

**BLS INTERNATIONAL FZE  
AND ITS SUBSIDIARIES**  
Sharjah - United Arab Emirates

Consolidated Financial Statements and  
Independent Auditor's Report  
For the year ended March 31, 2023

**Sharjah - United Arab Emirates**

**Consolidated Financial Statements and Independent Auditor's Report  
For the year ended March 31, 2023**

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## Independent Auditor's Report

To

**The Shareholder of BLS International FZE and its Subsidiaries  
Sharjah - United Arab Emirates**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of **BLS International FZE** (the Parent) and its subsidiaries (together, the Group), which comprise the consolidated statement of financial position as at March 31, 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matters**

- a. We refer to Note 1 to the consolidated financial statements; we have performed the audit only on the standalone financial statements of the parent entity in UAE and have not performed any audit procedures as per ISA 600 for the subsidiary entities financial statements, which is consolidated, as the ultimate parent company BLS International Services Limited, India is preparing the consolidated financial statements for the entire group and appointed a group auditor in India to perform the audit on the consolidated financial statements of the group for the year ended March 31, 2023. These consolidated financial statements are prepared as per the request of the management for their local business purposes by consolidating the total assets and liabilities of the subsidiaries AED 111,209,860/- (2022: 95,514,254/-) and AED 11,316,979/- (2022: 10,114,453/-) respectively, and the total net profit from operations is AED 38,245,453/- (2022: AED 37,985,561/-) for the year ended March 31, 2023.
- b. We refer to Note 1 to the consolidated financial statements; the subsidiaries of Balozzi Liaison Services International Limited, Keniya and BLS International Services SRL, Italy were not consolidated in previous years. However, there are no changes in the figures presented in the previous years as there were no operations for the subsidiaries.
- c. We refer to Note 32 to the financial statements related to the restatement of previous year consolidated financial statements as a result of prior period omissions and errors.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), applicable provisions of implementing regulations related to Hamriyah Free Zone and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

**Independent Auditor's Report (continued)**

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (continued)

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

Further, we report that:

- (i) We have obtained all the information we considered necessary for the purpose of our audit.
- (ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of implementing regulations related to Hamriyah Free Zone.
- (iii) The Group has maintained proper books of accounts.
- (iv) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened, during the financial year ended March 31, 2023, any of the requirements of applicable provisions of implementing regulations related to Hamriyah Free Zone, which would materially affect its activities or its financial position as at March 31, 2023.

Dubai  
May 08, 2023

Ref: HAMT/BSH/2022/6264



**For HLB HAMT Chartered Accountants**  
Vijay Anand  
Partner  
[Reg. No. 654]

**BLS International FZE and its Subsidiaries  
Sharjah - United Arab Emirates**

**Consolidated Statement of Financial Position  
As at March 31, 2023  
(In Arab Emirates Dirhams)**

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	<b>37,577,690</b>	35,418,607
Right of use assets	6.1	<b>183,933</b>	314,293
Intangible assets	7	<b>23,936,369</b>	9,669,102
Investments in associates	8	<b>13,778,952</b>	13,785,969
Investments in FVTOCI	9	<b>21,140,613</b>	22,233,660
Investment in FVTPL	10	<b>7,993,338</b>	-
<b>Total non-current assets</b>		<b><u>104,610,895</u></b>	<u>81,421,631</u>
<b>Current assets</b>			
Accounts and other receivables	12	<b>27,065,957</b>	34,298,140
Deferred tax asset		<b>1,703,689</b>	2,402,835
Other financial assets	13	<b>151,285,378</b>	104,394,557
Cash and cash equivalents	14	<b>17,344,846</b>	12,019,691
<b>Total current assets</b>		<b><u>197,399,870</u></b>	<u>153,115,223</u>
<b>Total Assets</b>		<b><u>302,010,765</u></b>	<u>234,536,854</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	1	<b>25,000</b>	25,000
Foreign currency translation reserve	15	<b>390,745</b>	(1,906,033)
Restricted reserves	16	<b>11,180</b>	11,180
Retained earnings		<b>291,105,638</b>	225,009,919
Other comprehensive reserves		<b>(2,350,618)</b>	(1,257,571)
<b>Total shareholder's equity</b>		<b><u>289,181,945</u></b>	<u>221,882,495</u>
Non-controlling interests		<b>30,079</b>	20,161
<b>Total Equity</b>		<b><u>289,212,024</u></b>	<u>221,902,656</u>
<b>Non-current liabilities</b>			
Lease liabilities	6.2	<b>44,730</b>	173,341
Provision for employees' end of service indemnity	18	<b>1,050,689</b>	899,546
<b>Total non-current liabilities</b>		<b><u>1,095,419</u></b>	<u>1,072,887</u>
<b>Current liabilities</b>			
Overdraft	17	-	1,508,769
Lease liabilities	6.2	<b>128,611</b>	126,689
Accounts and other payables	19	<b>11,574,711</b>	9,925,853
<b>Total current liabilities</b>		<b><u>11,703,322</u></b>	<u>11,561,311</u>
<b>Total Liabilities</b>		<b><u>12,798,741</u></b>	<u>12,634,198</u>
<b>Total Equity and Liabilities</b>		<b><u>302,010,765</u></b>	<u>234,536,854</u>

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

The consolidated financial statements on pages 5 - 63 were approved by the management on May 08, 2023 and signed on its behalf by:

Sd/-  
**Chief Financial Officer**

Sd/-  
**Director**

**BLS International FZE and its Subsidiaries**  
**Sharjah - United Arab Emirates**

**Consolidated Statement of Comprehensive Income**  
**For the year ended March 31, 2023**  
**(In Arab Emirates Dirhams)**

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Service revenue	20	<b>553,867,318</b>	364,960,931
Direct expenses	21	<b>(388,604,549)</b>	(261,515,984)
Other income	22	<b>4,158,937</b>	2,954,284
General, selling and administrative expenses	23	<b>(41,867,048)</b>	(21,729,786)
Staff cost	24	<b>(39,476,990)</b>	(26,181,390)
Depreciation and amortization	25	<b>(5,984,117)</b>	(2,232,976)
Withholding tax		<b>(1,014,258)</b>	(1,641,847)
Exchange rate gain/(loss)		<b>(3,246,995)</b>	(230,579)
<b>Profit/(loss) from operations</b>		<b>77,832,298</b>	54,382,653
Finance income	26	<b>3,766,526</b>	1,174,536
Finance cost	27	<b>(50,126)</b>	(125,836)
<b>Profit/(loss) before income taxes</b>		<b>81,548,698</b>	55,431,353
Current taxation		<b>(1,150,811)</b>	(795,662)
Deferred tax		<b>(699,146)</b>	(393,183)
<b>Profit/(loss) for the year</b>		<b>79,698,741</b>	54,242,508
<b>Attributable to:</b>			
Equity holder		<b>79,688,823</b>	54,276,470
Non-controlling interest		<b>9,918</b>	(33,962)
		<b>79,698,741</b>	54,242,508
<b>Other comprehensive income/(loss):</b>			
<b>Items not to be reclassified subsequently to profit or loss:</b>			
Re-measurement gain/(loss) on defined benefit plans		-	(26,575)
Change in fair value of investment in FVTOCI	9	<b>(1,093,047)</b>	(1,193,658)
<b>Other comprehensive income/(loss) not to be reclassified to profit or loss</b>		<b>(1,093,047)</b>	(1,220,233)
<b>Items to be reclassified subsequently to profit or loss:</b>			
Exchange difference on translating foreign operations		<b>635,724</b>	(532,746)
<b>Other comprehensive income/(loss) for the year</b>		<b>(457,323)</b>	(1,752,979)
<b>Total comprehensive income/(loss) for the year</b>		<b>79,241,418</b>	52,489,529
<b>Attributable to:</b>			
Equity holder		<b>79,231,500</b>	52,523,491
Non-controlling interest		<b>9,918</b>	(33,962)
<b>Total comprehensive income/(loss) for the year</b>		<b>79,241,418</b>	52,489,529

