CADENSWORTH FZE

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

YEAR ENDED 31 MARCH 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of CADENSWORTH FZE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **CADENSWORTH FZE** (the "Establishment"), which comprise the statement of financial position as at 31 March 2024, 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 Establishment as at 31 March 2024, 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 Establishment 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 United Arab Emirates (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 Matter

The financial statements of the Establishment for the year ended 31 March 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on 16 August 2023.

Other Information

Management is responsible for the other information. Other information comprises the Directors' 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 conclusion thereon.

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INDEPENDENT AUDITOR'S REPORT
(continued)

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 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 the financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the applicable provisions of the Jebel Ali Free Zone Companies Implementing Regulations 2016, 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.

Those charged with governance are responsible for overseeing the Establishment`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.

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PKF
Accountants &
business advisers

INDEPENDENT AUDITOR'S REPORT
(continued)

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

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

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

- 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
We confirm that the financial statements comply with Jebel Ali Free Zone Companies Implementing Regulations 2016. Also, in our opinion, proper books of account and other records have been maintained in accordance with the said regulation.

For **PKF**

S. D. Pereira
Partner
Registration No. 552
Dubai
United Arab Emirates
30 April 2024

CADENSWORTH FZE

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	Notes	2024 AED	2023 AED
ASSETS			
Non-current assets			
Property, plant and equipment	6	3,871	2,718
Investment in a subsidiary	7	1,000	1,000
Investment in an associate	8	484,610	484,610
		489,481	488,328
Current assets			
Inventories	9	8,721,820	6,915,109
Trade and other receivables	10	5,360,808	5,439,645
Other current assets	11	332,334	88,670
Due from related parties	12	20,658,701	18,939,838
Other financial assets	13	1,843	1,843
Cash and cash equivalents	14	--	4
		35,075,506	31,385,109
Total assets		35,564,987	31,873,437
EQUITY AND LIABILITIES			
Equity			
Share capital	15	1,000,000	1,000,000
Re-measurement of defined benefit obligation		199,056	(12,828)
Retained earnings		14,684,094	14,268,797
		15,883,150	15,255,969
Non-current liability			
Provision for staff end-of-service benefits	16	3,407,530	3,490,554
Current liabilities			
Trade and other payables	17	11,006,189	10,542,714
Other current liabilities	18	2,289,051	2,438,162
Due to related parties	12	2,979,067	146,038
		16,274,307	13,126,914
Total liabilities		19,681,837	16,617,468
Total equity and liabilities		35,564,987	31,873,437

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgements underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Approved and authorised for issue by the shareholder on 29 April 2024 and signed on their behalf by Mr. Viswanath Pallasena.

For **CADENSWORTH FZE**

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P.O.Box: 17441
Jebel Ali Free Zone
Dubai - U.A.E.
CADENSWORTH FZE

VISWANATH PALLASENA
MANAGER

CADENSWORTH FZE

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 AED	2023 AED
Revenue	20	**20,739,921**	30,432,302
Purchases of inventory (including direct costs)		**(20,273,599)**	(23,461,188)
Changes in inventories		**576,393**	(4,551,768)
Gross profit		**1,042,715**	2,419,346
Other operating income	21	**1,387,161**	151,903
Staff costs	22	**(232,666)**	(550,351)
Depreciation	6	**(2,709)**	(6,108)
Other operating expenses	23	**(1,608,326)**	(1,328,067)
Finance costs on defined employee benefit plan	16	**(174,528)**	(114,398)
Reversal of impairment provision of/(impairment of) trade receivables (net)	10	**3,650**	(48,383)
PROFIT FOR THE YEAR		**415,297**	523,942
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined employee benefit plan	16	**211,884**	281,454
Other comprehensive income for the year		**211,884**	281,454
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**627,181**	805,396

