

ENSURE GULF FZE

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
YEAR ENDED 31 MARCH 2024**

ENSURE GULF FZE

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of **ENSURE GULF FZE**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ENSURE GULF 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.

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 Jebel Ali Free Zone Companies Implementing Regulations 2016 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.

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INDEPENDENT AUDITOR'S REPORT

(continued)

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.
- 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.

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INDEPENDENT AUDITOR'S REPORT

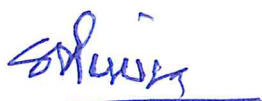
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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 further confirm that the financial statements comply with the applicable provisions of the Jebel Ali Free Zone Companies Implementing Regulations 2016.

For PKF**S. D. Pereira**

Partner

Registration no. 552

Dubai

United Arab Emirates

30 April 2024

ENSURE GULF FZE

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	2024 AED	2023 AED
Assets			
Non-current assets			
Property, plant and equipment	6	24,900	29,581
Intangible assets	7	--	--
Investment in subsidiaries	8	150,000	450,000
		<u>174,900</u>	<u>479,581</u>
Current assets			
Trade and other receivables	9	6,630,696	4,943,473
Other current assets	10	865,917	426,568
Due from related parties	11	34,957,641	47,864,722
Cash and cash equivalents	12	378,883	641,231
		<u>42,833,137</u>	<u>53,875,994</u>
Total assets		<u>43,008,037</u>	<u>54,355,575</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	1,000,000	1,000,000
Re-measurement of defined benefit obligation		447,193	198,320
Retained earnings		12,135,998	21,497,300
		<u>13,583,191</u>	<u>22,695,620</u>
Non-current liabilities			
Provision for staff end-of-service benefits	14	410,350	1,729,796
Current liabilities			
Trade and other payables	15	1,188,945	2,403,401
Other current liabilities	16	2,346,538	1,079,963
Due to related parties	11	25,479,013	26,446,795
		<u>29,014,496</u>	<u>29,930,159</u>
Total liabilities		<u>29,424,846</u>	<u>31,659,955</u>
Total equity and liabilities		<u>43,008,037</u>	<u>54,355,575</u>

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 judgments 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 26 April 2024 and signed on their behalf by Mr. Arun Srinivasan

For **ENSURE GULF FZE**



DIRECTOR



ENSURE GULF FZE

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

	Notes	2024 AED	2023 AED
Revenue	18	14,772,113	11,185,131
Direct costs		(4,069,490)	(3,141,402)
Gross profit		10,702,623	8,043,729
Other operating income	19	9,281,891	2,287,821
Staff costs	20	(4,931,097)	(4,110,803)
Depreciation and amortization	21	(14,850)	(2,369,089)
Other operating expenses	22	(7,890,405)	(5,413,415)
Loss on liquidation of subsidiaries		(300,000)	(453,050)
Impairment of trade receivables (net)	9	--	(2,138,077)
Finance costs	23	(86,490)	(74,522)
PROFIT/(LOSS) FOR THE YEAR		6,761,672	(4,227,406)
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Actuarial gain on defined employee benefit plan	14	248,873	291,189
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		7,010,545	(3,936,217)

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.

ENSURE GULF FZE

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 as at 1 April 2022	1,000,000	(92,869)	25,724,706	26,631,837
Comprehensive income				
- Loss (a)	--	--	(4,227,406)	(4,227,406)
- Other comprehensive income (b)	--	291,189	--	291,189
Total comprehensive income for the year (a)+(b)	--	291,189	(4,227,406)	(3,936,217)
Balance as at 31 March 2023	1,000,000	198,320	21,497,300	22,695,620
Comprehensive income				
- Profit (c)	--	--	6,761,672	6,761,672
- Other comprehensive income (d)	--	248,873	--	248,873
(c)+(d)	--	248,873	6,761,672	7,010,545
Dividend paid	--	--	(16,122,974)	(16,122,974)
Balance as at 31 March 2024	1,000,000	447,193	12,135,998	13,583,191

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.

