumptions used for purposes of the actuarial valuation:

	2020	2019
Discount rate	**3.00%**	4.10%
Salary escalation rate	**3.00%**	3.00%
Mortality rate	**Per AM (80) table**	Per AM (80) table
Withdrawal rate	**19.00%**	20.00%

The sensitivity analysis has been determined based on the exposure to discount rates, salary escalation rate, mortality rate and withdrawal rate. The sensitivity rate applied by the Establishment to ascertain the impact in one of the actuarial assumptions, keeping other assumptions constant, on the defined benefit obligation is as follows:

	Increase/(decrease)	
	2020	2019
	AED	AED
Increase of 1% in assumptions		
Discount rate	**(149,031)**	(121,821)
Salary escalation rate	**178,686**	147,317
Decrease of 1% in assumptions		
Discount rate	**169,079**	138,068
Salary escalation rate	**(160,160)**	(132,051)

12 Trade and other payables

	2020	2019
	AED	AED
Trade payables	**2,149,643**	2,229,756
Accrued expenses	**909,668**	946,858
Other payables	**826,169**	769,881
	3,885,480	3,946,495

13 Cost of sales

	2020	2019
	AED	AED
Warranty charges	**5,384,839**	5,813,291
Freight charges	**622,620**	596,364
Cost of spare parts	**363,448**	12,254
Others	**31,766**	79,868
	6,402,673	6,501,777

14 General and administrative expenses

	2020	2019
	AED	AED
Employees' salaries and benefits	**4,637,052**	4,804,585
Reimbursement of labour expenses (Note 7)	**632,100**	433,650
Communication	**479,102**	475,492
Travelling expenses	**257,742**	252,851
Legal and professional	**210,894**	114,713
Sales promotion	**99,264**	96,844
Rent (Note 15)	**42,726**	48,461
Bank charges	**36,889**	78,315
Depreciation of property and equipment	**15,052**	18,015
Amortisation of intangible assets (Note 5)	**13,452**	14,700
Foreign exchange (gains)/losses - net	**(45,572)**	52,586
(Reversal of)/provision for impairment losses (Note 8)	**(149,137)**	223,736
Others	**242,549**	82,624
	6,472,113	6,696,572

15 Operating lease arrangements

Warehouse and office leases are renewable annually and were paid in advance at each reporting date. Minimum lease payments under operating lease recognized as an expense during the year amounted to AED 42,726 (2019: AED 48,461) (Note 14).

16 Financial instruments and risk management

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the separate financial statements.

Categories of financial instruments

31 March 2020

	Financial assets Amortised cost	**Financial liabilities Amortised cost**
	AED	**AED**
Cash and cash equivalents (Note 9)	1,405	-
Trade and other receivables (Note 8)	398,006	-
Due from related parties (Note 7)	42,397,777	-
Trade and other payables (Note 12)	-	3,885,480
Due to related parties (Note 7)	-	37,536,620
	42,797,188	**41,422,100**

31 March 2019

	Financial assets Amortised cost	**Financial liabilities Amortised cost**
	AED	**AED**
Cash and cash equivalents (Note 9)	98,491	-
Trade and other receivables (Note 8)	769,377	-
Due from related parties (Note 7)	30,977,696	-
Trade and other payables (Note 12)	-	3,946,495
Due to related parties (Note 7)	-	28,080,095
	31,845,564	32,026,590

Fair value measurements

The Management considers that the carrying values of financial assets and financial liabilities approximate the fair values at the reporting date as these are substantially due to be realized within a period of one year in the normal course of the Establishment’s business.

Financial risk management objectives

The financial risk management policies are discussed by the Management of the Establishment on a regular basis to ensure that these are in line with the overall business strategies and its risk management philosophy. Management sets policies which seek to minimise potential adverse effects of financial performance of the Establishment.

16 Financial instruments and risk management (continued)

The Establishment's activities expose it to a variety of financial risks. There has been no change to the Establishment's exposure to these financial risks or the manner in which it manages and measures the risk from the previous year.

Interest risk

At the reporting date, the Establishment does not have any significant exposures to interest rate risk as it has no variable rate borrowings.

Foreign currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in AED.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Establishment, and arises principally from the Establishment's trade and other receivables, due from related parties and bank balances. The Establishment controls credit risk by monitoring credit exposures, limiting transactions with specific counterparties and assessing creditworthiness of counterparties on a routine and regular basis.

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

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired
Doubtful	Amount is more than 90 to 120 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >120 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Establishment has no realistic prospect of recovery	Amount is written off

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Establishment's performance to developments affecting a particular industry or geographic location. Management believes that the concentration of credit risk is mitigated by high credit worthiness and financial stability of its customer.

16 Financial instruments and risk management (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with management, which has built an appropriate liquidity risk management framework for the management of the Establishment's funding and liquidity management requirements. The Establishment manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

All of the Establishment's financial assets and financial liabilities are due to be settled within one year from the reporting date.

17 Capital risk management

The Establishment manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholder through the optimisation of the equity balance. The Establishment's overall strategy remains unchanged from the previous year.

Having considered the structure and magnitude of the Establishment, the Parent Company has decided that the capital structure be limited to equity comprising issued share capital and retained earnings and to have a zero leverage of debt financing.

18 Non-adjusting event subsequent to the reporting date

The outbreak of COVID-19 ("pandemic") is causing significant disruption worldwide resulting in an economic slowdown across the globe.

The Establishment has considered the possible effects that may result from the pandemic on the recoverability of the carrying amounts of receivables, inventories and intangible assets (collectively the "assets") of the Establishment. For assessing the recoverability of the assets, the Establishment has considered assumptions based on internal and external information up to the date of adoption of the separate financial statements. The Establishment has performed analysis on the assumptions used and based on current estimates expects that the carrying amount of these assets will be recovered and no material loss would result on this account.

The Management have taken into account the possible effects which could be faced by the business and are satisfied that the Establishment is a going concern for a period of at least twelve months from the date of approval of these separate financial statements. Therefore, the going concern basis of accounting in preparing the separate financial statements continues to be adopted.

Ensure Middle East Trading L.L.C.

Dubai, United Arab Emirates

Reports and financial statements
For the year ended 31 March 2020

Ensure Middle East Trading L.L.C.

Table of contents

Ensure Middle East Trading L.L.C.

General manager's report

The Manager has pleasure in submitting its report and the audited financial statements for the year ended 31 March 2020.

Incorporation and registered offices

Ensure Middle East Trading L.L.C. (the "Company") was incorporated on 9 October 2012 as a limited liability company.

The registered address of the Company is P.O. Box 47068, Dubai, United Arab Emirates.

Principal activities

The principal activities of the Company comprise of providing IT hardware support and maintenance services and trading of computer equipment requisites.

Financial position and results

The financial position and results of the Company for the year ended 31 March 2020 are set out in the accompanying financial statements.

Share capital

Share capital comprises 300 authorised, issued and fully paid shares of AED 1,000 each, equivalent to AED 300,000.

Auditors

The financial statements for the year ended 31 March 2020 have been audited by Deloitte & Touche (M.E.) and, being eligible, offer themselves for reappointment.

Suram

Manager

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Ensure Middle East Trading L.L.C.
Dubai
United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Ensure Middle East Trading L.L.C., Dubai, United Arab Emirates** (the "Company") which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other 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 and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates (U.A.E.), 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.

Other Information

Management is responsible for the other information. The other information comprises the General Manager's Report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Cont'd…

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Ensure Middle East Trading L.L.C. (continued)

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the articles of association of the Company and U.A.E. Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

The Board of 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Ensure Middle East Trading L.L.C. (continued)

Report on Other Legal and Regulatory Requirements

As required by the U.A.E. Federal Law No. (2) of 2015, we report that:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The financial statements of the Company have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E. Federal Law No. (2) of 2015;
- The Company has maintained proper books of account;
- The financial information included in the Manager's Report is consistent with the books of account of the Company;
- The Company has not purchased or invested in any shares during the year ended 31 March 2020;
- Note 9 to the financial statements of the Company discloses material related party transactions, the terms under which they were conducted; and,
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2020 any of the applicable provisions of the U.A.E. Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 March 2020.

Deloitte & Touche (M.E.)

Cynthia Corby
Registration No.: 995

Dubai
United Arab Emirates

Ensure Middle East Trading L.L.C.