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



**BLS International FZE and its Subsidiaries  
Sharjah - United Arab Emirates**

**Consolidated Statement of Changes in Equity  
For the year ended March 31, 2023  
(In Arab Emirates Dirhams)**

	<u>Share capital</u>	<u>Foreign currency translation reserve</u>	<u>Restricted reserve</u>	<u>Retained earnings</u>	<u>Other comprehensive reserve</u>	<u>Total shareholder's equity</u>	<u>Non- controlling interests</u>	<u>Total</u>
<b>Balance as at March 31, 2021</b>	<b>25,000</b>	<b>(1,373,287)</b>	<b>11,180</b>	<b>177,160,669</b>	<b>(37,338)</b>	<b>175,786,224</b>	<b>54,123</b>	<b>175,840,347</b>
Income/(loss) for the year	-	-	-	54,276,470	-	54,276,470	(33,962)	54,242,508
Foreign currency translation	-	(532,746)	-	-	-	(532,746)	-	(532,746)
Other comprehensive income/(loss)	-	-	-	-	(1,220,233)	(1,220,233)	-	(1,220,233)
Dividend paid	-	-	-	(6,427,220)	-	(6,427,220)	-	(6,427,220)
<b>Balance as at March 31, 2022</b>	<b>25,000</b>	<b>(1,906,033)</b>	<b>11,180</b>	<b>225,009,919</b>	<b>(1,257,571)</b>	<b>221,882,495</b>	<b>20,161</b>	<b>221,902,656</b>
Prior period adjustments	-	1,661,054	-	(1,661,054)	-	-	-	-
<b>Balance restated as at March 31, 2022</b>	<b>25,000</b>	<b>(244,979)</b>	<b>11,180</b>	<b>223,348,865</b>	<b>(1,257,571)</b>	<b>221,882,495</b>	<b>20,161</b>	<b>221,902,656</b>
Income/(loss) for the year	-	-	-	79,688,823	-	79,688,823	9,918	79,698,741
Foreign currency translation	-	635,724	-	-	-	635,724	-	635,724
Other comprehensive income/(loss)	-	-	-	-	(1,093,047)	(1,093,047)	-	(1,093,047)
Dividend paid	-	-	-	(11,932,050)	-	(11,932,050)	-	(11,932,050)
<b>Balance as at March 31, 2023</b>	<b>25,000</b>	<b>390,745</b>	<b>11,180</b>	<b>291,105,638</b>	<b>(2,350,618)</b>	<b>289,181,945</b>	<b>30,079</b>	<b>289,212,024</b>

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

**BLS International FZE and its Subsidiaries**  
**Sharjah - United Arab Emirates**

**Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2023**  
**(In Arab Emirates Dirhams)**

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b><i>Cash flows from operating activities</i></b>			
Profit/(loss) for the year		79,698,741	54,242,508
Adjustments for:			
Depreciation and amortization	25	5,984,117	2,232,976
Loss on disposal of property, plant and equipment	23	16,244	65,372
Advance written off	23	163,310	225,841
Excess provision written back	22	(3,361,294)	(367,685)
Finance income	26	(3,766,526)	(1,174,536)
Finance cost	27	50,126	125,836
Impairment of financial assets	23	-	2,182,906
Provision for employees' end of service indemnity	18	318,421	(28,059)
<b>Operating cash flows before payment of employees' end of service indemnity and changes in working capital</b>		<b>79,103,139</b>	<b>57,505,159</b>
Working capital changes:			
Accounts and other receivables	12	10,430,167	(8,900,046)
Deferred tax asset		699,146	393,183
Accounts and other payables	19	1,648,858	2,446,171
<b>Cash generated from/(used in) operating activities before payment of employees' end of service indemnity</b>		<b>91,881,310</b>	<b>51,444,467</b>
Payment of employees' end of service indemnity	18	(167,278)	(73,575)
<b>Net cash generated from/(used in) operating activities</b>		<b>91,714,032</b>	<b>51,370,892</b>
<b><i>Cash flows from investing activities</i></b>			
Movements in other financial assets	13	(46,890,821)	10,213,620
Additions to property, plant and equipment	5	(5,675,471)	(26,852,770)
Movements in FVTOCI investments	9	1,093,047	(22,233,660)
Additions to intangible assets	7	(17,579,100)	(7,814,569)
Disposals of property, plant and equipment		70,990	-
Addition to investment in associate	8	7,017	-
Finance income	26	3,766,526	1,174,536
Movements in FVTPL	10	(7,993,338)	-
<b>Net cash generated from/(used in) investing activities</b>		<b>(73,201,150)</b>	<b>(45,512,843)</b>
<b><i>Cash flows from financing activities</i></b>			
Payment of lease liabilities	6.2	(140,054)	(102,560)
Dividend paid		(11,932,050)	(6,427,220)
Finance cost	27	(36,761)	(114,327)
<b>Net cash generated from/(used in) financing activities</b>		<b>(12,108,865)</b>	<b>(6,644,107)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,404,017</b>	<b>(786,058)</b>
Cash and cash equivalents at the beginning of the year		10,510,922	13,016,385
Effect of exchange rate changes on cash and cash equivalents		429,907	(1,719,405)
<b>Cash and cash equivalents at the end of the year</b>	29	<b>17,344,846</b>	<b>10,510,922</b>

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

**BLS International FZE and its Subsidiaries**  
**Sharjah - United Arab Emirates**

**Notes to the Consolidated Financial Statements**  
**For the year ended March 31, 2023**

**1. Establishment and operations**

**BLS International FZE** (the Parent Establishment) was registered with the Hamriyah Free Zone Authority, Sharjah - United Arab Emirates, as a Free Zone Establishment, under License No. 8283 on September 07, 2011.

The share capital of the Establishment is AED 25,000/- divided into 1 share of AED 25,000/- held in the name of BLS International Services Limited, India (the ultimate Parent).

The address of the registered office of the Establishment is ELOB office No. E2-123F-45, P.O. Box 52101, Hamriyah Free Zone, Sharjah - United Arab Emirates.

The principal activity of the Establishment is providing management consultancy services. The Group is mainly providing outsourcing services for visa, passport renewal and other documentation services to Indian, Spanish & Other missions in various countries.

BLS International FZE and its subsidiaries (the Group) consist of the following subsidiaries;

<u>Name of Subsidiaries</u>	<u>Location</u>	<u>Beneficial Ownership</u>		<u>Principal Activities</u>
		<u>2023</u>	<u>2022</u>	
BLS International Services*	U.A.E	100%	100%	Provide services related to visa and passport processing with Indian Embassy/ Consulate/ Spain MOFA.
BLS International Services Norway AS.	Norway	75%	75%	To serve Indian Embassy in Norway and facilitate in Embassy support services.
BLS International Services Singapore PTE. LTD.	Singapore	100%	100%	Provides services related to passport and visa processing with Indian Embassy/ Consulate/ Spain MOFA & Italy Mission.
BLS International Services Canada INC.	Canada	100%	100%	Provides services related to passport and consular processing with Indian Embassy/ Consulate.
BLS International Services Malaysia SDN BHD	Malaysia	100%	100%	Provides services related to passport and consular processing with Indian Embassy/ Consulate.
BLS International Services (UK) Limited	UK	100%	100%	Providing services related to visa processing with Spain MOFA.
BLS VAS Services Pte. Limited	Singapore	-	70%	Provides services related to office administrative and courier services.

**BLS International FZE and its Subsidiaries  
Sharjah - United Arab Emirates**

**Notes to the Consolidated Financial Statements (continued)  
For the year ended March 31, 2023**

**1. Establishment and operations (continued)**

<u>Name of Subsidiaries</u>	<u>Location</u>	<u>Beneficial Ownership</u>		<u>Principal Activities</u>
BLS International Vize Hizmetleri Limited, Sriketi	Turkey	99%	99%	Providing services related to visa processing with Spain MOFA.
Consular Outsourcing BLS Services Inc.	USA	100%	100%	Providing services related to visa processing with Spain MOFA & Germany mission.
BLS International Services Limited	Hong Kong	100%	100%	Providing the consular support services to Indian mission in Hong Kong.
BLS International (pty) Limited	South Africa	-	100%	Providing the consular support services to Spain mission in South Africa.
BLS Worldwide (Pty) Ltd.	South Africa	100%	100%	Providing services related to visa processing for various govt. (Spain MOFA, Estonia & Thailand).
Balozi Liaison Services International Limited	Kenya	51%	51%	Providing services related to visa processing for various government.
BLS International Services SRL**	Italy	100%	100%	Providing services related to E-Passport for Philippines mission

\*BLS International Services is owned by one of the shareholders of BLS International Services Limited, India (the Ultimate Parent Company) for the benefit of BLS International FZE and it maintains 14 additional licenses (5 Establishments and 9 Branches in U.A.E), for regulating the principal activities of the Establishment. BLS VAS Services Pte. Limited, Singapore and BLS International (pty) Limited, South Africa are liquidated during the previous year.