ENSURE GULF FZE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	2024 AED	2023 AED
Cash flows from operating activities		
Profit/(loss) for the year	6,761,672	(4,227,406)
Adjustments for:		
Depreciation of property, plant and equipment	14,850	11,846
Amortisation of intangible assets	--	2,357,243
Impairment of trade receivables (net)	--	2,138,077
Write back of related party balance	(1,248,205)	--
Provision for staff end-of-service benefits	141,279	172,317
Finance cost	86,490	74,522
Loss on liquidation of subsidiaries	300,000	453,050
	<u>6,056,086</u>	<u>979,649</u>
Changes in:		
- Trade and other receivables	(1,687,223)	978,269
- Other current assets	(439,349)	628,711
- Trade and other payables	(1,214,456)	286,608
- Other current liabilities	1,266,575	(371,372)
Staff end-of service benefits paid	(1,176,442)	(598,773)
Net cash from operating activities	<u>2,805,191</u>	<u>1,903,092</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(10,169)	(15,874)
Receipts from related parties (net)	14,033,386	16,774,892
Net cash from investing activities	<u>14,023,217</u>	<u>16,759,018</u>
Cash flows from financing activities		
Dividend paid	(16,122,974)	--
Receipts from/(payments to) related parties (net)	(967,782)	(18,125,807)
Net cash used in financing activities	<u>(17,090,756)</u>	<u>(18,125,807)</u>
Net (decrease)/increase in cash and cash equivalents	(262,348)	536,303
Cash and cash equivalents at beginning of year	641,231	104,928
Cash and cash equivalents at end of year (note 12)	<u>378,883</u>	<u>641,231</u>

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.

ENSURE GULF FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **ENSURE GULF FZE** (the “Establishment”) with industrial license No. 132986 is a Free Zone Establishment with limited liability incorporated on 25 July 2012 in the Jebel Ali Free Zone, Dubai, United Arab Emirates (U.A.E.) in accordance with the Implementing Regulations No. 1/93 issued pursuant to Law No. 2 of 1986 (repealed by Jebel Ali Free Zone Companies Implementing Regulations 2016). The registered address is Plot No. S30902, Jebel Ali Free Zone, Dubai, U.A.E.
- b) The principal activity of the Establishment is providing technical support.
- c) The Establishment is a wholly owned subsidiary of Redington Gulf FZE (‘parent company’), a company registered in Jebel Ali Free Zone, Dubai and the ultimate parent company is Redington (India) Limited, India.
- 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 subsidiaries 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/financial-reports/>.

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 the Jebel Ali Free Zone Companies Implementing Regulations 2016.

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 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 operations, or has no realistic alternative but to do so.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

d) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams ("AED") which is also the Establishment's functional currency.

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

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

The following standards, amendments, improvements and interpretations which became effective for current period, 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 standards, 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 authorized 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)

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 3-5 years of furniture, fixtures and office equipment.

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 income/administrative expenses' in profit or loss.

b) Intangible asset

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The cost of computer software is amortised over 3 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 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 subsidiaries**

Subsidiaries are entities 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 for at cost less impairment losses, if any. Consolidated financial statements of the Establishment and its subsidiaries are included in the consolidated financial statements of the parent company.

e) **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 recognised 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 air fare is disclosed as current liability as employees are entitled to redeem these benefits at any point of time after the reporting period.

f) **Revenue recognition**

The Establishment is in the business of providing technical support.

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 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 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.

Repairs and maintenance and other services

Revenue from repairs and maintenance and other services are recognised at a point in time on completion of the services rendered to the customer.

Revenue from annual maintenance contracts

Revenue from annual maintenance contracts are recognised on a straight line basis over the period of contract.

g) Leases

As a lessee

The Establishment has taken office premises on lease. Rental contracts are typically made for fixed periods of 12 months but may have extension options. 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.