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

		Share capital	Re-measurement of defined benefit obligation	Retained earnings	Total
		AED	AED	AED	AED
Balance at 1 April 2022		1,000,000	(294,282)	13,744,855	14,450,573
Comprehensive income					
- Profit for the year	(a)	--	--	523,942	523,942
- Other comprehensive income					
Items that will not be reclassified subsequently to profit and loss:					
Actuarial gain on defined employee benefit plan	(b)	--	281,454	--	281,454
Total comprehensive income for the year	(a+b)	--	281,454	523,942	805,396
Balance at 31 March 2023		1,000,000	(12,828)	14,268,797	15,255,969
Comprehensive income					
- Profit for the year	(c)	--	--	415,297	415,297
- Other comprehensive income					
Items that will not be reclassified subsequently to profit and loss:					
Actuarial gain on defined employee benefit plan	(d)	--	211,884	--	211,884
Total comprehensive income for the year	(c+d)	--	211,884	415,297	627,181
Balance at 31 March 2024		**1,000,000**	**199,056**	**14,684,094**	**15,883,150**

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

CADENSWORTH FZE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	2024 AED	2023 AED
Cash flows from operating activities		
Profit for the year	415,297	523,942
Adjustments for:		
Depreciation of property, plant and equipment	2,709	6,108
(Reversal of impairment provision of)/impairment of trade receivables (net)	(3,650)	48,383
Finance costs on defined employee benefit plan	174,528	114,398
Write back of inventory provision (net)	(1,230,318)	(138,748)
Write back of other provisions (net)	(139,481)	--
Provision for staff end-of-service benefits	296,567	332,127
	(484,348)	886,210
Changes in:		
- Inventories	(576,393)	4,690,516
- Trade and other receivables	82,487	(986,984)
- Other current assets	(243,664)	283,705
- Trade and other payables	321,554	(5,149,702)
- Other current liabilities	132,291	1,811,880
Staff end-of-service benefits paid	(342,235)	(62,598)
Net cash (used in)/from operating activities	(1,110,308)	1,473,027
Cash flows from investing activities		
Payments for property, plant and equipment	(3,862)	--
(Payments to)/receipts from related parties (net)	(1,718,863)	11,347,118
Net cash (used in)/from investing activities	(1,722,725)	11,347,118
Cash flows from financing activities		
Receipts from/(payments to) related parties (net)	2,833,029	(12,820,144)
Net cash from/(used in) financing activities	2,833,029	(12,820,144)
Net (decrease)/increase in cash and cash equivalents	(4)	1
Cash and cash equivalents at beginning of year	4	3
Cash and cash equivalents at end of year (note 14)	--	4

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

1. **LEGAL STATUS AND BUSINESS ACTIVITY**

a) **CADENSWORTH FZE** (the "Establishment") with license No. 3421 is registered as a Free Zone Establishment in Jebel Ali Free Zone, United Arab Emirates. The Establishment was incorporated on 20 May 2002 with limited liability pursuant to Law No. 9 of 1992 and the Implementing Regulations No. 1/92 (repealed by Jebel Ali Free Zone Companies Implementing Regulations 2016) issued by Jebel Ali Free Zone Authority. The registered address is P. O. Box 17441, Dubai, UAE.

b) The Establishment's business activities as per the trade license issued by Jebel Ali Free Zone Authority are trading in information technology products and spare parts.

c) The Establishment is a wholly owned subsidiary of Redington Gulf FZE (the "parent company"), a company incorporated in Dubai, United Arab Emirates. Redington Limited, India, a public limited company is the "ultimate parent company".

d) These financial statements are the separate financial statements of the Establishment. The Establishment has availed the exemption of IFRS 10, wherein the Establishment will not prepare consolidated financial statements, as the Establishment and its subsidiary are included by full consolidation, in the consolidated financial statements of its parent company which are available for public use. The consolidated financial statements of parent company can be obtained from *https://redingtongroup.com.*

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 April 2023, and the requirements of Jebel Ali Free Zone Companies Implementing Regulations 2016.

b) **Basis of measurement**

The financial statements are prepared using historical cost, except certain financial assets carried at fair value.