Statement of financial position
As at 31 March 2020

	Notes	2020 AED	2019 AED
ASSETS			
Non-current assets			
Right-of-use assets	5	**339,255**	-
Property and equipment	7	**243,123**	366,952
Intangible assets		**23,251**	1,421
Total non-current assets		**605,629**	368,373
Current assets			
Inventories	8	**3,766,158**	3,488,837
Trade and other receivables	10	**5,281,688**	8,004,923
Due from related parties	9	**2,261,785**	126,756
Cash and cash equivalents	11	**51,598**	64,945
Total current assets		**11,361,229**	11,685,461
Total assets		**11,966,858**	12,053,834
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**300,000**	300,000
Statutory reserve	13	**150,000**	150,000
Re-measurement of retirement benefit obligation		**(284,280)**	-
Retained earnings		**4,397,736**	4,362,105
Total equity		**4,563,456**	4,812,105
LIABILITIES			
Non-current liabilities			
Provision for employees' end-of-service indemnity	14	**1,426,920**	1,264,835
Total non-current liabilities		**1,426,920**	1,264,835
Current liabilities			
Trade and other payables	15	**2,601,893**	2,866,843
Due to related parties	9	**3,126,178**	3,110,051
Lease liabilities	6	**248,411**	-
Total current liabilities		**5,976,482**	5,976,894
Total liabilities		**7,403,402**	7,241,729
Total equity and liabilities		**11,966,858**	12,053,834

These financial statements were approved and authorised for issue by:

Manager

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

Ensure Middle East Trading L.L.C.

Statement of profit or loss and other comprehensive income
For the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Revenue	16	**38,950,971**	49,341,671
Cost of sales		**(25,695,575)**	(33,620,097)
Gross profit		**13,255,396**	**15,721,574**
General and administrative expenses	17	**(13,187,733)**	(14,924,104)
Interest expense		**(78,359)**	-
Other income		**46,327**	41,131
Profit for the year		**35,631**	**838,601**
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Re-measurement of retirement benefit obligation	14	**(284,280)**	-
Other comprehensive loss for the year		**(284,280)**	**-**
Total comprehensive (loss)/income for the year		**(248,649)**	**838,601**

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

Ensure Middle East Trading L.L.C.

Statement of changes in equity
For the year ended 31 March 2020

	Share capital AED	**Statutory reserve AED**	**Re-measurement of retirement benefit obligation AED**	**Retained earnings AED**	**Total AED**
At 1 April 2018	300,000	150,000	-	3,523,504	3,973,504
Profit for the year	-	-	-	838,601	838,601
At 31 March 2019	300,000	150,000	-	4,362,105	4,812,105
Profit for the year	-	-	-	35,631	35,631
Re-measurement of retirement benefit obligation (Note 14)	-	-	(284,280)	-	(284,280)
At 31 March 2020	**300,000**	**150,000**	**(284,280)**	**4,397,736**	**4,563,456**

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

Ensure Middle East Trading L.L.C.

Statement of cash flows
For the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Cash flows from operating activities			
Profit for the year		**35,631**	838,601
Adjustments for:			
Depreciation of property and equipment	7	**187,904**	226,096
Amortisation of intangible assets		**1,570**	16,557
Provision for employees' end-of-service indemnity	14	**260,889**	317,163
Reversal of expected credit losses	10	**(60,263)**	(10,468)
Gain on sale of property and equipment		**(17,213)**	-
Depreciation of right-of-use assets	5	**678,509**	-
Interest expense		**78,359**	-
Operating cash flows before changes in operating assets and liabilities		**1,165,386**	1,387,949
Changes in working capital:			
Increase in inventories		**(277,321)**	(270,611)
(Increase)/decrease in due from related parties		**(2,135,029)**	1,828,035
Decrease in trade and other receivables		**2,699,975**	2,378,738
Decrease in trade and other payables		**(267,930)**	(2,556,921)
Increase/(decrease) in due to related parties		**16,127**	(1,698,375)
Cash generated from operations		**1,201,208**	1,068,815
Employees' end-of-service indemnity paid	14	**(434,172)**	(1,007,124)
Net cash from operating activities		**767,036**	61,691
Cash flows from investing activities			
Proceeds from disposal of property and equipment	7	**17,501**	-
Purchase of property and equipment	7	**(64,363)**	(154,661)
Purchase of intangible assets		**(23,400)**	(2,000)
Net cash from/(used in) investing activities		**(70,262)**	(156,661)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities	6	**(682,850)**	-
Repayment of interest portion of lease liabilities	6	**(27,271)**	-
Net cash used in financing activities		**(710,121)**	-
Net decrease in cash and cash equivalents		**(13,347)**	(94,970)
Cash and cash equivalents at the beginning of the year		**64,945**	159,915
Cash and cash equivalents at the end of the year	11	**51,598**	64,945

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

1 General operations

Ensure Middle East Trading L.L.C. (the "Company") was incorporated on 9 October 2012 as a limited liability company with authorised and issued share capital of AED 300,000 divided into 300 shares.

The Company was incorporated by Mr. Shabab Sultan Ahmad Almesmar Almatrooshi, a United Arab Emirates (U.A.E.) National, and Ensure Gulf FZE (the Parent Company), a company incorporated in Jebel Ali Free Zone, Dubai, U.A.E. The Parent Company exercises control over the Company. The secondary Parent Company is Redington Gulf FZE, U.A.E. and the ultimate controlling party is Redington (India) Limited, India.

The principal activities of the Company are providing IT hardware support and maintenance services and trading of computer equipment requisites.

The registered address of the Company is P.O. Box 47068, Dubai, U.A.E.

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

2.1 New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 16 Leases

In the current year, the Company, for the first time, has adopted IFRS 16 Leases (as issued by the IASB in January 2016). The standard replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases - Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Therefore, IFRS 16 does not have an impact for leases where the Company is the lessor. Details of these new requirements are described in Note 3 to the financial statements. The impact of the adoption of IFRS 16 on the Company's financial statements is described below:

The date of initial application of IFRS 16 for the Companyt is 1 April 2019.

The Company has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. The Company did not restate any comparative information. Instead, the Company recognised a right to use the leased asset equal to the lease liability, which is equivalent to the present value of the future lease payments plus directly attributable costs and is amortised over the useful life.

(a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

modified before 1 April 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease based on whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract).

(b) Impact on lessee accounting

Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

a) recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;

b) recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss and other comprehensive income; and

c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts. For short term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the statement of profit or loss and other comprehensive income.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases:

a) The Company has applied a single discount rate to its portfolio of leases given that its leases have reasonably similar characteristics.

b) The Company has excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

c) The Company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

d) The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(c) Financial impact of initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the year ended 31 March 2020.

Impact on assets, liabilities and equity as at 1 April 2019

	As previously reported	IFRS 16 adjustments	As at 1 April 2019
Right-of-use assets	-	**1,017,764**	**1,017,764**
Prepayments	83,523	**(83,523)**	**-**
Net impact on total assets	83,523	**934,241**	**1,017,764**
Lease liabilities	-	**931,261**	**931,261**
Accrued interest (accrued expenses)	2,980	**(2,980)**	**-**
Net impact on total liabilities	2,980	**928,281**	**931,261**
Retained earnings		**-**	

Impact on statement of profit or loss during the year

	2020 AED
Increase in depreciation expenses	**678,509**
Increase in finance income	**27,271**
Decrease in other (rental) expenses	**(710,120)**
Increase in profit/(loss) for the year	**(4,340)**

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact on statement of cash flows during the year

	AED
Lease payments:	
Principal	**682,250**
Interest paid	**27,271**
Net cash used in financing activities (Note 6)	**710,121**

The weighted average lessees' incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 April 2019 is 4.16%.

The associated right-of-use assets were measured on a modified retrospective basis. Right-of-use assets are measured at the amount equal to the lease liability, further adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at the reporting date. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The Company as a lessee

a) The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and leases liabilities. It resulted in a decrease in other expense and an increase in depreciation expense and in finance cost.

b) Lease liability on leases previously classified as financing leases under IAS 17 and previously presented within obligations under finance lease is now presented within the lease liabilities in the statement of financial position. There has been no change in the liability recognised.

The application of IFRS 16 has an impact on the statement of cash flows of the Company.

Under IFRS 16, lessees must present:

• Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities (the Company has included these payments as part of payments to suppliers and employees);

• Cash paid for the interest portion of lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Company has opted to include the interest paid as part of operating activities); and

• Cash payments for the principal portion for leases liability, as part of financing activities. Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated from operating activities has increased by AED 4,340 and net cash used in financing activities decreased by AED 710,121.