Short-term leases

The Establishment 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.

h) Cash and cash equivalents

Cash and cash equivalents represent balance in bank current accounts.

i) 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.

j) 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.

k) 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.

l) 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 applicable commercial VAT laws. Irrecoverable VAT for which Establishment cannot avail the credit is charged to the relevant expenditure category 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.

m) Deferred Tax

Deferred tax is recognized 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 recognized using the balance sheet approach. Deferred tax assets and liabilities are recognized 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 recognized 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 utilized. Deferred tax liabilities are recognized for all taxable temporary differences.

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

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 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 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; 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 Establishment'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 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 FVTPL 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 FVTPL, transaction costs that are directly attributable to its acquisition. Transaction 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.

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 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 and due to related parties.

Impairment of financial assets

The Establishment 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 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 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 Establishment 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 and other receivables 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 ECLs. The Establishment applies a simplified approach in calculating expected credit losses. The Establishment does not track changes in credit risk, but instead recognises 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 ECLs, 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 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 ECLs 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 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.

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 and intangible assets 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 (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.

Recognition of revenue and allocation of transaction price

Identification of performance obligations

The Establishment determined that the services are capable of being distinct. The fact that the Establishment regularly sells services on a stand-alone basis indicates that the customer can benefit from both products on their own.

Determine timing of satisfaction of performance obligation

The Establishment concluded that revenue from repairs and maintenance and other services are to be recognised at a point in time on completely rendering the services. Revenue from annual maintenance contracts are recognized on a straight time basis over the duration of contract and hence recognized over time.

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. Details of the key assumptions and inputs used are disclosed in note 3(o).

ENSURE GULF FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

Staff end-of-service benefits

The Establishment computes the provision for the liability to staff end-of-service benefits stated at AED 410,350 (previous year AED 1,729,796) 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.

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.

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures AED	Computers AED	Office equipment AED	Total AED
Cost				
At 1 April 2022	40,650	15,479	73,287	129,416
Additions	1,068	14,806	--	15,874
At 31 March 2023	41,718	30,285	73,287	145,290
Additions	--	10,169	--	10,169
At 31 March 2024	41,718	40,454	73,287	155,459
Accumulated depreciation				
As at 1 April 2022	17,004	13,572	73,287	103,863
Depreciation	8,291	3,555	--	11,846
At 31 March 2023	25,295	17,127	73,287	115,709
Depreciation	8,344	6,506	--	14,850
At 31 March 2024	33,639	23,633	73,287	130,559
Carrying amount				
At 1 April 2022	23,646	1,907	--	25,553
At 31 March 2023	16,423	13,158	--	29,581
At 31 March 2024	8,079	16,821	--	24,900

ENSURE GULF FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

7. INTANGIBLE ASSETS

	Software AED
Cost	
At 1 April 2022, 31 March 2023 and 31 March 2024	7,115,830
Accumulated amortisation	
At 1 April 2022	4,758,587
Amortisation	2,357,243
At 31 March 2023 and 31 March 2024	7,115,830
Carrying amount	
At 1 April 2022	2,357,243
At 31 March 2023 and 31 March 2024	--

8. INVESTMENT IN SUBSIDIARIES

	2024 AED	2023 AED
Cost:		
Ensure Middle East Trading L.L.C	--	300,000
Ensure Middle East Technology Solution L.L.C	150,000	150,000
	150,000	450,000

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

Name of subsidiary	Principal activities	Country of incorporation	Legal ownership		Beneficial Ownership	
			2024	2023	2024	2023
Ensure Middle East Trading L.L.C ^(a)	Providing Hardware support and maintenance Services	Dubai, UAE	--	49%	--	100%
Ensure Middle East Technology Solution L.L.C ^(b)	Providing Hardware support and maintenance Services	Abu Dhabi, UAE	49%	49%	100%	100%

- a) This subsidiary was liquidated during the year. Accordingly, carrying amount of investment in this subsidiary has been charged to profit or loss.
- b) Although the Establishment owns less than 50% of the equity shares, the Establishment has the ability to use its power over the entity to affect its returns and therefore exercises effective control. Accordingly, this entity is considered as subsidiary of the Establishment.