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 Establishment's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Establishment or to cease operation or has no realistic alternative but to do so.

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

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

The following amendments, improvements and interpretations which became effective for financial years beginning 1 April 2023, did not have any significant impact on the Establishment's financial statements:

- IFRS 17 – Insurance Contracts
- Amendments to IFRS 17 – Insurance Contracts
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 - International Tax Reform – Pillar Two Model Rules

New and revised IFRSs in issue but not yet effective and not early adopted

The following amendments, improvements and interpretations 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 – Non-current Liabilities with Covenants (1 January 2024)
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangement (1 January 2024)
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (1 January 2024)
- Amendments to IAS 21 – Lack of Exchangeability (1 January 2025)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold to an associate or a joint venture (The IASB postponed the effective date of this amendment indefinitely - Early adoption is permitted)
- IFRS S1 General Requirements for Disclosure of Sustainability Related Financial Information and IFRS S2 Climate Related Disclosures (Effective upon adoption by applicable regulatory)

e) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams ("AED") which is also the Establishment'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:

Furniture, fixtures and office equipment	3 - 8 years

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 Establishment 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 Establishment 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) Impairment of tangible assets

At each reporting date, the management 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 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 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.

c) **Investment in subsidiary**

Subsidiary is an entity over which the Establishment exercises control. Control is achieved when the Establishment 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 at cost less impairment losses, if any. Consolidated financial statements of the Establishment and its subsidiary are included in the consolidated financial statements of the parent company.

d) **Investments in an associate**

Investments where the Establishment has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the share capital of the investee entity, are treated as associates and accounted for using the cost method in accordance with IAS 27 and adjusted for any impairment.

e) **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 Establishment charges and recovers Value Added Tax (VAT) on every taxable supply and deemed supply, in accordance with the Federal Decree-Law No. (08) of 2017. Irrecoverable VAT for which Establishment cannot avail the credit is charged to the statement of profit or loss or included in costs of non-current assets. The Establishment files its VAT returns and computes the payable tax (which is output tax less input tax) for the allotted tax periods and deposits the same within the prescribed due dates of filing VAT return and tax payment. VAT receivable and VAT payable are offset and the net amount is reported in the statement of financial position as the Establishment has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

f) **Deferred tax**

Deferred tax is recognised on temporary differences between the accounting base and the tax base for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements, except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred tax asset is recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the asset and liability on a net basis.

g) **Inventories**

Inventories are stated at the lower of cost and net realizable 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 price less any estimated cost of completion and disposal.

h) **Staff 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 finance cost in the statement of profit or loss.

Provision is also made for employees' entitlement to annual leave and air fare for eligible employees as per the policy of the Establishment. Provision relating to annual leave and iar fare is disclosed as current liability as employees are entitled to redeem these benefits at any point of time after the reporting period.

i) **Revenue**

The Establishment is in the business of trading in information technology products and spare parts and providing inventory handling services.

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 Establishment expects to be entitled in exchange for those goods or services.

The Establishment 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 goods or services 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 Establishment 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 Establishment has an enforceable right to payment for performance completed to date.

The Establishment 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 Establishment has concluded that revenue from sale of goods should be recognised at a point in time when the control of the goods is transferred to the customer, generally on delivery of the goods.

Sale of services
The Establishment has concluded that revenue from inventory handling services should be recognised at a point in time.

j) **Cash and cash equivalents**
Cash and cash equivalents comprise cash on hand.

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 Establishment 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, 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 receivable can be measured reliably.

m) **Contingencies and commitments**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

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

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

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in 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 equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Establishment classifies all other liabilities as non-current.

o) **Financial instruments**

Classification

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are "solely payments of principal and interest" on the principal amount outstanding. This assessment is performed at an instrumental level.

The Establishment'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 fair value through profit or loss or at amortised cost. The Establishment determines the classification of its financial liabilities at initial recognition.