\*\*Subsidiary of BLS International services (UK) Limited.

**2. Adoption of new and revised International Financial Reporting Standards and Interpretations**

**2.1. Standards and interpretations effective in the current year**

The Group has adopted the following new and amended IFRS that are effective for the year ended March 31, 2023:

	<u>Effective for annual periods beginning</u>
Amendment to IFRS 16 -COVID-19-Related Rent Concessions beyond 30 June 2021	April 01, 2021
Amendments to IFRS 3- Reference to the Conceptual Framework	January 01, 2022
Amendments to IAS 16- Property, Plant and Equipment: Proceeds before Intended Use	January 01, 2022
Amendments to IAS 37- Onerous Contracts – Costs of Fulfilling a Contract	January 01, 2022

2. Adoption of new and revised International Financial Reporting Standards and Interpretations  
(continued)

2.1. Standards and interpretations effective in the current year (continued)

	<u>Effective for annual periods beginning</u>
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	January 01, 2022
Amendments to IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	January 01, 2022
Amendments to IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
Amendments to IFRS 16 Leases – removal of the illustration of the reimbursement of leasehold improvements	January 01, 2022

**a. Amendment to IFRS 16 -COVID-19-Related Rent Concessions beyond 30 June 2021:**

In May 2020, the Board issued COVID-19-Related Rent Concessions (the 2020 amendments), which amended IFRS 16 Leases. The 2020 amendments introduced an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. Under that practical expedient, a lessee is not required to assess whether eligible rent concessions are lease modifications, instead accounting for them in accordance with other applicable guidance. The practical expedient introduced in the 2020 amendments only applies to rent concessions for which any reduction in lease payments affects solely payments originally due on or before 30 June 2021. If the Board had taken no further action, the practical expedient would have expired in a few months. The economic challenges presented by the COVID-19 pandemic have persisted longer than anticipated. As a result, lessors and lessees are negotiating rent concessions that extend beyond 30 June 2021. The Board has therefore extended the practical expedient by 12 months - i.e., permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

**b. Amendments to IFRS 3- Reference to the Conceptual Framework:**

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

**2. Adoption of new and revised International Financial Reporting Standards and Interpretations (continued)**

**2.1. Standards and interpretations effective in the current year (continued)**

**c. Amendments to IAS 16- Property, Plant and Equipment: Proceeds before Intended Use:**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

**d. Amendments to IAS 37- Onerous Contracts - Costs of Fulfilling a Contract:**

The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

**e. Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter:**

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

## 2. Adoption of new and revised International Financial Reporting Standards and Interpretations (continued)

### 2.1. Standards and interpretations effective in the current year (continued)

#### **f. Amendments to IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities:**

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

#### **g. Amendments to IAS 41 Agriculture - Taxation in fair value measurements:**

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

#### **h. Amendments to IFRS 16 Leases - removal of the illustration of the reimbursement of leasehold improvements:**

In May 2020, the International Accounting Standards Board amended Illustrative Example 13 accompanying IFRS 16 leases as part of Annual Improvements to IFRS Standards 2018-2020. The amendment to Illustrative Example 13 accompanying IFRS 16 removes potential for confusion regarding lease incentives.

### 2.2. New and revised IFRS in issue but not effective and not early adopted

The following standards, amendments thereto and interpretations have been issued prior to March 31, 2023, but their effective dates of adoption are for future periods:

	<b><u>Effective for annual periods beginning</u></b>
IFRS 17 - Insurance Contracts (including the June 2020 and December 2021 amendments)	January 01, 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	January 01, 2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8: Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	January 01, 2023
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	January 01, 2024
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Indefinitely deferred

### **3. Basis of presentation and significant accounting policies**

#### **3.1. Statement of compliance**

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the requirements of applicable provisions of implementing regulations related to Hamriyah Free Zone.

#### **3.2. Basis of measurement**

These consolidated financial statements have been prepared under the historical cost basis except Investments as fair value through other comprehensive income (FVOCI).

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### **3.3. Functional and presentation currency**

These consolidated financial statements are prepared and the items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). These consolidated financial statements are presented in Arab Emirates Dirhams (AED), which is the Group's functional and presentation currency.

#### **3.4. Basis of consolidation**

##### **3.4.1. Subsidiaries**

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) made up to March 31 each year. Control is achieved when the Group:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.



**3. Basis of presentation and significant accounting policies (continued)**

**3.4. Basis of consolidation (continued)**

**3.4.1. Subsidiaries (continued)**

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.
- potential voting rights held by the Group, other vote holders or other parties.
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

The consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intra-company assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

**3. Basis of presentation and significant accounting policies (continued)**

**3.4. Basis of consolidation (continued)**

**3.4.2. *Non-controlling interests***

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. After the acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

**3.4.3. *Loss of control***

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest and
- the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income concerning that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

**3. Basis of presentation and significant accounting policies (continued)**

**3.5. Going concern**

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

**3.6. Investment in associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. If the ownership interest in an associate is reduced, but the significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and the carrying value and recognizes the amount within impairment losses in the consolidated income statement.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The consolidated financial statement of the associates is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

**3. Basis of presentation and significant accounting policies (continued)**

**3.7. Business combinations**

Business combinations are accounted for using the acquisition method, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For such business combination, the acquirer measures the non-controlling interest in the acquiree that are present ownership interest and entitle their holders to a proportionate share of the assets in the event of liquidation either a fair value or at the proportionate share of the acquiree's identifiable net assets, Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assessed the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date, and the resulting gain/loss is included in the statement of profit or loss or other income as appropriate.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value on the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability will be recognized in accordance with IFRS 9 "financial instruments". If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at the date.

**3. Basis of presentation and significant accounting policies (continued)**

**3.8. Foreign currency translation**

**3.8.1. Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of outstanding amounts of such transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies at the end of each reporting period are recognized in the consolidated statement of comprehensive income. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

**3.8.2. Group entities**

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- (ii) income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

**3.9. Property, plant and equipment**

Property, plant and equipment are carried at historical cost, less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are recognized in the consolidated income statement during the financial period in which they are incurred.

**3. Basis of presentation and significant accounting policies (continued)**

**3.9. Property, plant and equipment (continued)**

Depreciation is calculated on the straight-line method, at rates calculated to allocate the cost of assets less their estimated residual value over their expected useful lives as follows:

Building	32 years
Leasehold improvements	10 years
Office equipment	20-22 years
Furniture and fixtures	15-16 years
Vehicles	10 years

The residual values, useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefit from these assets, and adjusted prospectively, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of comprehensive income.

**3.10. Right of use assets**

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities (Note 3.17). Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office space 3 years

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of non-financial assets' policy (Note 3.12).

**3.11. Intangible assets**

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. The amortization method and estimated useful lives are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**3. Basis of presentation and significant accounting policies (continued)**

**3.11. Intangible assets (continued)**

The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

**Software**

Acquired software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over their estimated useful lives which are normally a period of 3 to 6 years.

**Other intangible assets**

Other intangible assets represent key money paid to agents to operate business abroad. These costs are recognized as an asset and amortized on a straight-line basis over a period of 3 to 10 years in line with the agreement terms.

**3.12. Impairment of non-financial assets**

Assets that have an indefinite useful life, for example, goodwill or intangible assets not ready to use, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels, for which there are mostly independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for a possible reversal on each reporting date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of one to five years. For more extended periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

**3. Basis of presentation and significant accounting policies (continued)**

**3.12. Impairment of non-financial assets (continued)**

Impairment losses are recognized in the consolidated income statement in expense categories consistent with the function of the impaired asset, except for assets previously revalued with the revaluation taken to other comprehensive income. For such assets, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

**3.13. Financial instruments**

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in profit or loss.

**3.13.1. Financial assets**

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

**3.13.2. Classification of financial assets**

***Financial assets at amortised cost:***

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

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

The Group's financial assets measured at amortised cost include accounts and other receivables (excluding prepayments and advances), other financial assets and cash and cash equivalents.

***Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI):***

(a) Debt instruments classified as at FVTOCI:

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



**3. Basis of presentation and significant accounting policies (continued)**

**3.13. Financial instruments (continued)**

**3.13.2. Classification of financial assets (continued)**

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

(b) Equity instruments classified as at FVTOCI:

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments' revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment.

The Group designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition

The Group's financial assets at FVTOCI consists of investment in bonds.

**3. Basis of presentation and significant accounting policies (continued)**

**3.13. Financial instruments (continued)**

**3.13.2. Classification of financial assets (continued)**

***Financial assets at Fair Value Through Profit and Loss (FVTPL):***

By default, all other financial assets are measured subsequently at fair value through profit and loss (FVTPL). Despite the preceding, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if specific criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The Group's financial assets at FVTPL consist of unquoted equity investments.

**3.13.3. Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

**3. Basis of presentation and significant accounting policies (continued)**

**3.13. Financial instruments (continued)**

**3.13.3. Amortised cost and effective interest method (continued)**

Interest income is recognized in profit or loss and is included in the "finance income " line item.

**3.13.4. Impairment of financial assets**

The Group recognizes a loss allowance for expected credit losses on accounts and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognizes lifetime ECL for accounts and other receivables, and related party balances. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience of the debtor, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-months ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Investments in equity instruments designated as investments at FVTPL and FVTOCI are not subject to impairment.

**3. Basis of presentation and significant accounting policies (continued)**

**3.13. Financial instruments (continued)**

**3.13.5. Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relates to the Group's core operations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

**3.13.6. Definition of default**

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable;

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

**3. Basis of presentation and significant accounting policies (continued)**

**3.13. Financial instruments (continued)**

**3.13.7. Credit impaired financial assets**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- the significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

**3.13.8. Write off policy**

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

**3.13.9. Measurement and recognition of expected credit losses**

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

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

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-months ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

**3. Basis of presentation and significant accounting policies (continued)**

**3.13. Financial instruments (continued)**

**3.13.10. De-recognition of financial assets**

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains all the risks and rewards of ownership substantially and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains all the risks and rewards of ownership of a transferred financial asset substantially, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

**3.13.11. Financial liabilities and equity instruments**

***Classification as debt or equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received net of direct issue costs.

***Financial liabilities***

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below:

***Financial liabilities measured subsequently at amortised cost***

Financial liabilities that are not:

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

**3. Basis of presentation and significant accounting policies (continued)**

**3.13. Financial instruments (continued)**

**3.13.11. Financial liabilities and equity instruments (continued)**

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of financial liability.

The Group's financial liabilities measured at amortised cost include accounts and other payables (less advances and VAT payable), lease liabilities and borrowings.

***Bank borrowings***

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently carried at amortised cost: any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until a drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

***Derecognition of financial liabilities***

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**3.13.12. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**3.14. Taxation**

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

**3. Basis of presentation and significant accounting policies (continued)**

**3.14. Taxation (continued)**

**3.14.1. Current tax**

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

**3.14.2. Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that 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, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.



**3. Basis of presentation and significant accounting policies (continued)**

**3.14. Taxation (continued)**

**3.14.2. Deferred tax (continued)**

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

**3.14.3. Value added tax**

Output value-added tax related to sales is payable to tax authorities on the earlier of:

- collection of receivables from customers or
- delivery of goods or services to customers.

Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a gross basis – unless the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

**3. Basis of presentation and significant accounting policies (continued)**

**3.15. Borrowing costs**

Borrowing costs related to the acquisition, construction and production of the qualifying assets are treated as part of the cost of the relevant assets. Qualifying assets are those assets that take a substantial period to get ready for their intended use. The borrowing costs eligible for capitalization are the actual borrowing costs incurred on the borrowing during the year less any investment income on the temporary investment of those borrowings.

The borrowing costs eligible for capitalization are determined by applying capitalization rate to the expenditures on the qualifying assets.

The capitalization rate is the weighted average of the borrowing applicable to the borrowings of the Group that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining the qualifying assets.

Capitalization of borrowing costs commence when:

- Expenditures for the qualifying assets being incurred.
- Borrowing costs are being incurred, and
- Activities that are necessary to prepare the qualifying assets for their intended use or sale are in progress.

Capitalization of borrowing costs ceases when substantially all activities necessary to prepare the qualifying assets for their intended use or sale are complete.

All other borrowing costs are expensed in the period in which they occur.

**3.16. Provision for employees' end of service indemnity**

Estimated amounts required to cover employees' end of service indemnity at the date of consolidated statement of financial position are computed pursuant to the UAE Labour Law based on the employees' accumulated period of service and current remuneration at the date of consolidated statement of financial position.

Provision is made subject to actuarial techniques. Actuarial Gains and losses arising from experience adjustments and changes in assumptions are charged or credited to equity in the other comprehensive income in the period in which they occur.

**3. Basis of presentation and significant accounting policies (continued)**

**3.17. Leases**

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

- The contract involves the use of an identified asset -this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Group has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - The Group has the right to operate the asset; or
  - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

However, where the contract is not separable into a lease and non-lease component then the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group determines the lease term as the non – cancellable period of a lease, together with both:

- a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

**3. Basis of presentation and significant accounting policies (continued)**

**3.17. Leases (continued)**

**3.17.1. Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located and lease payments made at or before the commencement date less any lease incentives received unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term.

The recognised right-of-use assets are subsequently depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Also, the right-of-use assets are periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

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

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

**3.17.3. Lease liability**

The lease liability is initially recognised at the present value of the lease payments that are not paid in the commencement date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group used its incremental borrowing rate.

After initial recognition, the lease liability is measured by:

- a) Increasing the carrying amount to reflect interest on the lease liability;
- b) Reducing the carrying amount to reflect the lease payments made; and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Where,

**3. Basis of presentation and significant accounting policies (continued)**

**3.17. Leases (continued)**

**3.17.3. Lease liability (continued)**

- a) There is a change in the lease term as a result of reassessment of certainty to exercise an exercise option, or not to exercise a termination option as discussed above; or
- b) There is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances in the contract of a purchase option, the Group remeasures the lease liability to reflect changes to lease payments by discounting the revised lease payments using a revised discount rate. The Group determined the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term if that rate can be readily determined.
- c) There is a change in the amounts expected to be payable under a residual value guarantee; or
- d) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review. The Group remeasures the lease liabilities by discounting the revised lease payments using an unchanged discount rate unless the change in lease payments results from a change in floating interest rates. In such case, the Group use a revised discount rate that reflects a change in the interest rate.

The Group recognises the amount of the re-measurements of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero, and there is a further deduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in profit or loss.

The Group accounts for a lease modification as a separate lease if both:

- a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- b) The consideration for the lease increase by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the context.

For lease modifications that are not accounted for as a separate lease, the Group, at the effective date of the lease modification:

- a) Allocates the consideration in the modified contract;
- b) Determines the lease term of the modified lease; and
- c) Remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

**3. Basis of presentation and significant accounting policies (continued)**

**3.17. Leases (continued)**

**3.17.3. Lease liability (continued)**

The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective rate of the modification, if the interest rate implicit in the lease cannot be readily determined.

**3.18. Current and non-current classification**

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

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- 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 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.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as current assets and liabilities.

**3.19. Measurement of fair values**

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

**3. Basis of presentation and significant accounting policies (continued)**

The Group has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The management team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**3.20. Property, plant and equipment**

**3.20.1. Fair value measurement**

Property, plant and equipment is measured at fair value less accumulated depreciation and accumulated impairment losses. Valuations are performed frequently enough to ensure that the carrying amount does not materially differ from its fair value.

Increases to carrying value resulting from revaluations are recognised in other comprehensive income and accumulated in equity under revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Decreases are recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in comprehensive income.

**3. Basis of presentation and significant accounting policies (continued)**

**3.21. Revenue recognition**

Revenue is recognized to the extent that the economic benefits will probably flow to the entity and can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account the contractually defined terms of payment and excluding discounts, rebates, returns, price adjustments and other transaction taxes or duties. The following specific recognition criteria must also be met before revenue is recognized:

**3.21.1. Revenue from contracts with customers**

Revenue from contracts with customers is considered in line with IFRS 15; which outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model to recognize revenue arising from contracts with customers.