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact of initial application of other amendments to IFRS standards

In the current year, the Company has applied a number of amendments to IFRS issued by the IASB that are effective for the annual period that begins on 1 April 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IFRS 9 Prepayment Features with Negative Compensation and Modification of financial liabilities The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.	1 January 2019
Amendments to IAS 28 Investment in Associates and Joint Ventures: Relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	1 January 2019
Annual Improvements to IFRSs 2015-2017 Cycle Amendments to IAS 12 Income Taxes, IAS 23 Borrowing Costs, IFRS 3 Business Combinations and IFRS 11 Joint Arrangements The Annual Improvements include amendments to Four Standards.	1 January 2019
i) IAS 12 Income Taxes The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	1 January 2019

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
ii) IAS 23 Borrowing costs	1 January 2019
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	
iii) IFRS 3 Business Combinations	1 January 2019
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.	
iv) IFRS 11 Joint Arrangements	1 January 2019
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.	
Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements.	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:	
• Whether tax treatments should be considered collectively;	
• Assumptions for taxation authorities' examinations;	
• The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and	
• The effect of changes in facts and circumstances.	

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

2.1 New and amended IFRS Standards that are effective for the current year (continued)

The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

2.2 New and revised IFRS in issue but not yet effective

The Company has not applied the following new and amended IFRSs that have been issued but are not yet effective.

New and revised IFRSs	***Effective for annual periods beginning on or after***
Definition of Material - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'	1 January 2020
Definition of a Business – Amendments to IFRS 3 Business Combinations The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	1 January 2020
IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments Amendments regarding pre-replacement issues in the context of the IBOR reform.	1 January 2020

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at 1 January 2021.	1 January 2021

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements of the Company in the year of initial application.

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with IFRS.

3.2 Basis of preparation

The financial statements are prepared in accordance with the historical cost basis. Historical cost is generally based on the consideration given in exchange for assets.

The principal accounting policies are set out below.

3.3 Revenue recognition

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

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

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

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

3 Significant accounting policies (continued)

3.3 Revenue recognition (continued)

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

5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations.

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

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

The revenue of the Company involves sale of spares, service revenue and warranty income.

Sale of spares
Sale of spares pertains to delivery of spare parts to customers in which revenue is recognised at a point in time.

Service revenue
Service revenue represents income generated from providing hardware support, repair and maintenance services and is recognised when the service is rendered at a point in time.

3 Significant accounting policies (continued)

3.3 Revenue recognition (continued)

Warranty income
The Company's Original Equipment Manufacturer ("OEM") generally warrants the products distributed by related parties. Warranty income is recognised at a point in time based on the following criteria:
- revenue from annual maintenance contracts is recognised proportionately based on fixed price over the period of the contract;

- servicing fees for repairs performed on products sold within the warranty period are recognised by reference to the total cost of providing the servicing for the product which includes the cost of spare parts and labour and is subsequently billed to the vendors or suppliers; and

- servicing fees for repairs performed on products sold post the warranty period are recognised by reference to the total cost of providing the servicing for the product which includes the cost of spare parts and labour and is subsequently billed to the customers.

3.4 Leases

The Company as lessee (Policy with respect to leases adopted from 1 April 2019)

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

• fixed lease payments (including in-substance fixed payments), less any lease incentives;
• variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
• the amount expected to be payable by the lessee under residual value guarantees;
• the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
• payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3 Significant accounting policies (continued)

3.4 Leases (continued)

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

• the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
• the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
• a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company made one adjustment during the period presented arising from the changes in lease payments agreed with the lessor.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use of assets are presented as a separate line item in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss and other comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

The Company as lessee (Policy with respect to leases applied before 1 April 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

3 Significant accounting policies (continued)

3.5 Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates. For the purpose of the financial statements, the results and financial position of the Company are expressed in Arab Emirates Dirhams (AED), which is the functional currency of the Company, and the presentation currency for the financial statements. In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items are included in profit or loss.

3.6 Employee benefits

The Company operates a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The Company's gratuity plan is unfunded, the defined benefit obligation of which is determined annually by a qualified actuary using the projected unit credit method at each reporting date. Re-measurement of defined benefit obligation, which comprises of actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. The Company determines the net interest expenses on the net defined benefit obligation, taking into account any changes in the defined benefit liability during the period as a result of contribution and benefit payments. Net interest expenses related to defined benefit plan are recongised in "Interest expense" in the statement of profit or loss and other comprehensive income.

3.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss. Subsequent costs are included in the asset's carrying amount or recognised 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. All other repairs and maintenance are charged to profit or loss when incurred.

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives using the straight-line method as follows:

	Useful lives
Furniture and equipment	5
Computers	3
Vehicles	3

The estimated useful lives and depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

3 Significant accounting policies (continued)

3.7 Property and equipment (continued)

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Intangible assets

Cost of software purchased is amortised using the straight-line method over its estimated useful life of 3 years.

3.9 Impairment of tangible and intangible assets

At the end of each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes purchase costs and other related expenses incurred in bringing the inventories to their present condition and location. Cost is calculated using weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

3.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3 Significant accounting policies (continued)

3.11 Provisions (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.12 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss and other comprehensive income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that

3 Significant accounting policies (continued)

3.12 Financial instruments (continued)

have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables. The expected credit loss on this financial asset is estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Companyt becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3 Significant accounting policies (continued)

3.12 Financial instruments (continued)

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(a) The financial instrument has a low risk of default,

(b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

(c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event (see (ii) above);

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

3 Significant accounting policies (continued)

3.12 Financial instruments (continued)

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

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

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

3 Significant accounting policies (continued)

3.12 Financial instruments (continued)

Derecognition of financial liabilities

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

4 Critical accounting judgments and key sources of estimation uncertainty

4.1 Critical accounting judgement in applying the Company's accounting policies

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

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparty to settle the financial assets. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The Company has not recognised a loss allowance as the amount is not material.

Going concern

The Company's Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue a going concern. Therefore, the financial statements of the Company have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern, as the shareholder of the Parent Company committed to provide necessary financial support to the Company to enable it to continue its operations and settle its obligations as and when they fall due.

4.2 Key sources of estimation uncertainty

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

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

4.2 Key sources of estimation uncertainty (continued)

Calculation of loss allowance

When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Provision for impairment of trade receivables

The Company reviews its receivables to assess adequacy of provisions at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether provisions should be recognised, the Company makes an estimate of the collectible amount when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of time past due, based on ECL on such receivables.

5 Leases (the Company as Lessee)

The Company leases office premises in which the average lease term is 2 years. Movement of the recognised right-of-use assets during the year is as follows:

	AED
Balance at 1 April 2019 at initial date of application	1,017,764
Depreciation for the year (Note 17)	(678,509)
Balance as at 31 March 2020	339,255

6 Lease liabilities

Lease liabilities recognized and maturity analysis:

	31 March 2020	**1 April 2019***
	AED	**AED**
Amount due for settlement within 12 months		
Not later than 1 year (shown under current liabilities)	**248,411**	-

*Balance as at 1 April 2019 amounted to nil as the balance has not been presented in the statement of financial position.

6 Lease liabilities (continued)

The movement in lease liabilities is as follows:

	2020
	AED
As at the date of initial application	**931,261**
Amortisation of interest expense during the year	**27,271**
Repayment of lease liabilities during the year	**(710,121)**
As at the end of the year	**248,411**

7 Property and equipment

	Furniture and equipment	Computers	Vehicles	Total
	AED	AED	AED	AED
Cost				
At 1 April 2018	1,010,201	55,539	360,432	1,426,172
Additions	154,661	-	-	154,661
Disposals	-	-	(51,573)	(51,573)
At 31 March 2019	1,164,862	55,539	308,859	1,529,260
Additions	51,988	12,375	-	64,363
Disposals	(78,942)	-	(242,239)	(321,181)
At 31 March 2020	**1,137,908**	**67,914**	**66,620**	**1,272,442**
Accumulated depreciation				
At 1 April 2018	599,949	27,404	360,432	987,785
Charge for the year	208,539	17,557	-	226,096
Eliminated upon disposals	-	-	(51,573)	(51,573)
At 31 March 2019	808,488	44,961	308,859	1,162,308
Charge for the year	176,562	11,342	-	187,904
Eliminated upon disposals	(78,654)	-	(242,239)	(320,893)
At 31 March 2020	**906,396**	**56,303**	**66,620**	**1,029,319**
Carrying amount				
At 31 March 2020	**231,512**	**11,611**	**-**	**243,123**
At 31 March 2019	356,374	10,578	-	366,952

8 Inventories

	2020	2019
	AED	AED
Goods held for sale	**3,764,324**	3,264,230
Goods in-transit	**1,834**	224,607
	3,766,158	3,488,837

9 Related party transactions

The Company enters into transactions with the the Parent Company, companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise the Parent Company, companies and entities under common ownership and/or common management and key management personnel. The management decides on the terms and conditions of the transactions and of services received/rendered from/to related parties as well as on other charges.

a) At the end of the reporting period, amounts due from related parties were as follows:

	2020	2019
	AED	AED
Due from related parties		
Entities under common management/control	**2,261,785**	126,756
	2,261,785	126,756

The Company has determined that the amounts due from related parties do not carry a credit risk and hence no expected or specific loss allowance is required on these balances. In the process of making this determination, the Company has considered the terms underlying these balances, historical default rate, the ability of the related parties to settle these balances when due and the right of set-off on a group basis. The balances due from related parties are repayable on demand and there is no historical default rate. The settlement of the related party balances is managed by the ultimate controlling party through its centralized treasury process.

b) At the end of the reporting period, amounts due to related parties were as follows:

	2020	2019
	AED	AED
Due to related parties		
Parent Company	**1,332,769**	553,750
Entities under common management/control	**1,793,409**	2,556,301
	3,126,178	3,110,051

Balance with related parties are current, unsecured, interest-free and have no fixed repayment dates.