Recognition
Financial assets and financial liabilities are recognised when, and only when, the Establishment 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 Establishment 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 Establishment has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  (a) the Establishment has transferred substantially all the risks and rewards of the asset,
  or
  (b) the Establishment has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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 fair value through profit or loss, transaction costs that are directly attributable to its acquisition. Transactions costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Establishment may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income or at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Financial assets

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss, using the effective interest method.

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.

All other financial assets are subsequently measured at fair value.

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 assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes unlisted equity investments which the Establishment had not irrevocably elected to classify at fair value through other comprehensive income.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities at amortised cost

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

Impairment of financial assets

The Establishment recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Establishment 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 expected credit losses: expected credit losses that result from possible default events within 12 months after the reporting date; and
- Lifetime expected credit losses: expected credit losses that result from all possible default events over the expected life of a financial instrument.

The Establishment measures the loss allowance at an amount equal to lifetime expected credit losses, except for the following which are measured as 12-month expected credit losses:

- Bank balances, other receivables and other financial assets 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 Establishment has elected to measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses. The Establishment applies a simplified approach in calculating expected credit losses. The Establishment does not track changes in credit risk, but instead recognised a loss allowance based on lifetime expected credit losses at each reporting date. The Establishment 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 expected credit losses, the Establishment 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 Establishment's historical experience and informed credit risk assessment and including forward looking information.

The Establishment assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Establishment considers a financial asset to be in default when:

- The customer is unlikely to pay its credit obligations to the Establishment in full, without recourse by the Establishment to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due.

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

At each reporting date, the Establishment 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 Establishment.

p) **Fair value measurement**
The Establishment measures financial instruments, such as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income at each reporting date. The Establishment 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.

The Establishment uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- 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).

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

Recognition of revenue and allocation of transaction price

Identification of performance obligations

The Establishment determined that the sale of goods is provided as a single component to customers and accordingly it becomes single performance obligation in respect of the goods being sold.

Determine timing of satisfaction of performance obligation

The Establishment concluded that the revenue from sales of goods and services is to be recognised at a point in time when the control of the goods has transferred to the customers.

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 Establishment's inventory, stated at AED 9,951,347 (previous year AED 9,374,954) 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 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. Details of the key assumptions and inputs used are disclosed in Note 3(o).

Deferred tax

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Establishment considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Staff end-of-service benefits

The Establishment computes the provision for the liability to staff end-of-service benefits stated at AED 3,407,530 (previous year AED 3,490,554) 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

	Furniture, fixtures and office equipment AED
Cost	
At 1 April 2022 and 31 March 2023	277,792
Additions	3,862
At 31 March 2024	**281,654**
Accumulated depreciation	
At 1 April 2022	268,966
Depreciation	6,108
At 31 March 2023	275,074
Depreciation	2,709
At 31 March 2024	**277,783**
Carrying amount	
At 1 April 2022	8,826
At 31 March 2023	2,718
At 31 March 2024	**3,871**

	2024 AED	2023 AED
7. INVESTMENT IN A SUBSIDIARY		
Cost of investment in CDW International Trading FZCO, DAFZA, Dubai, UAE	**1,000**	1,000

The nature of investment in a subsidiary company held by the Establishment is as follows:

Name of subsidiary	Principal activities	Country of incorporation	Registered proportion (%) of ownership interest	
			2024	2023
CDW International Trading FZCO	Trading in mobile phones and accessories, electrical and electronic devices spare parts and computers and computer peripheral equipments.	United Arab Emirates	100	100

	2024 AED	2023 AED
8. INVESTMENT IN AN ASSOCIATE		
Cost:		
Proconnect Saudi LLC, Kingdom of Saudi Arabia	484,610	484,610

The nature of investment in an associate held by the Establishment is as follows:

Name of associate	Principal activities	Country of incorporation	Registered proportion (%) of ownership interest	
			2024	2023
Proconnect Saudi LLC	Loading and unloading services, packaging of goods and containers in ports and management of warehouses	Kingdom of Saudi Arabia	49	49