Step 1: Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue as and when the entity satisfies a performance obligation at a point or over time.

The Group recognizes revenue over time if any one of the following criteria is met:

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



**3. Basis of presentation and significant accounting policies (continued)**

**3.21. Revenue recognition (continued)**

**3.21.1. Revenue from contracts with customers (continued)**

The Group allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations. The Group estimates the costs to complete the projects in order to determine the amount of revenue to be recognized.

When the Group satisfies a performance obligation by delivering the promised goods and services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

**3.21.2. Revenue from services**

The Group manages the administrative function of the visa and passport applications process for various countries. Revenue comprises of the value of services provided mainly from renewal of passports, processing of visa application and other value added services including courier and SMS services and recognized upon invoicing to the customers. Revenue has been based on the gross invoices made during the year and revenue against such services are recognized at a point in time upon completion and satisfies the performance obligation in line with the terms of contract with customer.

**3.21.3. Government grant**

The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate on a systematic basis.

**3.21.4. Finance income**

**Interest income**

Interest income from financial assets is recognized when it is probable that the economic benefits flow to the entity and the amount of income can be estimated reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to the net carrying amount on initial recognition.

**3.22. Direct expenses**

Direct expenses include direct operating expenses incurred in generating revenue. Expenses that are not immediately attributable to the generating of revenue are not included in the gross profit as reported. Direct expenses are recognized over the term that the associated revenue is recognized.

#### **4. Significant judgments and estimation uncertainty**

The preparation of the consolidated financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur, which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **4.1. Judgments**

In the process of applying the Group's accounting policies, which are described in Note 3 to the consolidated financial statements, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements (apart from those involving estimations, which are dealt with below):

###### **4.1.1. Going concern assumption**

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

###### **4.1.2. Revenue recognition**

Management considers recognizing revenue over time; if one of the following criteria is met, otherwise, revenue will be recognized at a point in time:

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

#### **4. Significant judgments and estimation uncertainty (continued)**

##### **4.1. Judgments (continued)**

##### ***4.1.3. Judgements in determining the timing of satisfaction of performance obligations***

The Group generally recognise revenue over time as it performs continuous transfer of control of goods/services to the customers. Because customers simultaneously receive and consume the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of the transfer of each performance obligation. In determining the method of measuring progress for these performance obligations, the Group considers the nature of these goods and services as well as the nature of its performance.

##### ***4.1.4. Determination of transaction prices***

In the process of determining transaction prices in respect of its contracts with customers, the Group assesses the impact of any variable consideration in the contract due to discounts, penalties, the existence of any significant financing component or any non-cash consideration. In determining the impact of variable consideration, the Group uses the most likely amount method under IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

##### ***4.1.5. Transfer of control in contracts with customers***

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognized when control over the assets is transferred to the customer or benefits of the services being provided is received and consumed by the customer.

When evaluating whether a customer obtains control of an asset, the Group considers its present right to payment for the asset, the customer's legal title to the asset, physical possession of the asset, significant risks and rewards related to the ownership of the asset, the acceptance of the asset by the customer and also any agreements to repurchase the assets.

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer.

In the case of contracts to sell real estate assets this is generally when the consideration for the unit has been substantially received, and there are no impediments in the handing over of the unit to the customer.

##### ***4.1.6. Employees' end of service indemnity***

Provision for employees' end of service indemnity is grouped as a non-current liability on the judgment that the employees of the Group will be continued in the future periods irrespective of their visa expiry dates and other employment terms and conditions.

#### **4. Significant judgments and estimation uncertainty (continued)**

##### **4.1. Judgments (continued)**

###### **4.1.7. Determining the lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated) including the consideration of the life of underlying assets on the premises.

###### **4.1.8. Discounting of lease payments**

The Group, as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group determines its incremental borrowing rate with reference to its current and historical cost of borrowing adjusted for the term and security against such borrowing.

###### **4.1.9. Contingencies**

Contingent assets and liabilities are not recognized in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, a legal and constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an inflow or outflow, respectively of resources embodying economic benefits is remote.

###### **4.1.10. Control over investee**

When determining control over an investee, management considers whether the Group has a “de facto” power to control an investee if it holds less than 50% of the investee’s voting rights. The assessment of the investee’s relevant activities and the ability to use the Group’s power to affect the investee’s variable returns requires significant judgement.

#### **4. Significant judgments and estimation uncertainty (continued)**

##### **4.1. Judgments (continued)**

###### **4.1.11. Significant influence assessment**

When determining significant influence over an investee, management considers whether the Group has the power to participate in the financial and operating policies of decisions of the investee if it holds less than 20% of the investee's voting rights. The assessment, which requires significant judgement, involves consideration of the Group's representation of the investees' board of directors, participation in policy-making decisions and material transactions between the entities.

###### **4.1.12. Classification of properties**

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for sale. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property, plant and equipment and property held for sale. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, and in particular, the intended usage of property as determined by the management.

###### **4.1.13. Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model and requires estimation of the expected future cash flows from the asset (or of the cash-generating unit) in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The discount rate reflects current market assessments of the time value of money and the risks specific to the asset.

###### **4.1.14. Impairment of financial assets**

In measuring the expected credit loss allowance for financial assets measured at amortised cost, management uses the Expected Credit Loss (ECL) model and assumptions about future economic conditions and credit behaviour such as likelihood of customer defaulting. Management consider the following judgements and estimates:

- Development of ECL model, including formula and choice of inputs;

#### **4. Significant judgments and estimation uncertainty (continued)**

##### **4.1. Judgments (continued)**

##### **4.1.14. Impairment of financial assets (continued)**

- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessments;
- The segmentation of financial assets when the ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGD); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

The Group recognises lifetime expected credit loss (ECL) for accounts and other receivables and related party balances using the simplified approach (Note 12.3). Allowance for impairment losses on accounts receivables is AED 338,111/- (2022: AED 3,699,405/-).

##### **4.1.15. Control over subsidiaries**

The Parent follows the guidance of IFRS 10 'Consolidated Financial Statements' in determining whether it controls an entity and this determination requires significant judgment. In making this judgment, the Parent evaluates, among other factors, the power it has over the investee, the rights to variable returns from its involvement with the entity, and the ability to use its power to affect the returns of the entity. The Parent considers all relevant facts and circumstances in assessing whether or not the voting rights in an investee are sufficient to give it power.

##### **4.2. Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of consolidated statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

##### **4.2.1. Useful life of property, plant and equipment**

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

##### **4.2.2. Useful life of intangible assets**

Intangible assets are amortized over their estimated useful lives, which is based on expected pattern of consumption of the future economic benefits embodied in the assets.

**4. Significant judgments and estimation uncertainty (continued)**

**4.2. Key sources of estimation uncertainty (continued)**

**4.2.3. Taxes**

The Group recognises liability for the anticipated taxes levied in the jurisdiction of its activity based on estimate of whether additional taxes will be due. Whether the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimate and assumptions may have an impact on the carrying values of the deferred taxes.