9 Related party transactions (continued)

c) Transactions

The following is a summary of transactions with related parties, which are included in the financial statements:

	2020	2019
	AED	AED
Revenue	**4,046,668**	3,293,721
Purchases	**13,122,932**	18,095,318
Management fee expense (Note 17)	**779,019**	2,467,084

Management fee expense relates to fees charged by the Parent Company. Based on an agreement between the parties, the Parent Company can charge a maximum of 5% of total sales of the Company as management fee. During the year, the Parent Company has charged 2% of the total sales of the Company (2019: 5% of the total sales of the Company).

d) Compensation of key management personnel

Key management remunerations are paid by Redington Gulf FZE and are not recharged to the Company.

10 Trade and other receivables

	2020	2019
	AED	AED
Trade receivables	**2,746,151**	4,024,034
Allowance for expected credit losses	**(78,521)**	(170,942)
	2,667,630	3,853,092
Receivable from suppliers	**2,306,213**	3,355,827
Prepayments	**184,223**	572,499
Other receivables	**123,622**	176,690
Value-added tax receivable - net	**-**	46,815
	5,281,688	8,004,923

The average credit period on sales of goods is 60 days (2019: 60 days). No interest is charged on outstanding trade receivables.

As at 31 March 2020, three customers represent 18% of the total trade receivables balance (2019: three customer represents 26% of the total trade receivables balance). There are no other customers exceeding 5% of the trade receivables balance at the reporting date.

10 Trade and other receivables (continued)

	Trade receivables – age of current and past due but not impaired					
31 March 2020	**Current**	**1 -30 days**	**31 - 60 days**	**61 - 90 days**	**Over 90 days**	**Total**
	AED	**AED**	**AED**	**AED**	**AED**	**AED**
Gross carrying amount	**387,476**	**489,685**	**491,451**	**1,220,328**	**78,690**	**2,667,630**
						2,667,630

	Trade receivables – age of current and past due but not impaired				
31 March 2019	Current	1 -30 days	31 - 60 days	Over 90 days	Total
	AED	AED	AED	AED	AED
Gross carrying amount	546,130	1,333,282	1,474,537	499,143	3,853,092
					3,853,092

The Company measured the allowance for expected credit losses at an amount equal to lifetime ECL. The ECL on trade receivables is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

10 Trade and other receivables (continued)

	Trade receivables – days past due and impaired	
31 March 2020	**Over 90 days**	**Total**
	AED	**AED**
Expected credit loss rate	**100.00%**	
Estimated total gross carrying amount at default	**78,521**	**78,521**
Lifetime ECL	**78,521**	**78,521**
		-

	Trade receivables – days past due and impaired	
31 March 2019	Over 90 days	Total
	AED	AED
Expected credit loss rate	100.00%	
Estimated total gross carrying amount at default	170,942	170,942
Lifetime ECL	170,942	170,942
		-

Movement in the expected credit losses is as follows:

	Collectively assessed	Individually assessed	Total
	AED	**AED**	**AED**
Balance as at 1 April 2018	**-**	**181,410**	**181,410**
Reversal for the year (Note 17)	**-**	**(10,468)**	**(10,468)**
Balance as at 31 March 2019	**-**	**170,942**	**170,942**
Reversal for the year (Note 17)	**-**	**(60,263)**	**(60,263)**
Amounts written-off during the year	**-**	**(32,158)**	**(32,158)**
Balance as at 31 March 2020	**-**	**78,521**	**78,521**

11 Cash and cash equivalents

	2020	2019
	AED	AED
Cash on hand	24,731	38,696
Cash in banks	26,867	26,249
	51,598	64,945

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, the management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL.

None of the balance with bank at the end of the reporting date are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

12 Share capital

	2020	2019
	AED	AED
Authorised, issued and fully paid up:		
300 shares of AED 1,000 per share	300,000	300,000

13 Statutory reserve

Statutory reserve is created by allocating 10% of the net profit for the year of the Company as required by Article 255 of the U.A.E. Federal Law No. (2) of 2015, until the reserve reached at least 50% of its paid-up share capital. The reserve is not available for distribution except as provided in the U.A.E. Federal Law. No additional allocation has been made during the year as the statutory reserve has reached at least 50% of its paid-up share capital (2019: nil).

14 Provision for employees' end-of-service indemnity

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

14 Provision for employees' end-of-service indemnity (continued)

The Company's obligation towards gratuity is a defined benefit plan and the details of actuarial valuation at the reporting date are as follows:

	2020	2019
	AED	AED
Balance at the beginning of the year	**1,264,835**	1,954,796
Charge for the year	**260,889**	317,163
Net interest expense	**51,088**	-
Actuarial loss on obligation	**284,280**	-
Payments during the year	**(434,172)**	(1,007,124)
Balance at the end of the year	**1,426,920**	1,264,835

Principal assumptions used for purposes of the actuarial valuation:

	2020	2019
Discount rate	**3.00%**	4.10%
Salary escalation rate	**3.00%**	3.00%
Mortality rate	**Per AM (80) table**	Per AM (80) table
Withdrawal rate	**19.00%**	20.00%

The sensitivity analysis has been determined based on the exposure to discount rates, salary escalation rate, mortality rate and withdrawal rate. The sensitivity rate applied by the Company to ascertain the impact in one of the actuarial assumptions, keeping other assumptions constant, on the defined benefit obligation is as follows:

	Increase/(decrease)	
	2020	2019
	AED	AED
Increase of 1% in assumptions		
Discount rate	**(89,002)**	(72,285)
Salary escalation rate	**109,835**	89,604
Decrease of 1% in assumptions		
Discount rate	**103,132**	183,082
Salary escalation rate	**(96,635)**	(79,378)

15 Trade and other payables

	2020	2019
	AED	AED
Trade payables	**1,103,751**	1,411,447
Accrued expenses	**1,382,339**	1,322,214
Advances from customers	**104,346**	133,182
Value added tax payable, net	**11,457**	-
	2,601,893	2,866,843

16 Revenue

	2020 AED	2019 AED
Service revenue	**27,005,973**	36,424,867
Sale of goods - spare parts	**11,944,998**	12,916,804
	38,950,971	49,341,671

17 General and administrative expenses

	2020 AED	2019 AED
Staff salaries and benefits	**9,408,408**	9,003,901
Travelling	**791,382**	967,540
Management fee expense (Note 9)	**779,019**	2,467,084
Depreciation of right-of-use assets (Note 5)	**678,509**	-
Utilities	**316,321**	385,806
Sales promotion	**218,975**	191,384
Depreciation of property and equipment (Note 7)	**187,904**	226,096
Repairs and maintenance	**154,747**	206,290
Bank charges	**97,444**	91,775
Rent (Note 18)	**76,320**	922,079
Foreign currency exchange losses/(gains) - net	**72,696**	(79,824)
Professional charges	**61,240**	82,546
Amortisation of intangible assets	**1,570**	16,557
Reversal of expected credit losses (Note 10)	**(60,263)**	(10,468)
Others	**403,461**	453,338
	13,187,733	14,924,104

18 Operating lease arrangements

For the year ended 31 March 2020, minimum lease payments under operating lease recognised as expense amounted to AED 76,320 (2019: AED 922,079) (Note 17). As at 31 March 2020, there are no future minimum lease payments (2019: nil).

19 Financial instruments and risk management

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

19 Financial instruments and risk management (continued)

Categories of financial instruments

31 March 2020

	Financial assets Amortised cost	Financial liabilities Amortised cost
	AED	AED
Cash and cash equivalents (Note 11)	51,598	-
Trade and other receivables (Note 10)	2,791,252	-
Due from related parties (Note 9)	2,261,785	-
Trade and other payables (Note 15)	-	2,486,090
Due to related parties (Note 9)	-	3,126,178
Lease liabilities (Note 6)	-	248,411

31 March 2019

	Financial assets Amortised cost	Financial liabilities Amortised cost
	AED	AED
Cash and cash equivalents (Note 11)	64,945	-
Trade and other receivables (Note 10)	4,029,782	-
Due from related parties (Note 9)	126,756	-
Trade and other payables (Note 15)	-	2,733,661
Due to related parties (Note 9)	-	3,110,051

Fair value measurements

The Management considers that the carrying value of financial assets and financial liabilities approximates the fair value at the reporting date as all these financial assets and financial liabilities are currently due to be realised and settled within a period of one year in the normal course of the Company's business.