	2024 AED	2023 AED
9. INVENTORIES		
Goods-held-for sale	9,951,347	9,374,954
Less: Provision for obsolete inventories	(1,229,527)	(2,459,845)
	8,721,820	6,915,109

A reconciliation of the movements in the provision for obsolete inventories is as follows:

Opening balance	2,459,845	2,598,593
Provision no longer required	(1,230,318)	(138,748)
Closing balance	1,229,527	2,459,845

		2024	2023
		AED	AED
10.	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	5,346,650	5,365,867
	Less: Allowance for expected credit losses	(93,933)	(97,583)
		5,252,717	5,268,284
	Deposits	77,257	119,096
	Staff advances	30,834	52,265
		5,360,808	5,439,645

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

	2024	2023
Opening balance	97,583	49,200
Provision made during the year	--	48,383
Provision no longer required	(3,650)	--
Closing balance	93,933	97,583

		2024	2023
11.	**OTHER CURRENT ASSETS**		
	Prepayments	240,245	43,486
	Advance for goods and services	92,089	20,328
	VAT receivables (net)	--	24,856
		332,334	88,670

12. RELATED PARTIES

The Establishment 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 parent company, ultimate parent company, subsidiary, associate, fellow subsidiaries, companies under common ownership and/ or common management control and directors.

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

	Parent company	Companies under common ownership and common management control	Total 2024	Total 2023
	AED	AED	AED	AED
Due from related parties	12,633,414	8,025,287	20,658,701	
	9,984,501	8,955,337		18,939,838
Due to related parties	--	2,979,067	2,979,067	
	--	146,038		146,038

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in note 24.

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

	Parent company	Companies under common ownership and common management control	Total 2024	Total 2023
	AED	AED	AED	AED
Revenue	--	8,130,727	8,130,727	
	--	13,342,781		13,342,781
Cost of revenue	410,351	249,434	659,785	
	--	1,867,971		1,867,971
Recharge of salary expenses	8,810,393	--	8,810,393	
	9,107,477	--		9,107,477
Management fees	--	881,400	881,400	
	--	--		--
Warehouse charges (note 23)	--	454,606	454,606	
	--	569,422		569,422
Transfer of provision of staff-end of service benefits to a related party	--	--	--	
	--	78,521		78,521

The Establishment also provides funds to/receives funds from related parties free of interest/ at agreed interest rates as and when required.

	2024 AED	2023 AED
13. OTHER FINANCIAL ASSETS		
Financial assets at fair value through profit or loss:		
- Unquoted equity shares in Redington Egypt[(a)]	1,843	1,843

(a) This represents Establishment's holding of 85 shares (1%) of Redington Egypt, incorporated and registered in Egypt, for AED 1,843. Redington Egypt is a related party of the Establishment. Management has estimated that the fair value of the unquoted equity instruments approximates to their carrying value.

	2024 AED	2023 AED
14. CASH AND CASH EQUIVALENTS		
Cash on hand	--	4

	2024 AED	2023 AED
15. SHARE CAPITAL		
Issued and paid up		
1 fully paid share of AED 1,000,000 held by Redington Gulf FZE, UAE.	1,000,000	1,000,000

	2024 AED	2023 AED
16. PROVISION FOR STAFF END-OF-SERVICE BENEFITS		
Present value of unfunded obligation	3,407,530	3,490,554

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

	2024	2023
Opening obligation	3,490,554	3,466,602
Service cost	296,567	332,127
Interest cost	174,528	114,398
Actuarial gain on obligation	(211,884)	(281,454)
Transferred to related party	--	(78,521)
Benefits paid during the year	(342,235)	(62,598)
Closing obligation	3,407,530	3,490,554

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

	2024	2023
Service cost (note 22)	296,567	332,127
Interest cost	174,528	114,398
	471,095	446,525

Gain recognised in other comprehensive income are as follows:

	2024	2023
Actuarial gain for the current year	211,884	281,454

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

	2024	2023
Discount rate	4.95%	5%
Salary escalation rate (per annum) – 1 year	4.95%	5%
Mortality rate (table)	Per AM (80) table	Per AM (80) table
Withdrawal rate	11%	10%

In accordance with the provisions of IAS 19 Employee Benefits, the management has carried out an exercise to assess the present value of its obligations as at 31 March 2024, 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 Establishment and the expected basic salary as at the date of leaving the service.

