05/05

# TECHNOLOGY VENTURES MIDDLE EAST (FZC)
SAIF ZONE
SHARJAH, UAE

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

TECHNOLOGY VENTURES MIDDLE EAST (FZC)
SAIF ZONE
SHARJAH, UAE

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**Technology Ventures Middle East (FZC)**
**Sharjah, UAE**
**Management, Other Officers and Status**

| | | |
|---|---|---|
| Manager | : | Mr. Anupram Valappil |
| Legal Status | : | Free Zone Company with limited liability |
| Registered Office | : | 250 M2 Warehouse A3 018<br>P.O. Box : 9252<br>SAIF Zone<br>Sharjah, UAE<br>T: +971 65572602 |
| Principal Bankers | : | Al Masraf Bank<br>RAK Bank |
| The Auditors | : | United Auditing<br>P.O. Box 122957<br>Dubai, UAE |

**Technology Ventures Middle East (FZC)**
**Sharjah, UAE**
**Report of the Directors**
**For the year ended December 31, 2019**

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the year ended December 31, 2019.

### Legal status

'Technology Ventures Middle East (FZC)' here-in-after called 'the Company' is a Company registered in Sharjah Airport International Free Zone, Sharjah, UAE with limited liability in accordance with the laws and regulations of Sharjah Airport International Free Zone Authority.

### Principal activities

The principal activities of the Company as per commercial license (License No: 02608) and service license (License No: 05885) are general trading and providing after sales services for marine instrumentation & automation controls.

### Review of current position and future business developments

The Company's performance was good with revenue of AED 35,516,663/- for the year ended 31st December 2019. Equity of the shareholders as on 31st December 2019 is AED 10,705,321/- compared with the balance of AED 7,984,582/- as on 31-12-2018. The Directors are optimistic about the prospects for the ensuing year and expect to make good improvement in the performance of the Company.

### Results of operations

Net profit for the year attributable to shareholders of the Company was AED 2,272,296/- compared to a net profit of AED 1,344,524/- for the preceding year.

| | **2019** | 2018 |
|---|---|---|
| | **AED** | AED |
| Revenue | **35,516,663** | 16,019,284 |
| Gross profit | **9,101,773** | 4,594,114 |
| **Gross profit (%)** | **25.63%** | 28.68% |
| Net profit | **2,272,296** | 1,344,524 |
| **Net profit (%)** | **6.40%** | 8.39% |

### Risk management

The Company is committed to pursuing the process of identifying risk factors, closely monitoring & analysing the risks and take decisions to mitigate the risks with the aim of ensuring continuance of business operations and growth to make value addition to the shareholders equity. The risk management policy identifies, assesses, manages and reports risks on a continuous basis. The Directors consider the key risk areas to be credit risk, market risk and liquidity risk.

**Technology Ventures Middle East (FZC)**
**Sharjah, UAE**
**Report of the Directors (continued)**
**For the year ended December 31, 2019**

### Events after the reporting period

There were no transactions or event of a material nature after the reporting period, which is likely to affect, substantially the result of the operations or the financial position of the Company.

### Going concern

The attached financial statements have been prepared on the going concern basis. While preparing the financial statements the management has made an assessment of the Company's ability to continue as a going concern. The management has not come across any evidence that causes the management to believe that material uncertainties related to the events or conditions existed, which may cause significant doubt on the Company's ability to continue as a going concern.

### Auditors

The independent auditors, United Auditing, Dubai, UAE have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

On behalf of the Board

**Directors**
Date: May 05, 2020

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Technology Ventures Middle East

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To

**The Shareholders**
**Technology Ventures Middle East (FZC)**
**Sharjah, UAE**

## Opinion

We have audited the accompanying financial statements of **Technology Ventures Middle East (FZC)** ('the Company'), Sharjah, UAE which comprise the statement of financial position as of December 31, 2019, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes related to the financial statements, set out on pages 7 to 33.

In our opinion, the accompanying financial statements of the Company present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), except to the facts that:

i) Trade receivables and trade payables as per note no. 9 and 17 to the notes to financial statements are subject to confirmation; and

ii) We did not carry out any physical verification of inventories and the value of inventory as on December 31, 2019 has been taken as per management representation only.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter

Without qualifying our report, we draw your attention to the facts that the previous year books of accounts were audited by another auditor, whose report expressed an unqualified opinion and previous year financial statements were restated (see note no.5A).