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Notes to the Consolidated Financial Statements (continued)  
For the year ended March 31, 2023

	<u>Building</u> <u>AED</u>	<u>Leasehold</u> <u>improvements</u> <u>AED</u>	<u>Office</u> <u>equipment</u> <u>AED</u>	<u>Furniture and</u> <u>fixtures</u> <u>AED</u>	<u>Vehicles</u> <u>AED</u>	<u>Total</u> <u>AED</u>
<b>5. Property, plant and equipment</b>						
<b><u>March 31, 2023</u></b>						
<b>Cost</b>						
As at March 31, 2022	32,186,906	2,281,404	5,306,947	4,271,129	672,310	44,718,696
Additions	3,912,590	519,087	678,843	404,903	160,048	5,675,471
Disposal	-	-	-	-	(147,000)	(147,000)
Exchange rate differences	(835,385)	(3,244)	(105,277)	(39,986)	(4,019)	(987,911)
<b>As at March 31, 2023</b>	<b><u>35,264,111</u></b>	<b><u>2,797,247</u></b>	<b><u>5,880,513</u></b>	<b><u>4,636,046</u></b>	<b><u>681,339</u></b>	<b><u>49,259,256</u></b>
<b>Accumulated depreciation</b>						
As at March 31, 2022	(1,052,252)	(1,880,361)	(3,810,535)	(2,360,362)	(196,580)	(9,300,090)
Depreciation for the year	(1,607,292)	(307,558)	(325,602)	(285,124)	(57,938)	(2,583,514)
On disposal	-	-	-	-	59,766	59,766
Exchange rate differences	23,415	4,143	70,787	40,362	3,565	142,272
<b>As at March 31, 2023</b>	<b><u>(2,636,129)</u></b>	<b><u>(2,183,776)</u></b>	<b><u>(4,065,350)</u></b>	<b><u>(2,605,124)</u></b>	<b><u>(191,187)</u></b>	<b><u>(11,681,566)</u></b>
<b>Carrying amount:</b>						
<b>As at March 31, 2023</b>	<b><u>32,627,982</u></b>	<b><u>613,471</u></b>	<b><u>1,815,163</u></b>	<b><u>2,030,922</u></b>	<b><u>490,152</u></b>	<b><u>37,577,690</u></b>



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For the year ended March 31, 2023

5. Property, plant and equipment (continued)

March 31, 2022

<b>Cost</b>	<b>Building AED</b>	<b>Leasehold improvements AED</b>	<b>Office equipment AED</b>	<b>Furniture and fixtures AED</b>	<b>Vehicles AED</b>	<b>Total AED</b>
As at March 31, 2021	6,124,474	2,135,580	5,134,411	4,021,820	541,569	17,957,854
Additions	26,044,070	151,684	189,691	315,039	152,286	26,852,770
Disposal	-	-	(68,767)	(34,884)	-	(103,651)
Exchange rate differences	18,362	(5,860)	51,612	(30,846)	(21,545)	11,723
<b>As at March 31, 2022</b>	<b>32,186,906</b>	<b>2,281,404</b>	<b>5,306,947</b>	<b>4,271,129</b>	<b>672,310</b>	<b>44,718,696</b>
<b>Accumulated depreciation</b>						
As at March 31, 2021	(607,885)	(1,613,753)	(3,454,185)	(1,947,366)	(134,995)	(7,758,184)
Depreciation for the year	(440,844)	(267,604)	(326,981)	(350,689)	(58,955)	(1,445,073)
On disposal	-	-	26,145	12,134	-	38,279
Exchange rate differences	(3,523)	996	(55,514)	(74,440)	(2,630)	(135,111)
<b>As at March 31, 2022</b>	<b>(1,052,252)</b>	<b>(1,880,361)</b>	<b>(3,810,535)</b>	<b>(2,360,361)</b>	<b>(196,580)</b>	<b>(9,300,089)</b>
<b>Carrying amount:</b>						
<b>As at March 31, 2022</b>	<b>31,134,654</b>	<b>401,043</b>	<b>1,496,412</b>	<b>1,910,768</b>	<b>475,730</b>	<b>35,418,607</b>

Notes to the Consolidated Financial Statements (continued)  
For the year ended March 31, 2023

6. Leases

6.1. *Right of use assets*

	<u>Office space</u>
	<u>AED</u>
<b>Cost</b>	
As at March 31, 2021	-
Additions	<u>391,081</u>
As at March 31, 2022	391,081
Additions	<u>-</u>
<b>As at March 31, 2023</b>	<b><u>391,081</u></b>
<b>Accumulated depreciation</b>	
As at March 31, 2021	-
Depreciation for the year	<u>(76,788)</u>
As at March 31, 2022	(76,788)
Depreciation for the year	<u>(130,360)</u>
<b>As at March 31, 2023</b>	<b><u>(207,148)</u></b>
<b>Carrying amount:</b>	
<b>As at March 31, 2023</b>	<b><u>183,933</u></b>
As at March 31, 2022	<u>314,293</u>

6.2. *Lease liabilities*

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Opening balance	300,030	-
Additions during the year	-	391,081
Add: finance cost (Note 27)	13,365	11,509
Less: payments during the year	<u>(140,054)</u>	<u>(102,560)</u>
	<b><u>173,341</u></b>	<b><u>300,030</u></b>
<b><u>Presented in the statement of financial position as:</u></b>		
Current	128,611	126,689
Non-current	<u>44,730</u>	<u>173,341</u>
	<b><u>173,341</u></b>	<b><u>300,030</u></b>

The average lease term is 3 years and the average effective borrowing rate is 6% for the year ended March 31, 2023. All leases are on a fixed repayment basis, and no arrangements have entered in to for additional contingent rental payments.

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**Notes to the Consolidated Financial Statements (continued)  
For the year ended March 31, 2023**

**7. Intangible assets**

	<u>Capital work in progress</u> AED	<u>Software</u> AED	<u>Other intangible assets*</u> AED	<u>Total</u> AED
<b>Cost</b>				
As at March 31, 2021	-	17,655,135	3,741	17,658,876
Additions	7,769,213	45,356	-	7,814,569
Exchange rate differences	-	30,802	(1,490)	29,312
As at March 31, 2022	7,769,213	17,731,293	2,251	25,502,757
Additions	-	3,530,919	14,048,181	17,579,100
Transfer	(7,769,213)	7,769,213	-	-
Exchange rate differences	-	1,831	(528)	1,303
<b>As at March 31, 2023</b>	<b>-</b>	<b>29,033,256</b>	<b>14,049,904</b>	<b>43,083,160</b>
<b>Amortization</b>				
As at March 31, 2021	-	15,182,529	(513)	(15,183,042)
Amortization for the year	-	(710,965)	(150)	(711,115)
Exchange rate difference	-	60,420	82	60,502
As at March 31, 2022	-	15,833,074	(581)	(15,833,655)
Amortization for the year	-	(2,099,430)	(1,170,813)	(3,270,243)
Exchange rate difference	-	(43,047)	154	(42,893)
<b>As at March 31, 2023</b>	<b>-</b>	<b>17,975,551</b>	<b>(1,171,240)</b>	<b>(19,146,791)</b>
<b>Carrying amount:</b>				
<b>As at March 31, 2023</b>	<b>-</b>	<b>11,057,705</b>	<b>12,878,664</b>	<b>23,936,369</b>
As at March 31, 2022	7,769,213	1,898,219	1,670	9,669,102

\* It represents right received for a period of 10 years against the payment made for a non-competence fee.

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**Notes to the Consolidated Financial Statements (continued)**  
**For the year ended March 31, 2023**

**8. Investments in associates**

<u>Name</u>	<u>Country of incorporation</u>	<u>Ownership interest</u>		<u>Carrying amount</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		<u>%</u>	<u>%</u>	<u>AED</u>	<u>AED</u>
DSS Gulf Realtors Ltd, Dubai	UAE	50	50	13,603,810	13,603,810
BLS E-Services (Bangladesh) Limited	Bangladesh	49	49	-	2,388
BLS Algeria	Algeria	49	49	1,735	1,735
BLS International Visa Services	Austria	25	25	172,419	172,419
BLS International Visa Services-Baltic	Lithuania	50	50	-	4,629
BLS International Visa Services Poland SP.Z.O.O.	Poland	25	25	988	988
				<u>13,778,952</u>	<u>13,785,969</u>

**Movements**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Opening balance	13,785,969	13,785,969
Written off (Note 23)	(7,017)	-
	<u>13,778,952</u>	<u>13,785,969</u>

DSS Gulf Realtors Limited Dubai is real estate development activity and is owning a land in Al Barsha South Fourth, Dubai, United Arab Emirates. The value represents the 50% share in value of land. There are no activities in this associate during the year and also there is no impairment on the same land. Other entities are in the initial stage of setup and there are no operations. Hence no adjustments are made in the equity value of these entities.

**9. Investment in FVTOCI**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Investment in bonds*	22,233,660	23,427,318
Change in fair value	(1,093,047)	(1,193,658)
	<u>21,140,613</u>	<u>22,233,660</u>

\*It represents the investments in bonds listed in exchanges outside UAE (in Singapore).

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**Notes to the Consolidated Financial Statements (continued)**  
**For the year ended March 31, 2023**

**10. Investment in FVTPL**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Investment in unlisted securities*	<u>7,993,338</u>	<u>-</u>

\* it represents 10% investment in EVDRON Pte. Ltd (Singapore entity).