Financial risk management objectives

The financial risk management policies are discussed by the Management of the Company on a regular basis to ensure that these are in line with the overall business strategies and its risk management philosophy. Management sets policies which seek to minimise potential adverse effects of financial performance of the Company. The Management provides necessary guidance/instructions to the employees covering specific areas, such as market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

Interest risk

As at 31 March 2020, the Company does not have any significant exposure to interest rate risk as there are no variable interest-bearing borrowings.

Foreign currency risk

The Company does not have any significant exposure to currency risk as most of their monetary assets are denominated in U.A.E. Dirhams or in US Dollars, on which the U.A.E. Dirham is fixed.

19 Financial instruments and risk management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposure to outstanding trade receivables. The management of the Company has implemented centralised procedures for credit control. Credit risk is minimised through a conservative credit policy. Individual counter-party limits are set in accordance with the credit policy.

The Company's exposure to credit risk is closely monitored and the aggregate value of transactions concluded is spread amongst counter-parties. Credit exposure is controlled by counter-party limits that are reviewed and approved by the management regularly. Due to the risk on transactions in the countries in which the Company operates, management will, based on past experience and level of risk associated with these transactions, make an allowance for losses on such transactions should they consider it necessary. Ongoing credit evaluation is performed on the financial condition of trade receivable. Further details of credit risk on trade receivables are discussed in Note 10 to the financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired
Doubtful	Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. Management believes that the concentration of credit risk is mitigated by high credit worthiness and financial stability of its customer.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with Management, which has built an appropriate liquidity risk management framework for the management of the Company's funding and liquidity management requirements. The Company manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. All of the Company's financial assets and financial liabilities are due to be settled within one year from the reporting date.

20 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the equity balance. The Company's overall strategy remains unchanged from the previous year. The capital structure of the Company consists of equity comprising issued share capital, statutory reserve and retained earnings.

21 Non-adjusting event subsequent to the reporting date

a) Outbreak of COVID-19

The outbreak of COVID-19 ("pandemic") is causing significant disruption worldwide resulting in an economic slowdown across the globe. The Company has considered the possible effects that may result from the pandemic on the recoverability of the carrying amounts of receivables and inventories (collectively the "assets") of the Company. For assessing the recoverability of the assets, the Company has considered assumptions based on internal and external information up to the date of adoption of the financial statements. The Company has performed analysis on the assumptions used and based on current estimates expects that the carrying amount of these assets will be recovered and no material loss would result on this account.

The Management have taken into account the possible effects which could be faced by the business and are satisfied that the Company is a going concern for a period of at least twelve months from the date of approval of these financial statements. Therefore, the going concern basis of accounting in preparing the financial statements continues to be adopted.

b) Transfer of the Company's operations to a related party

Effective 1 April 2020, the Management decided to transfer the service operations of the Company to a related party, Redington Middle East (L.L.C.), Dubai, U.A.E. The related party is a 100% beneficially owned subsidiary of Redington Gulf FZE with legal ownership of 49% and with principal activity of distribution of information technology products and providing IT hardware support and maintenance services.

On 13 April 2020, the remaining inventories of the Company amounting to AED 3,681,765 and net carrying values of property and equipment and intangible assets amounting to AED 266,374 were transferred to the related party at cost while the other assets and liabilities of the Company were retained in its books. As per Management's judgement disclosed in Note 4 to the financial statements, the shareholder of the Parent Company will provide continous financial support to the Company. Therefore, the going concern basis of accounting in preparing the financial statements continues to be adopted.

Hazem Hassan
Public Accountants & Consultants

Redington Limited Liability Company (LLC)
Financial statements
For the financial year ended 31 December 2019

KPMG

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Auditor's Report

To the Quotas' owners of Redington Limited Liability Company (LLC)

Report on the Financial Statements

We have audited the accompanying separate financial statements of Redington Egypt (LLC), which comprise the separate statement of financial position as of 31 December 2019, and the separate statements of profit or loss, comprehensive income, changes in Quotes' owners and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Redington Egypt (LLC) as of 31 December 2019, and of its financial performance and its separate cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Emphasis of Matter

We draw attention to note (24) of the notes of the separate financial statements for the year ended 31 December 2019, the company has incurred a net loss of EGP 21 015 661 for the year ended 31 December 2019, the Company's sales have been significantly declined in 2019 and the Company has incurred a negative gross margin (Gross Loss) with an amount of about EGP 15.6 Million. These factors may cast significant doubt on the company's ability to continue as a going concern, however, most of the company's liabilities are due to the parent company, which supports the company's operating activities. We draw attention to note (23) of the notes of financial statements for the year ended 31 December 2019, which describes the effects of COVID-19 on the company's operations in the subsequent events. We draw attention to note (2) of the notes of the separate financial statements for the year ended 31 December 2019, the company has subsidiaries and in accordance with the Egyptian Accounting Standard No. (42) "consolidated and separate financial statements", the company has to prepare consolidated financial statements for the company and it's subsidiaries (the group). The consolidated financial statements have to be prepared to give more understanding of the financial position, activities result and the cash flows for the group. Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company; the financial statements are in agreement thereto.

The financial information included in the General Manager' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account.

Hossam El Kouzi

KPMG Hazem Hassan
Public Accountants & Consultants

Cairo

KPMG Hazem Hassan
Public Accountants and Consultants
14

Redington Egypt Limited Liability Company (LLC)

Separate Statement of Financial Position as of 31 December 2019

	Note	31/12/2019 L.E	31/12/2018 L.E
Long Term Assets			
Fixed Assets (Net)	(5) (3-2)	713 684	999 249
Deposits with other		95 001	95 001
Investments in subsidiaries	(6) (3-3)	2 029 000	2 029 000
Total long term assets		**2 837 685**	**3 123 250**
Current Assets			
Inventory	(7) (3-5)	16 634 580	65 816 044
Due from related party	(10)	157 636 948	6 878 517
Trade and notes receivables, debtors & other debit balances	(8) (3-13)	58 146 638	113 655 976
Cash and cash equivalent	(9) (3-4)	1 134 425	66 797 299
Total Current Assets		**233 552 591**	**253 147 836**
Total Assets		**236 390 276**	**256 271 086**
Quotas' owners			
Paid-in capital	(14) (3-7)	850 000	50 000
Legal reserve	(15)	425 000	63 413
Retained earnings		16 154 773	37 532 021
Total Quotas' owners		**17 429 773**	**37 645 434**
Non-current liabilities			
Deferred tax liabilities	(11) (3-10)	22 953	57 658
Total Non-current liabilities		**22 953**	**57 658**
Current Liabilities			
Due to related parties	(10)	212 697 762	208 861 187
Creditors and other credit balances	(12) (3-12)	2 819 626	8 189 129
Provision for claims	(13) (3-9)	3 420 162	1 517 678
Total Current Liabilities		**218 937 550**	**218 567 994**
Total Liabilities		**218 960 503**	**218 625 652**
Total Quotas' owners and liabilities		**236 390 276**	**256 271 086**

The attached notes from (1) to (25) form an integral part of these financial statements

Company's manager

Ahamed Burhan

ريدنجتون ايجيبت (ذ.م.م)
1 Makram Ebaid ST.
City Light, Nasr City
CR: 4661
Redington Egypt

"Auditor's report "attached

Redington Egypt Limited Liability Company (LLC)

Separate Statement of Profit or loss for the financial year ended 31 December 2019

	Note	31/12/2019	31/12/2018
		L.E	L.E
Net Sales	(16) (3-8)	251 348 308	828 979 408
Cost of sales		(266 992 260)	(798 894 844)
Gross (Loss)/Profit		**(15 643 952)**	**30 084 564**
Less			
Operating Expenses			
Selling & Distribution expenses	(17)	(1 786 835)	(912 936)
General and administrative expenses	(18)	(8 351 167)	(12 071 965)
Provisions	(13)	(1 902 484)	-
		(12 040 486)	**(12 984 901)**
Net Operating (Loss)/Profit		**(27 684 438)**	**17 099 663**
Add/(Less):			
Finance income	(19)	698 712	110 480
Finance costs	(19)	(716 478)	(739 193)
Net finance costs	(19)	**(17 766)**	**(628 713)**
Other revenue		6 651 838	-
Net (Loss)/Profit for the year before tax		**(21 050 366)**	**16 470 950**
(Less)			
Deferred tax	(20)	34 705	(33,881)
Current Tax	(20)	-	(4,066,994)
Net (Loss)/Profit for the year		**(21 015 661)**	**12 370 075**