ENSURE GULF FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	2024 AED	2023 AED
9. TRADE AND OTHER RECEIVABLES		
Trade receivables	6,279,839	4,465,910
Less: Allowance for expected credit losses	--	--
	<u>6,279,839</u>	<u>4,465,910</u>
Deposits	346,403	343,565
Staff advances	--	40,501
Other receivables	4,454	93,497
	<u>6,630,696</u>	<u>4,943,473</u>
A reconciliation of the movements in the allowance for expected credit losses on trade receivables is as follows:		
Opening balance	--	134,451
Provision made during the year	--	2,138,077
Amount written off	--	(2,272,528)
Closing balance	<u>--</u>	<u>--</u>
An age analysis of trade receivables is as follows:		
Not past due	2,389,939	2,504,381
0 – 180 days past due	3,889,900	1,176,538
181 – 365 days past due	--	784,991
	<u>6,279,839</u>	<u>4,465,910</u>
10. OTHER CURRENT ASSETS		
Prepayments	712,373	115,710
Advance for goods and services	153,544	293,946
VAT receivables	--	16,912
	<u>865,917</u>	<u>426,568</u>

11. 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, subsidiaries, fellow subsidiaries and companies under common ownership and/or common management control.

ENSURE GULF FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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	--	34,957,641	34,957,641	
	28,434,997	19,429,725		47,864,722
Due to related parties	2,706,712	22,772,301	25,479,013	
	--	26,446,795		26,446,795

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	Subsidiaries	Companies under common ownership and common management control	Total 2024	Total 2023
	AED		AED	AED	AED
Purchases	--	--	--	--	
	--	--	324,201		324,201
Sales	--	1,815,977	9,721,149	11,537,126	
	--	--	--		--
Management fees income	--	--	8,033,686	8,033,686	
	--	--	2,287,821		2,287,821
Recharge of common cost	--	--	2,387,662	2,387,662	
	--	--	--		--
Recharge of staff cost	--	--	2,701,056	2,701,056	
	--	--	--		--
Transfer of employee related payables from/(to) related parties	--	--	(164,154)	(164,154)	
	--	--	114,686		114,686

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

	2024 AED	2023 AED
12. CASH AND CASH EQUIVALENTS		
Bank balances in current accounts	378,883	641,231

ENSURE GULF FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	2024 AED	2023 AED
13. SHARE CAPITAL		
Issued and paid up:		
1 share of AED 1,000,000 held by Redington Gulf FZE, Dubai, UAE.	<u>1,000,000</u>	<u>1,000,000</u>

14. 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:		
Present value of unfunded obligation	<u>410,350</u>	<u>1,729,796</u>

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

Opening obligation	1,729,796	2,258,233
Service cost	141,279	172,317
Interest cost	86,490	74,522
Actuarial gain on obligation	(248,873)	(291,189)
Transferred (to)/from a related party	(121,900)	114,686
Paid during the year	(1,176,442)	(598,773)
Closing obligation	<u>410,350</u>	<u>1,729,796</u>

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

Service cost (note 20)	141,279	172,317
Interest cost (note 23)	86,490	74,522
	<u>227,769</u>	<u>246,839</u>

Gain recognised in other comprehensive income are as follows:

Actuarial gain for the current year	<u>(248,873)</u>	<u>(291,189)</u>
-------------------------------------	------------------	------------------

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

Discount rate	4.95%	5%
Salary escalation rate	4.95%	5%
Mortality rate	Per AM (80)	Per AM (80)
Withdrawal rate	<u>12%</u>	<u>12%</u>

ENSURE GULF FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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
15. TRADE AND OTHER PAYABLES		
Trade payables	767,041	486,981
Accruals	208,615	215,306
Other payables	213,289	1,701,114
	<u>1,188,945</u>	<u>2,403,401</u>

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

16. OTHER CURRENT LIABILITIES		
Advance received from customers	1,969,640	666,493
VAT payable (net)	166,465	--
Accrual for staff benefits	210,433	413,470
	<u>2,346,538</u>	<u>1,079,963</u>

17. 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.