**Movements**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Additions	<u>7,993,338</u>	<u>-</u>
	<u>7,993,338</u>	<u>-</u>

**11. Related party transactions**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
	-	-
<b>11.1 Due from related parties</b>	<u>16,850,095</u>	<u>19,155,453</u>

**Presented in the consolidated statement of financial position as:**

Accounts and other receivables (Note 12)	<u>16,850,095</u>	<u>19,155,453</u>
	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>

<b>11.2 Due to related parties</b>	<u>147,438</u>	<u>37,121</u>
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**Presented in the consolidated statement of financial position as:**

Accounts and other payables (Note 19)	<u>147,438</u>	<u>37,121</u>
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The Group enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24. Related parties comprise entities under common ownership and/or common management and control and key management personnel. The shareholder and the management decide on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges.

During the year, the Group entered into the following transactions with related parties:

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Revenue	<u>4,993,926</u>	843,379
Consultancy expenses	<u>11,202,240</u>	<u>11,173,776</u>

**BLS International FZE and its Subsidiaries**  
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**Notes to the Consolidated Financial Statements (continued)**  
**For the year ended March 31, 2023**

**12. Accounts and other receivables**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Receivable from customers	5,166,848	9,335,066
Less: Loss allowance (Note 12.3)	<u>(338,111)</u>	<u>(3,699,405)</u>
	4,828,737	5,635,661
Due from related parties (Note 11.1)	<u>16,850,095</u>	<u>19,155,453</u>
	21,678,832	24,791,114
Advances	276,094	1,537,658
Deposits	2,954,777	2,737,592
Prepayments	863,793	1,279,154
Staff advances	1,187	-
Right of return asset	96,396	360,000
Other receivables	<u>1,194,878</u>	<u>3,592,622</u>
	<u>27,065,957</u>	<u>34,298,140</u>

**12.1. Age-wise analysis of accounts receivable**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Not past due	873,592	1,007,361
Past due:		
1 - 30 days	354,690	3,035,161
31 - 90 days	870,586	1,178,301
91 - 180 days	34,017	1,483,251
181 - 365 days	271,594	1,823,985
More than 365 days	<u>2,762,369</u>	<u>807,007</u>
	<u>5,166,848</u>	<u>9,335,066</u>

The Group measures the loss allowances for accounts receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit loss on accounts receivables are estimated by using a provision matrix by reference to past default experience of debtors and an analysis of debtor's current financial positions, adjusted for factors that are specific to the debtors' economic conditions of the industry.

The Group has recognized a loss allowance of AED 338,111/-, based on the following provision matrix:

**12.2. Provision matrix for loss allowance**

<u>Accounts receivables</u>	<u>Expected loss rate</u>
Not past due	1.00%
Less than 180 days	1.00%
More than 180 days	10.47%

Notes to the Consolidated Financial Statements (continued)  
For the year ended March 31, 2023

12. Accounts and other receivables (continued)

12.2. Provision matrix for loss allowance (continued)

The Group does not hold any collateral or other credit enhancements over these balances, nor does it have a legal right of offset against any amounts owned by the Group to the counterparty. The average credit period is 90 days. No interest is being charged on accounts receivables.

12.3. Movement in the loss allowance of accounts receivables

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Opening balance	3,699,405	1,839,489
Loss allowance on receivables (Note 23)	-	2,182,906
Amounts written off	<u>(3,361,294)</u>	<u>(322,990)</u>
	<u>338,111</u>	<u>3,699,405</u>

13. Other financial assets

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Term deposits	<u>151,285,378</u>	<u>104,394,557</u>

At the year end, term deposits carried an interest @ 0.7% to 5.65% per annum (2022: 0.5% to 2.25% per annum). Term deposits includes AED 2 million in the name of a related party.

14. Cash and cash equivalents

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Cash in hand	777,791	1,380,937
Bank balances:		
In current accounts	<u>16,567,055</u>	<u>10,638,754</u>
	<u>17,344,846</u>	<u>12,019,691</u>

15. Foreign currency translation reserve

Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Foreign currency differences are recognized in other comprehensive income and presented in the foreign currency translation reserve in equity.

**16. Restricted reserves**

According to the Turkish Commercial Code, first order legal reserves are set aside as 5% of the legal net profit until 20% of the paid in capital of the Company (BLS Turkey) reached. The second order legal reserves correspond to 10% of the Company (BLS Turkey) profits that exceed 5% of the paid in capital of the Company (BLS Turkey). According to the Turkish Commercial Code, legal reserves may be utilized exclusively on the netting of the Company losses as long as they do not exceed 50% of the paid -in capital, other than purpose, they may not be utilized in any other manner.

**17. Overdraft**

Over draft facility is for exclusively for investing in bonds (note 9). The overdraft is carrying an interest of 2% per annum and the below are the summary of the arrangements:

**Summary of borrowing arrangements**

1. A memorandum of charge executed by the Group in favour of the bank in respect of the assets in the accounts with the bank and its Hong Kong Branch/ Singapore Head Office.
2. An irrevocable deed of guarantee executed by the shareholder.

**18. Provision for employees' end of service indemnity**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Opening balance	899,546	1,045,652
Charges for the year	318,421	(28,059)
Payments during the year	(167,278)	(73,575)
Excess provision written back	-	(44,472)
	<u>1,050,689</u>	<u>899,546</u>

**19. Accounts and other payables**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Payable to suppliers	6,186,018	4,737,414
Due to related parties (Note 11.2)	147,438	37,121
	<u>6,333,456</u>	<u>4,774,535</u>
Accrued expenses	130,376	83,094
Advance from customers	711,791	210,170
Provision for staff benefits	203,436	2,219
Tax payable	659,172	805,322
Staff payables	1,156,119	1,394,247
VAT payable	380,154	275,009
Other payables	2,000,207	2,381,257
	<u>11,574,711</u>	<u>9,925,853</u>



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**20. Revenue**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Service charges*	553,813,028	364,588,531
Other revenues	<u>54,290</u>	<u>372,400</u>
	<u>553,867,318</u>	<u>364,960,931</u>

\*Service charges represent gross invoicing made to the customers for visa and passport processing services.

**20.1. Geographical and recognition analysis of revenue**

	<u>Within UAE</u>		<u>Outside UAE</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
At a point in time	<u>183,507,294</u>	<u>138,274,107</u>	<u>370,360,024</u>	<u>226,686,824</u>

**21. Direct expenses**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Visa and supporting processing charges*	372,927,324	244,419,475
Other direct expenses	<u>15,677,225</u>	<u>17,096,509</u>
	<u>388,604,549</u>	<u>261,515,984</u>

\*It includes payments to Embassy for visa processing and passport services.

**22. Other income**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Excess provision written back	3,361,294	367,685
Miscellaneous	<u>797,643</u>	<u>2,586,599</u>
	<u>4,158,937</u>	<u>2,954,284</u>

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**For the year ended March 31, 2023**

**23. General, selling and administrative expenses**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Short-term leases (Note 28)	5,904,726	5,098,989
License and professional	10,621,074	6,359,051
Business promotion	12,694,715	921,688
Loss allowance on receivables (Note 12.3)	-	2,182,906
Bank charges	639,097	413,377
Computer expenses	88,811	61,028
Write off of investment in associates (Note 8)	7,017	-
Printing and stationery	696,345	491,021
Advance written off	163,310	225,841
Office expenses	2,269,929	1,133,395
Loss on disposals of property, plant and equipment	16,244	65,372
Security	969,131	725,775
Software expenses	653,069	441,593
Communication	4,409,902	2,009,766
Motor vehicle expenses	873,840	533,966
Insurance	116,540	116,977
Utilities	429,005	332,961
Others	<u>1,314,293</u>	<u>616,080</u>
	<u>41,867,048</u>	<u>21,729,786</u>

**24. Staff cost**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Salaries and allowances	37,498,211	25,484,471
Staff benefits	761,975	274,128
Others	<u>1,216,804</u>	<u>422,791</u>
	<u>39,476,990</u>	<u>26,181,390</u>

**25. Depreciation and amortization**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Depreciation of property, plant and equipment (Note 5)	2,583,514	1,445,073
Depreciation of right of use assets (Note 6.1)	130,360	76,788
Amortization of intangible assets (Note 7)	<u>3,270,243</u>	<u>711,115</u>
	<u>5,984,117</u>	<u>2,232,976</u>

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**26. Finance income**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Interest on bonds	1,049,417	308,831
Interest on term deposits (Note 13)	2,715,167	859,546
Other interest income	<u>1,942</u>	<u>6,159</u>
	<u><b>3,766,526</b></u>	<u><b>1,174,536</b></u>

**27. Finance cost**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Interest expense	36,761	114,327
Interest on lease liabilities (Note 6.2)	<u>13,365</u>	<u>11,509</u>
	<u><b>50,126</b></u>	<u><b>125,836</b></u>

**28. Lease payments not recognised as a liability**

The Group has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Short-term leases (Note 23)	<u><b>5,904,726</b></u>	<u><b>5,098,989</b></u>

**29. Cash and cash equivalents for cash flow purpose**

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
Cash and cash equivalents (Note 14)	17,344,846	12,019,691
Less: Overdraft (Note 17)	<u>-</u>	<u>(1,508,769)</u>
	<u><b>17,344,846</b></u>	<u><b>10,510,922</b></u>

### 30. Financial instruments

#### Significant accounting policies

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 3 to the consolidated financial statements.