		2024	2023
		AED	AED
17.	**TRADE AND OTHER PAYABLES**		
	Trade payables	10,969,956	9,999,732
	Accruals	36,233	542,982
		11,006,189	10,542,714

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

18.	**OTHER CURRENT LIABILITIES**		
	Advance received from customers	480,649	559,871
	VAT payables (net)	34,577	--
	Accrual for staff benefits	1,773,825	1,878,291
		2,289,051	2,438,162

19. MANAGEMENT OF CAPITAL

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

Capital, 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 Establishment is not subject to externally imposed capital requirements.

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 Establishment generates revenue from the transfer of goods and services at a point in time. The disaggregated revenue from contracts with customers by geographical segments, 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 Establishment's revenue and cash flows.

		2024 AED	2023 AED
	Primary geographical segments		
	- UAE	9,765,733	13,458,868
	- African countries	5,629,208	7,573,265
	- Other Middle East countries	3,906,566	6,306,854
	- Asian countries	1,438,034	3,083,650
	- European countries	380	9,665
		20,739,921	30,432,302
	Major goods/service lines		
	Trading		
	- Information technology products and spare parts	19,143,251	27,153,076
	Services		
	- Inventory handling charges	1,596,670	3,279,226
		20,739,921	30,432,302
	Timing of revenue recognition		
	- At a point in time	20,739,921	30,432,302
21.	**OTHER OPERATING INCOME**		
	Write back of inventory provision (net)	1,230,318	138,748
	Other provisions written back	139,481	--
	Net exchange gains	2,474	--
	Miscellaneous income	14,888	13,155
		1,387,161	151,903
22.	**STAFF COSTS**		
	Staff salaries and benefits	8,746,492	9,325,701
	Staff end-of-service benefits	296,567	332,127
		9,043,059	9,657,828
	Less: Recharge to related parties	(8,810,393)	(9,107,477)
		232,666	550,351
23.	**OTHER OPERATING EXPENSES**		
	Management fees	881,400	--
	Warehouse charges	454,606	569,422
	Legal and professional fees	92,355	233,125
	Travelling and conveyance expenses	49,533	75,951
	Bank charges	28,634	26,885
	Net exchange losses	--	113,747
	Other expenses	101,798	308,937
		1,608,326	1,328,067

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Classification and fair values

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

	At fair value through profit or loss		At amortised cost	
	2024	2023	2024	2023
	AED	AED	AED	AED
Financial assets				
Trade and other receivables	--	--	5,360,808	5,439,645
Due from related parties	--	--	20,658,701	18,939,838
Other financial assets	1,843	1,843	--	--
Cash and cash equivalents	--	--	--	4
	1,843	1,843	26,019,509	24,379,487
Financial liabilities				
Trade and other payables	--	--	11,274,862	11,092,789
Due from related parties	--	--	2,979,067	146,038
	--	--	14,253,929	11,238,827

Fair value measurement and disclosures

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, other financial assets and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Management has estimated that the fair values of the unquoted equity investments as at the reporting date approximate to their carrying values.

The details of the Establishment's fair value hierarchy of financial instruments are as follows:

	Level 1		Level 2		Level 3		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	AED	AED	AED	AED	AED	AED	AED	AED
Unquoted equity instruments	--	--	--	--	1,843	1,843	1,843	1,843

Financial risk management

Risk management objectives

Risk is inherent in the Establishment's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Establishment's continuing profitability. The Establishment's risk management focusses on actively securing short to medium term cash flows by minimizing the exposure to financial markets.