The attached notes from (1) to (25) form an integral part of these financial statements

Redington Egypt Limited Liability Company (LLC)

Separate Statement of Comprehensive Income for the financial year ended 31 December 2019

	31/12/2019	31/12/2018
	L.E	L.E
Net (Loss)/Profit for the year	(21 015 661)	12 370 075
Add / (Less)		
Other Comprehensive income	-	-
Total Comprehensive Income	**(21 015 661)**	**12 370 075**

The attached notes from (1) to (25) form an integral part of these financial statements

Redington Egypt Limited Liability Company (LLC)

Separate Statement of Changes in Quotas' owners for the financial year ended 31 December 2019

	Paid-in capital	Legal reserve	Retained earnings	Total
	L.E	L.E	L.E	L.E
Balance as at 1 Jan 2018	50 000	63 413	25 161 946	25 275 359
Comprehensive Income				
Net profit for the year	-	-	12 370 075	12 370 075
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	12 370 075	12 370 075
Balance as at 31 Dec. 2018	**50 000**	**63 413**	**37 532 021**	**37 645 434**
Comprehensive Income				
Net profit for the year	-	-	(21 015 661)	(21 015 661)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(21 015 661)	(21 015 661)
Transferred to legal reserve	-	361 587	(361 587)	-
Payment under capital increase	800 000	-	-	800 000
Balance as at 31 Dec. 2019	**850 000**	**425 000**	**16 154 773**	**17 429 773**

The attached notes from (1) to (25) form an integral part of these financial statements

Redington Egypt Limited Liability Company (LLC)

Separate Statement of Cash Flows For the financial year Ended 31 December 2019

	Note	31/12/2019 L.E	31/12/2018 L.E
Cash Flows from Operating Activities			
Net profit for the year before tax		(21 015 661)	12 370 075
Adjustments			
Fixed Assets Depreciation	(18)	464 691	271 354
Provisions - Formed	(13)	1 902 484	-
Interest income	(19)	(698 712)	(110 480)
Interest expenses	(19)	243 607	-
Tax expenses	(20)	(34 705)	4 100 875
		(19 138 296)	**16 631 824**
Change in			
Inventory		49 181 464	(43 116 185)
Due from related parties		(150 758 431)	(6,878,517.00)
Accounts and notes receivables, debtors & other debit balances		55 509 338	29 498 134
Deposit with other		-	129 498
Creditors & other credit balances		(4 150 434)	(15 307 752)
Cash used in operating activities		**(69 356 359)**	**(19 042 998)**
Income tax paid		(1 219 069)	(2 980 612)
Interest paid		(243 607)	-
Provisions used		-	(1 125 072)
Net cash used in operating activities		**(70 819 035)**	**(23 148 682)**
Cash flows from investing activities			
(Payments) for purchasing fixed assets		(179 126)	(321 282)
Interest received		698 712	110 480
(payments) for purchasing investments in subsidiaries		-	(1 979 500)
Net cash provided from (used in) investing activities		**519 586**	**(2 190 302)**
Cash flows from financing activities			
Paid (Collected) Bank - Credit facilities		-	(54 640 334)
Due to related parties		3 836 575	75 790 949
Payment under capital increase		800 000	-
Net cash provided from financing activities		**4 636 575**	**21 150 615**
Net Change in cash and cash equivalents		**(65 662 874)**	**(4 188 369)**
Cash and cash equivalents balance at the beginning of the year		**66 797 299**	**70 985 668**
Cash and cash equivalents balance at the end of the year	(9)	**1 134 425**	**66 797 299**

The attached notes from (1) to (25) form an integral part of these financial statements

1. Background

- Redington Egypt Limited Liability Company established under the provisions of law no 159 for the year 1981 and its executive regulations and articles of association on 8th of February 2000. The Company registered in the commercial register under no 4681 on 9th of February 2000.
- The company's objectives are :
  1- Marketing, selling and maintenance of computer hardware, accessories and spare parts.
  2- Performing staff computer training for several organizations and companies.
- The company is launched their operation on February 9, 2000.
- The company's located in 1 Makram Ebeed St., - Nasr city- Cairo.

2. Basis of Preparation

Statement of compliance

The separate financial statements are prepared according to Egyptian Accounting Standards, and in the light of local laws and regulations, Significant accounting policies will be discussed hereunder.

The Company has subsidiaries and in accordance with the Egyptian Accounting Standard No. (42) "Consolidated Financial Statements" and Article 188 of the Implementing Regulations of the Egyptian Companies Law No. 159 of 1981, the Company prepares consolidated financial statements for the subsidiary to refer to the financial position, results of operations and cash flows for affiliates as a whole.

Measurement

The financial statements have been prepared on historical cost basis.

Functional and presentation currency

These financial statements presented in EGP, which is the company's functional currency.

Use of estimates and judgments

The preparation of the financial statements according to the Egyptian Accounting Standards require that the management use estimates and assumptions that affect the values of the assets, liabilities, revenues and expenses during the financial years. The actual results may be different from those estimates.

- Estimates reviewed on an ongoing basis.
- Revisions to accounting estimate recognized in the period in which the estimate revised and in any future period affected.
- Information about uncertainties assumptions and estimation that have a significant risk of resulting in a material adjustment within the next financial year are included in the following:
  - Note (3-2): Fixed assets & depreciation.
  - Note (3-2): Impairment.
  - Note (3-9): Provisions.
  - Note (3-10): Deferred tax.
  - Note (21): Financial instruments risk.

3. Significant Accounting Policies

3-1 Foreign Currencies Translation

- Transactions in foreign currencies translated into the respective functional currencies at the exchange rates at the dates of the transactions.
- Monetary assets and liabilities denominated in foreign currencies translated into the functional currency at the exchange rate at the reporting date.
- Non-monetary assets and liabilities that measured based on historical cost in a foreign currency translated at the exchange rate at the date of the transaction.
- Generally, the exchange rate differences from the foreign currency transactions are recognized on a net basis as net gain/ loss in the statement of Profit or loss.

3-2 Fixed Assets and depreciation

3-2-1 Recognition and Initial Measurement

- Items of property, plant and equipment measured at cost less accumulated depreciation and any accumulated impairment losses if any- policy no. (3-6)
- Cost includes capital expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to its condition for its intended use, and the cost to dismantling and removing the items and restoring the site on which they are located.
- If significant parts of an item of property, plant and equipment have different useful lives, then they accounted for as separate items (major components) of property, plant and equipment.
- Any gain or loss on disposal of an item of property, plant and equipment recognized in statement of profit or loss.

3-2-2 Acquisition Subsequent Costs

The cost of replacing part of an item of property, plant and equipment recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow. The book value of the replaced part written off from the Company's books. The costs of the day-to-day repairs & maintenance of property, plant and equipment recognized in the statement of profit or loss as incurred.

3-2-3 Depreciation

Depreciation is charged to the statement of profit or loss using the straight-line method over the estimated useful life of each kind of fixed asset.

The following is the useful lives estimated for each asset are as follows:

	Years
* Furniture	8-10
* Computers	3
* Fitting & Fixtures	5
* Office Equipment's	8
* Software	5
* Vehicles	5

3-3 Investments in subsidiaries

Investments in subsidiaries is stated at cost at the acquisition date. The value of the investment is reduced by its impairment loss, if any, and charged to the statement of profit or loss during the year in which the impairment is assessed (see policy 3-6 below).

3-4 Cash and cash equivalents

Cash flow statement is prepared using the indirect method, and for the purpose of preparing the cash flows statement, the cash and cash equivalents includes cash balances, current account balances and time deposits which mature within three months from the date of acquisition.

3-5 Inventory

Inventory are valued at lower of cost and net receivable value. The cost is determined using first in first out (FIFO) method and the net realizable value is determined based on the estimated sale price less expected direct selling expense.

3-6 Impairment

a) Non-derivative financial assets

- Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.
- Objective evidence that financial assets are impaired includes:
  - Default or delinquency by a debtor.
  - Rrestructuring of an amount due to the Group on terms that the Group would not consider otherwise.
  - Indications that a debtor or issuer will enter bankruptcy.
  - Adverse changes in the payment status of borrowers or issuers.
  - The disappearance of an active market for a security because of financial difficulties, or
  - Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

b) Non-financial assets

- At each reporting date, the company reviews the carrying amounts of its non-financial assets (except inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
- The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
- An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount.

3-7 **Capital**

Quotas issuance

Costs directly related to the issuance of Quotas are recorded as a reduction of owners Quotas.

3-8 **Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognized when all the following conditions are satisfied:

i) The amount of revenue can be measured reliably.

ii) It is probable that the economic benefits associated with the transaction will flow to the entity.

iii) The stage of completion of the transaction at the balance sheet date can be measured reliably.

iv) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

- Interest income is recognized on accrual basis.
- Service charge is recognized after performing the service and issuing the invoice.