#### Categories of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

	<u>2023</u>	<u>2022</u>
	<u>AED</u>	<u>AED</u>
<b>Financial assets</b>		
<i>Measured at amortised cost:</i>		
Cash and cash equivalents	17,344,846	12,019,691
Accounts and other receivables (less prepayments and advances)	25,926,070	31,481,328
Other financial assets	151,285,378	104,394,557
<i>Financial assets at FVTPL:</i>		
Investments at FVTPL	7,993,338	-
<i>Financial assets at FVTOCI:</i>		
Investments in bonds	<u>21,140,613</u>	<u>22,233,660</u>
	<u>223,690,245</u>	<u>170,129,236</u>
<b>Financial liabilities</b>		
<i>Measured at amortised cost:</i>		
Accounts and other payables (less advances and VAT payable)	10,482,766	9,440,674
Lease liabilities	173,341	300,030
Borrowings	<u>-</u>	<u>1,508,769</u>
	<u>10,656,107</u>	<u>11,249,473</u>

### 31. Financial and other risk management

Management reviews overall financial and other risks covering specific areas, such as capital risk, liquidity risk, credit risk and market risk.

The Group's profile concerning exposure to financial risks identified below continues to be consistent.

#### 31.1. Capital risk management

The capital is being managed by the Group in such a way that it is able to continue as a going concern while maximizing returns to investor. The Group's overall strategy remains unchanged from previous year.

### **31. Financial and other risk management (continued)**

#### **31.1. Capital risk management (continued)**

The capital structure of the Group consists of equity attributable to the shareholder of the Group; comprising of share capital, reserves, retained earnings and shareholder's current account as disclosed in the consolidated statement of changes in equity.

#### **31.2. Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

#### **31.3. Foreign currency risk**

The Group's currency risk exposure relates to the exposure to the fluctuations in the foreign currency rates. There is no significant impact on USD as the UAE Dirham is pegged to the USD.

#### **31.4. Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group and arises principally from the Group's accounts and other receivables and bank balances. The Group has adopted a policy of only dealing with creditworthy counterparties. However, significant revenue is generated by dealing with entities related to the Group, for whom the credit risk is assessed below.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries.

The concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have identical economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. All balances with banks represent local commercial banks.

**31. Financial and other risk management (continued)**

**31.4. Credit risk (continued)**

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counterparties fail to perform their obligations, generally approximates their carrying value. Accounts and other receivables and balances with banks are not secured by any collateral. The tables below detail the credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

**Credit risk grading framework:**

The Group's current credit risk grading framework comprises the following categories:

<b>Category</b>	<b>Description</b>	<b>Basis for recognising expected credit losses (ECL)</b>
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-months ECL
Doubtful	The amount is >90 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	The amount is >365 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	The amount is written off

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

<b>Group</b>	<b>Rating</b>	<b>12 month or Lifetime ECL</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>	<b>Net carrying amount</b>
<b><u>March 31, 2023</u></b>					
Accounts receivables	(i)	Lifetime ECL (Simplified approach)	<u>5,166,848</u>	<u>(338,111)</u>	<u>4,828,737</u>
<b><u>March 31, 2022</u></b>					
Accounts receivables	(i)	Lifetime ECL (Simplified approach)	<u>9,335,066</u>	<u>(3,699,405)</u>	<u>5,635,661</u>

(i) For accounts receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

**31.5. Liquidity risk**

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

**31. Financial and other risk management (continued)**

**31.5. Liquidity risk (continued)**

The Group manages the liquidity risk through risk management framework for the Group's short, medium and long-term funding and liquidity requirements by maintaining adequate reserves and sufficient cash and cash equivalents to ensure that funds are available to meet its commitments for liabilities as they fall due.

The table below analyses the Group's remaining contractual maturity for its financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	<u>Within 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>
<b><u>As at March 31, 2023</u></b>			
<b><i>Measured at amortised cost:</i></b>			
Accounts and other payables (less advances and VAT payable)	10,482,766	-	10,482,766
Lease liabilities	<u>128,611</u>	<u>44,730</u>	<u>173,341</u>
	<u><u>10,611,377</u></u>	<u><u>44,730</u></u>	<u><u>10,656,107</u></u>
<b><u>As at March 31, 2022</u></b>			
<b><i>Measured at amortised cost:</i></b>			
Accounts and other payables (less advances and VAT payable)	9,440,674	-	9,440,674
Lease liabilities	126,689	173,341	300,030
Borrowings	<u>1,508,769</u>	<u>-</u>	<u>1,508,769</u>
	<u><u>11,076,132</u></u>	<u><u>173,341</u></u>	<u><u>11,249,473</u></u>

**31.6. Fair value hierarchy**

The Group measures financial assets such as financial assets at FVTOCI at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the 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 places either:

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy mentioned in Note 3 and described below.

At year end, the Group held the following assets measured at fair value:

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**31. Financial and other risk management (continued)**

	<u>Level 1</u> <u>AED</u>
<b><u>As at March 31, 2023</u></b>	
Investment in FVTOCI	21,140,613
Investment in FVTPL	799,338
<b><u>As at March 31, 2022</u></b>	
Investment in FVTOCI	<u>22,233,660</u>

**32. Prior-period errors and omissions**

During the previous years, the Group had erroneously omitted to account for the foreign currency loss in BLS International Services (UK) Limited and this have been adjusted in the foreign currency translation reserve. The error have been corrected by restating the Consolidated Statement of Changes in Equity for prior period. The following tables summarize the impact on the Comapany's financial statements.

<u>Consolidated statement of changes in equity</u>	<u>Impact of correction of error</u>		
<u>As at March 31, 2022</u>	<u>As previously reported</u> <u>AED</u>	<u>Adjustments</u> <u>AED</u>	<u>As restated</u> <u>AED</u>
Retained earnings	225,009,919	(1,661,054)	223,348,865
Foreign currency translation reserve	<u>(1,906,033)</u>	<u>1,661,054</u>	<u>(244,979)</u>

**33. Segment information**

***Operating segment:***

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 "Operating Segments". The management of the Group assessed the Group into the following key business segments:

Providing services related to visa and passport processing with Indian Embassy/Consulate and running travel agency, tour operations (mainly outbound) and management consultancy services.

These businesses are the basis on which the Group reports its primary segment information to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance. Transactions between segments are conducted at estimated market rates on an arm's length basis and eliminated on consolidation.



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**33. Segment information (continued)**

<b>Segment of revenue</b>	<b><u>2023</u></b> <b><u>AED</u></b>	<b><u>2022</u></b> <b><u>AED</u></b>
Middle East	<b>251,364,796</b>	194,265,615
Asia Pacific	<b>36,280,677</b>	30,248,600
Europe	<b>54,502,262</b>	24,191,468
Africa	<b>3,075,442</b>	1,618,308
North America	<b><u>207,390,658</u></b>	<b><u>114,636,940</u></b>

***Geographical segment:***

The Group operates in the following geographical segment: Middle East, Asia Pacific, Europe, Africa and North America (Note 20.1).

**34. Comparative figures**

Specific comparative figures have been reclassified/regrouped, wherever necessary, as to conform to the presentation adopted in these consolidated financial statements.