The Establishment does not actively engage in trading of financial assets for speculative purpose.

The primary risks to which the business is exposed, comprise credit risk, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

The management of the Establishment reviews and agrees policies for managing each of these risks which are summarised below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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

Financial assets that potentially expose the Establishment to concentrations of credit risk comprise principally cash and cash equivalents, other financial assets, trade and other receivables and due from related parties.

The Establishment's bank accounts are placed with high credit quality financial institutions.

The management assesses the credit risk arising from trade and other receivables and amounts due from related parties taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

Amounts due from related parties relate to transactions arising in the normal course of business with minimal credit risk.

At the reporting date, the Establishment's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

	Due from related parties		Trade receivables	
	2024	2023	**2024**	2023
	AED	AED	**AED**	AED
Asian countries	**--**	--	**2,061,517**	1,765,097
African countries	**2,968,327**	825,473	**1,733,084**	1,609,920
Other Middle East countries	**2,520,191**	1,501,513	**414,307**	615,740
American countries	**--**	--	**8,129**	8,129
European countries	**--**	--	**1,602**	4,338

At the reporting date 59% of trade receivables were due from three customers (previous year 61% due from four customers).

At the reporting date 73% of amount due from related parties are due from two related parties (previous year 75%from two related parties).

At the reporting date, there is no significant concentration of credit risk from any particular industry as the Establishment's customers are from diverse industries.

The Establishment uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise number of 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	
	2024	2023	**2024**	2023	**2024**	2023
	%	%	**AED**	AED	**AED**	AED
Not past due	**0.00%**	0.00%	**911,027**	2,806,178	**--**	--
1-90 days past due	**0.00%**	0.00%	**1,071,265**	847,629	**--**	--
91-180 days past due	**0.00%**	0.00%	**673,185**	621,599	**--**	--
More than 180 days past due	**3.49%**	8.95%	**2,691,173**	1,090,461	**93,933**	97,583
			5,346,650	5,365,867	**93,933**	97,583

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 Establishment's view of economic conditions over the expected lives of the receivables.

Liquidity risk

Liquidity risk is the risk that the Establishment may encounter difficulty in meeting financial obligations due to shortage of funds. The Establishment's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Establishment'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 Establishment's reputation. The Establishment manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Establishment limits its liquidity risk by ensuring adequate bank facilities are available.

The table below summarises the maturities of the Establishment's undiscounted financial liabilities at the reporting date, based on contractual payment dates and current market interest rates.

	Less than one year	
	2024	2023
	AED	AED
Trade and other payables	**11,274,862**	11,092,789
Due to related parties	**2,979,067**	146,038
	14,253,929	11,238,827

Market risk

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

Currency risk

Currency risk is the risk that the values of financial instruments will fluctuate because of changes in foreign exchange rates.

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 trade payables of AED 51,591 (previous year AED 142,201) denominated in Euro.

Reasonably possible changes to exchange rates at the reporting date are unlikely to have had a significant impact on profit or equity.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

The Establishment is not subject to any significant interest rate risks.

25. **COMPARATIVE INFORMATION**

Previous year's figures have been regrouped/reclassified wherever necessary to make them comparable to those of the current year.

26. **CORPORATE TAX**

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the 'CT Law') to enact a Federal corporate tax ('CT') regime in the UAE. The CT Law is effective for the financial years beginning on or after 1 June 2023. Decision No. 116 of 2022 specifies the threshold of income (as AED 375,000) over which a corporate tax of 9% would apply and accordingly, the CT Law is now considered to be substantively enacted.

For the Establishment, current taxes shall be accounted for as appropriate in the financial statements for the accounting period beginning 1 April 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the financial year ended 31 March 2024.

Based on the information available to date, the Establishment has assessed the deferred tax implications for the year ended 31 March 2024 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that deferred tax implications are not expected to be material.

The Establishment shall continue to monitor critical Cabinet Decisions to determine the impact on the Establishment, from deferred tax perspective.

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