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 Establishment is not exposed to any externally imposed 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.

ENSURE GULF FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

18. REVENUE

The Establishment 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, 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	1,998,594	1,853,318
Other MENA countries	3,769,790	2,276,977
United Kingdom	1,720,200	2,099,230
Europe	6,718,082	4,659,216
Asia	565,447	296,390
	<u>14,772,113</u>	<u>11,185,131</u>
Major service lines		
- Repairs and maintenance and other services	14,303,500	10,753,519
- Annual maintenance contracts	468,613	431,612
	<u>14,772,113</u>	<u>11,185,131</u>
Timing of revenue recognition		
- At a point in time	14,303,500	10,753,519
- Over time	468,613	431,612
	<u>14,772,113</u>	<u>11,185,131</u>
19. OTHER OPERATING INCOME		
Management fees	8,033,686	2,287,821
Write back of related party balance	1,248,205	--
	<u>9,281,891</u>	<u>2,287,821</u>
20. STAFF COSTS		
Staff salaries and benefits	2,088,762	3,938,486
Staff end-of-service benefits	141,279	172,317
	<u>2,230,041</u>	<u>4,110,803</u>
Staff costs charged by related parties (note 11)	2,701,056	--
	<u>4,931,097</u>	<u>4,110,803</u>
21. DEPRECIATION AND AMORTIZATION		
Depreciation of property, plant and equipment	14,850	11,846
Amortisation of intangible assets	--	2,357,243
	<u>14,850</u>	<u>2,369,089</u>

ENSURE GULF FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	2024 AED	2023 AED
22. OTHER OPERATING EXPENSES		
Software Expense	4,616,312	4,457,048
Communication Expenses	457,678	390,708
Other expenses	428,753	565,659
	<u>5,502,743</u>	<u>5,413,415</u>
Expenses charged by related parties (note 11)	2,387,662	--
	<u>7,890,405</u>	<u>5,413,415</u>
23. FINANCE COSTS		
On defined employee benefit plan (note 14)	86,490	74,522

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 amortised cost	
	2024 AED	2023 AED
Financial assets		
Trade and other receivables	6,630,696	4,943,473
Due from related parties	34,957,641	47,864,722
Cash and cash equivalents	378,883	641,231
	<u>41,967,220</u>	<u>53,449,426</u>
Financial liabilities		
Trade and other payables	1,188,945	2,403,401
Due to related parties	25,479,013	26,446,795
	<u>26,667,958</u>	<u>28,850,196</u>

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

ENSURE GULF FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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 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).

The management of the Establishment reviews 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.

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

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 taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date, there is no significant concentration of credit risk from receivables outside the industry in which the Company operates (previous year Nil).

At the reporting date 53% of trade receivables were due from three customers (previous year 51% were due from four customers).

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

ENSURE GULF FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

The Establishment uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise a 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	--	--	2,389,939	2,504,381	--	--
0 – 180 days past due	--	--	3,889,900	1,176,538	--	--
181 – 365 days past due	--	--	--	784,991	--	--
			<u>6,279,839</u>	<u>4,465,910</u>	<u>--</u>	<u>--</u>

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's undiscounted financial liabilities at the reporting date comprising of trade and other payables of AED 1,188,945 (previous year AED 2,403,401) and due to related parties of AED 25,479,013 (previous year AED 26,446,795), is maturing within one year from the reporting date.

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 optimising the returns.

Currency risk

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

ENSURE GULF FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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 the bank balance in current account of AED 378,883 (previous year AED 641,231).

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 exposed to any significant interest rate risk.

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 on 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.

For **ENSURE GULF FZE**



DIRECTOR