Investments Revenue

Investments revenues are recognized when the Company has the right to collect the declared dividends.

3-9 **Provisions**

Provisions are recorded when there is a legal or constructive obligation evidenced by the circumstances of a past event and when it is probable that it shall result in outflow of economic benefits that shall be used in the settlement of such obligation, and a reliable estimate of such liability can be made. In case the time value of money has a material effect, provisions are determined by deducting the expected future cash flows at a pre-tax discount rate in order to take such effect into consideration. Provisions are reviewed on each financial position date and amended (if necessary) to reflect the best current estimate. The legal claims provision is recognized when there are legal claims against the company and after obtaining appropriate legal advice. Other provisions are recognized when there are expected claims from other parties regarding the company's activities, in accordance with the latest status, discussions and agreements with those parties.

3-10 Income tax

Taxes

- Provision is formed to encounter the tax liabilities and disputes expected for the previous years based on the opinion of the management in the light of the income tax claims and after conducting the studies required in this regard.
- The tax burden for the financial year including the current tax amount and the deferred tax shall be charged to the income statement.
- The income tax shall be recorded as expenses or revenue in the income statement except for those related to items recorded directly under Quotas' owners, then the income tax shall be treated directly within Quotas' owners, unless such items that were recorded under Quotas' owners were returned to the tax bases according the provisions of the local tax laws when preparing the tax return and determining the current tax of the year, in this case the deferred tax related to such items shall be recognized in the income statement.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.
Current tax assets and liabilities are offset only if certain criteria are met.

Deferred Tax

- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:
- Temporary differences on the initial recognition of assets or liabilities in a transaction that:
- Neither affects accounting nor taxable profit or loss.
- Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.
- Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
- Deferred tax assets and liabilities offset only if certain criteria met.

3-11 Determination of fair value

The fair value of financial assets and liabilities 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 balance sheet date. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability will occur either:

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

The fair value of an asset or a liability is measured using the assumptions that market participants will use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value measurement of a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its best use or selling it to another participant who will use the asset in its best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient information is available to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The carrying amount of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their respective fair value.

All assets and liabilities that are measured or disclosed in the financial statements at fair value are classified in the fair value hierarchy categories. The fair value hierarchy ranks fair value measurements based on the type of inputs used in the valuation; it does not depend on the type of valuation techniques used:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs are used for the asset or liability.

3-12 Account payables, creditors and other credit balances

Account payables, creditors and other credit balances are initially recognized at the fair value of goods and services received from third parties, whether or not invoices have been received. Account payables are subsequently measured at amortized cost using the effective interest rate method.

3-13 Trade, Notes receivables and debtors & other debit balances

Trade and other receivables are measured at amortized cost and include invoiced amounts less appropriate allowances for estimated uncollectible amounts. Impairment is recognized when there is objective evidence that the company will not be able to collect all the amounts due. The impairment is the difference between the book value and the recoverable amount. Trade, Notes receivables, debtors and other debit balances are initially recognized at fair value in addition to the transaction cost directly attributable to obtaining initial issue of financial asset, subsequently measured at amortized cost using the effective interest rate.

4. Financial instruments

The company initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset .The company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

5- Fixed Assets

	Furniture	Computers	Fitting and Fixtures	Office Equipment	Software	Vehicles	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost							
Cost as at 1/1/2018	419 278	530 878	1 132 982	631 395	9 152	231 650	2 955 335
Additions during the year	-	460 878	-	91 421	-	-	552 299
Cost as at 31/12/2018	**419 278**	**991 756**	**1 132 982**	**722 816**	**9 152**	**231 650**	**3 507 634**
Cost as at 1/1/2019	419 278	991 756	1 132 982	722 816	9 152	231 650	3 507 634
Additions during the year	-	52 375		126 751			179 126
Cost as at 31/12/2019	**419 278**	**1 044 131**	**1 132 982**	**849 567**	**9 152**	**231 650**	**3 686 760**
Accumulated depreciation							
Accumulated depreciation as at 1/1/2018	356 675	429 223	880 508	329 823	9 152	231 650	**2 237 031**
Depreciation during the year	25 629	97 255	90 336	58 134	-	-	**271 354**
Accumulated depreciation as at 31/12/2018	**382 304**	**526 478**	**970 844**	**387 957**	**9 152**	**231 650**	**2 508 385**
Accumulated depreciation as at 1/1/2019	382 304	526 478	970 844	387 957	9 152	231 650	2 508 385
Depreciation during the year	8 540	156 138	162 138	137 875	-	-	464 691
Accumulated depreciation as at 31/12/2019	**390 844**	**682 616**	**1 132 982**	**525 832**	**9 152**	**231 650**	**2 973 076**
Net Book value							
Net carrying value as at 31/12/2018	**36 974**	**465 278**	**162 138**	**334 859**	-	-	**999 249**
Net carrying value as at 31/12/2019	**28 434**	**361 515**	-	**323 735**	-	-	**713 684**

6. Investment in subsidiaries

	Percentage of Contribution %	Investment Cost 31/12/2019 EGP	31/12/2018 EGP
* Redington distribution company	99	1 979 500	1 979 500
**Ensure services Company	99	49 500	49 500
		2 029 000	**2 029 000**

* Investments are represented in the contribution value of 99% at Redington Distribution Company (LLC) were 100% is paid from the issued capital, established according to trading register No. 103399 dated 14/3/2017.

** Investments are represented in the contribution value of 99% at Ensure services Company (LLC) were 100% is paid from the issued capital, established according to trading register No. 109407 dated 7/9/2017

7. Inventory

	31/12/2019 EGP	31/12/2018 EGP
Goods inventory	16 634 580	65 816 044
	16 634 580	**65 816 044**

8. Trade and notes receivables, debtors & other debit balances (Net)

	31/12/2019 EGP	31/12/2018 EGP
Trade Receivables and notes receivables		
Trade Receivables	27 187 256	101 212 714
Notes receivables	636 926	13 419 490
Impairment in accounts receivables	(1 333 099)	(1 333 099)
	26 491 083	**113 299 105**
Debtors and other debit balances		
Advances	26 882 887	-
Advance tax paid	2 137 944	-
VAT tax	1 306 737	304 238
Withholding	1 278 934	-
Other debit balances	49 053	347 181
	31 655 555	**651 419**
Less		
Impairment in debtors and other debit balances	-	(294 548)
	31 655 555	**356 871**
	58 146 638	**113 655 976**

9. Cash

	31/12/2019 EGP	31/12/2018 EGP
Bank current accounts	1 063 930	19 931 219
Cash on hand	70 495	5 677 381
Checks under collection	-	41 188 699
	1 134 425	**66 797 299**

10. Related parties

The company made some commercial transactions with Redington Gulf FZE (Dubai-UAE) -owned 99 % of the company's quotas- in accordance with the conditions that have been approved by the company management. These transactions that have been made during the year represents the purchases and payments occurred during the year between two companies that resulted in the following balances:

Account Name	Nature of transactions	31/12/2019 EGP	31/12/2018 EGP
10-1 Due from Related Parties			
Ensure services	Payment expenses on behalf of the company.	7 767 735	6 878 517
Redington Distribution Company	Transfer, Material and payment expenses on behalf of the company.	149 869 213	-
		157 636 948	**6 878 517**
10-2 Due to Related Parties			
Redington Gulf FZE (Dubai-UAE)	Suppliers- Egyptian pound	212 697 762	208 861 187
		212 697 762	**208 861 187**

11. Deferred tax

	31/12/2019		31/12/2018	
	Assets L.E	Liabilities L.E	Assets L.E	Liabilities L.E
Fixed assets	-	22 953	-	57 658
	-	**22 953**	**-**	**57 658**

12. Creditors and other credit balances

	31/12/ 2019 EGP	31/12/ 2018 EGP
Creditors and other credit balances		
Income tax	-	4 205 184
Tax authority – Advance payment	-	(1 724 636)
Withholding tax - Debit	-	(1 261 479)
Salaries tax	37 646	14 607
Withholding tax – Credit	3 198	664 304
Down payments from customers	-	4 173 796
Accrued expenses	2 337 507	2 100 753
Social insurance	15 653	16 600
Other credit balances	425 622	-
	2 819 626	**8 189 129**

13. Provision for Claims

	31 December 2019			
	Balance at 1/1/2019	Formed during the year	Used during the year	Balance at 31/12/2019
Provision for claims	1 517 678	1 902 484	-	3 420 162
	1 517 678	**1 902 484**	**-**	**3 420 162**

The provision above has been made to meet the potential obligations that may be incurred by the company. The company reviews these provisions and adjust the amount if appropriate.

14. Capital

The paid-up capital amounted to EGP 850,000 divided over 8500 quotas of 100 par value each, distributed as follows:

Description	Number of quotas	Value in EGP	%
Redington Gulf FZE (Dubai-UAE)	8 415	841 500	99
CADENS WORTH FZE (Dubai-UAE)	85	8 500	1
	8500	**850 000**	**100**

15. Legal reserve

The legal reserve should be formed from the net profit with a percentage of 5% at least, and when the balance of this legal reserve equal to 50% of paid-up capital, such reserve will be stopped, and back to increase after when the paid-in capital increased.

16. Net Sales

	31/12/2019 EGP	31/12/2018 EGP
Net Sales	247 279 095	828 690 819
Service revenue	4 069 213	288 589
	251 348 308	**828 979 408**

17. Distribution expenses

	31/12/2019 EGP	31/12/2018 EGP
Selling and Distribution expenses	1 786 835	912 936
	1 786 835	**912 936**

18. General and administrative expenses

	31/12/2019 EGP	31/12/2018 EGP
Salaries and Wages	5 114 585	7 656 118
Rents	301 200	911 966
Outsourcing fees	411 995	287 371
Other expenses	284 037	556 903
Telephone	114 227	274 301
Professional fees	475 167	214 519
Transportation	8 450	177 966
Maintenance expenses	48 655	71 111
Depreciation	464 691	271 354
Medical insurance	182 891	297 294
Electricity expenses	68 154	62 652
Stationary expenses	43 434	49 209
Postage expense	11 886	5 314
Bank charges	159 296	-
Comprehensive Social payment	662 499	1 235 887

	8 351 167	**12 071 965**

19. Finance income (costs)

	31/12/2019 EGP	31/12/2018 EGP
Finance income		
Bank interest income	698 712	110 480
Total finance income	**698 712**	**110 480**
Finance costs		
Foreign exchange loss	(472 871)	(341 303)
Bank charges	-	(397 890)
Interests expenses	(243 607)	-
Total finance (costs)	**(716 478)**	**(739 193)**
Net finance (costs)	**(17 766)**	**(628 713)**

20. Effective tax rate

		31/12/2019 EGP		31/12/2018 EGP
Net profit (Loss) for the year		(21 015 661)		12 370 075
Income tax according to statement of profit or loss		(34 705)		4 100 875
Profit (Loss) before tax		**(21 050 366)**		**16 470 950**
Income tax using legal rates	22.5%	(4 736 332)	22.5%	3 705 965
Temporary differences for which no deferred tax assets is recognized	(2.74)%	577 121		
Current year tax loss for which no deferred tax assets is recognized	(19.59)%	4 122 588		
Nondeductible expenses and others	(0.009)%	1 918	2.4%	394 910
Income tax	**0.16%**	**(34 705)**	**24.9%**	**4 100 875**

21. Financial Instruments & Related Risks Management

The Company has exposure to the following risks from its use of financial instruments:

– Credit risk

– Liquidity risk

– Market risk

21-1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to meet its contractual obligations and expose the company to financial losses.

21-2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations according to contractual conditions with other. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

21-3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

21-4 Foreign currencies exchange rates risk

Exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in exchange rates, which will affect the Company's income. The objective of exchange rate risk management is to manage and control exchange rate risk exposures within acceptable parameters, while optimizing the return. Financial instruments affected by exchange rate risk include cash and cash equivalents, Debtor balances, other financial assets, trade and other payables and other financial liabilities.

22. Tax position:

22-1 Income tax

The Company present its tax return annually on the due dates to the tax authority and pay its tax liability according to its tax return. There are no tax claims for the previous years and the company re-inspect from start of operation till 2004 and there is no claims result for this period.

Years from 2009 till 2010

The company have been requested to produce all the documents related to years 2009 and 2010.

Years from 2011 till 2019

The Company prepared and submitted the tax return for these years and paid the due corporate tax, there is no tax claims for these years.

22-2 Salaries tax

The company pay its tax liability on monthly basis, in the light of previous tax law of Egypt.

The company's books has inspected till year 2008 and paid tax differences.

The company's books has inspected for the periods 2009 till year 2019 and there is no tax differences claims result for this period till now.

22-3 Stamp tax

The company's books has inspected till year 2006 and paid tax differences. There are no tax claims till year 2019 on the company.

22-4 Value added tax/ Sales tax

The company's books has inspected till year 2016 and paid tax differences.

The company submit its tax return on the due dates to the tax authority there are no tax claims up to date on the company.

22-5 Withholding tax

The Company present its tax forms on the due dates to the tax authority and there are no tax claims up to date on the company.

23. Material non-adjusting events after the reporting period

The recent outbreak of the novel coronavirus (COVID-19) continues to impact the global economy and markets. Going forward the COVID-19 outbreak may negatively impact amongst others our supply chain, workforce, operations, demand of our end markets, and liquidity. Accordingly, The Management has set up a COVID-19 taskforce to develop and implement contingency plans, and we are closely and continuously evaluating the developments. We will take all necessary actions to keep our operations running and, most importantly, protect our employees, suppliers, customers and all other stakeholders. Based on our current knowledge and available information, we do not expect COVID-19 to have an impact on our ability to continue as a going concern in the foreseeable future.

24. Going concern basis of accounting

These financial statements have been prepared on a going concern basis assumption. Notwithstanding the facts that the Company has incurred a net loss of EGP 21 015 661 for the year ended 31 December 2019, the Company's sales have been significantly declined in 2019 and the Company has incurred a negative gross margin (Gross Loss) with an amount of EGP 15 643 952. The continuation of the Company's operations is dependent upon the continued financial support of the controlling party and the ability of the Company to generate sufficient cash flows to meet its future obligations. The controlling party has provided an undertaking confirming that it will continue to provide the necessary financial support to enable the Company to meet its obligations, as they fall due, in the foreseeable future.

25. Significant events

On April 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
1- The new Egyptian Accounting Standard No. (47)"Financial Instruments"	1- The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise. 2- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset. 3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 4- based on the requirements of this standard the following standards were amended: 1-Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019] 2-Egyptian Accounting Standard No. (4) - "Statement of Cash Flows". 3-Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos. (1), (25), (26) and (40) are to be simultaneously applied. -These ammendments are effective as of the date of implementing Standard No. (47)]

	4-Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". 5- Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "		
The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"	1. The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void: 2. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. 3. Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015. 4. For revenue recognition, Control Model is used instead of Risk and Rewards Model. 5. incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met 6. the standard requires that contract must have a commercial substance in order for revenue to be recognized 7. Expanding in the presentation and disclosure requirements.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Standard No (48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted
The new Egyptian Accounting Standard No. (49) "Lease Contracts"	1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20)," Accounting Rules and Standards related to Financial Leasing" issued in 2015. 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lease as operating l or finance lease contracts . 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract. 5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing " as well as the finance lease contracts that arise under and are subjected to Law

	the straight-line method or based on any other regular basis.		No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.
Egyptian Accounting Standard No. (38) as ammended "Employees Benefits"	Anumber of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
Egyptian Accounting Standard No. (42) as ammended "Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were ammended are as follows: - (ESA 15) Related Party Disclosures - (ESA 17)Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - (ESA 24) Income Taxes - (ESA 29)Business Combinations - ESA(30) Periodical Financial Statements - EAS (44) Disclosure of Interests in Other Entities.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted. -The new or amended paragraphs pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019.
Issuance of Egyptian Accounting Interpretation No.(1)"Public Service Concession Arrangements" …	This interpretation provides guidance on the accounting by operators of public service privileges arrangements from a public entity to a private entity for the construction, operation and maintenance of the infrastructure for public utilities such as roads, bridges, tunnels, hospitals, airports, water supply facilities, power supplies and communications networks. .., etc This interpretation gives the option of continuing to apply the prior treatment of public service privilages arrangements that prevailed prior to January 1st,2019 on entities that used to recognize and measure the assets of these arrangements as fixed assets in accordance with Egyptian Accounting Standard	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Interpretation No.(1) applies to financial periods beginning on or after January 1st, 2019,

	No. 10 "Fixed Assets and Depreciation"until their useful lives are expired .		
Egyptian Accounting Standard No. (22) as ammended "Earnings per Share"	The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (34) as ammended "Real Estate Investment"	The Fair Value Model option for all enterprises is no longer used when the subsequent measurement of their real estate investments is made and compliance shall apply only to the Cost Model. while only real estate investment funds are obliged to use the Fair Value Model, upon the subsequent measurement of all their real estate assets. Based on this amendment, the following standards were ammended : - Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Discontinued Operation - Egyptian Accounting Standard No. (31) Impairment of Assets	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (4) as ammended "Statement of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.