## Responsibilities of Management for the financial statements

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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**Report on Other Legal and Regulatory Requirements**

In the absence of proper documentation and compliance of certain provisions of Federal Decree Law No. (8) of 2017 on Value Added Tax and its Executive Regulations, we are not in a position to verify and confirm the compliance of the provisions of UAE VAT Law by the Company and the accompanying financial statements comply with other relevant UAE laws and we are not aware of any contraventions during the year of the relevant Free Zone Laws and regulations which may have material effect on the financial position of the Company or the result of its operations for the year.

**United Auditing**
Reg. No. 484

Place: Dubai, UAE
Date : May 05, 2020

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UNITED AUDITING

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**Technology Ventures Middle East (FZC)**
**Sharjah, UAE**
**Statement of financial position as at December 31, 2019**

| | Note | 31-12-2019 AED | 31-12-2018 AED |
|---|---|---|---|
| **ASSETS :** | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | **468,706** | 123,027 |
| Right-of-use of asset | 7 | **763,893** | - |
| | | **1,232,599** | 123,027 |
| CURRENT ASSETS | | | |
| Inventories | 8 | **3,721,896** | 6,431,895 |
| Accounts and other receivables | 9 | **13,088,534** | 11,160,571 |
| Deposits & Prepayments | 10 | **289,948** | 285,130 |
| Cash and bank | 11 | **2,074,365** | 642,466 |
| | | **19,174,743** | 18,520,062 |
| **TOTAL ASSETS** | | **20,407,342** | 18,643,089 |
| **EQUITY & LIABILITIES :** | | | |
| OWNERS' EQUITY | | | |
| Share capital account | | **150,000** | 150,000 |
| Statutory reserve | 12 | **75,000** | 75,000 |
| Current account | | **1,178,443** | - |
| Retained earnings | | **9,301,878** | 7,759,582 |
| | | **10,705,321** | 7,984,582 |
| NON- CURRENT LIABILITIES | | | |
| Employees terminal benefits payable | 13 | **382,624** | 616,141 |
| Lease liability | 7 | **655,577** | - |
| Finance lease | 14 | **233,683** | - |
| | | **1,271,884** | 616,141 |
| CURRENT LIABILITIES | | | |
| Lease liability | 7 | **50,725** | - |
| Finance lease | 14 | **86,769** | 72,951 |
| Due to bank | 15 | **301,457** | - |
| Due to related parties | 16 | - | 450,780 |
| Accounts and other payable | 17 | **7,346,225** | 9,180,656 |
| Accrued expenses | 18 | **644,961** | 337,979 |
| | | **8,430,137** | 10,042,366 |
| **TOTAL EQUITY & LIABILITIES** | | **20,407,342** | 18,643,089 |

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

The Report of the Auditors is set out on pages 4 to 6.

These financial statements on pages 7 to 33 were approved by the Directors on May 05, 2020 and signed by

***Technology Ventures Middle East (FZC)***

*Authorised signatory*

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**Technology Ventures Middle East (FZC)**
**Sharjah, UAE**
**Statement of profit or loss and other comprehensive income**
**For the year ended December 31, 2019**

| | Note | 2019 AED | 2018 AED |
|---|---|---|---|
| Revenue | 19 | **35,516,663** | 16,019,284 |
| Direct cost of operations | 20 | **(26,414,890)** | (11,425,170) |
| **Gross profit** | | **9,101,773** | 4,594,114 |
| Other income | 21 | **333,466** | 744,192 |
| General and administration expenses | 22 | **(6,745,896)** | (3,757,505) |
| Finance charges | 23 | **(236,482)** | (118,622) |
| Depreciation | 6 & 7 | **(180,565)** | (117,655) |
| **Net profit for the year** | | **2,272,296** | 1,344,524 |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | **2,272,296** | 1,344,524 |

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

The Report of the Auditors is set out on pages 4 to 6.

These financial statements on pages 7 to 33 were approved by the Directors on May 05, 2020 and signed by:

***Technology Ventures Middle East (FZC)***

*Authorised signatory*

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Technology Ventures Middle East FZC

United auditing Dubai

**Technology Ventures Middle East (FZC)**
**Sharjah, UAE**
**Statement of changes in equity**
**For the year ended December 31, 2019**

*(Amount in AED)*

| | Share capital | Statutory reserve | Current account | Retained earnings* | Total |
|---|---|---|---|---|---|
| Balance as at January 1, 2018 | 150,000 | 75,000 | - | 6,415,058 | 6,640,058 |
| Net profit for the year | - | - | - | 1,344,524 | 1,344,524 |
| Balance as at December 31, 2018 | 150,000 | 75,000 | - | 7,759,582 | 7,984,582 |
| Net movements during the year | - | - | 1,178,443 | - | 1,178,443 |
| Net profit for the year | - | - | - | 2,272,296 | 2,272,296 |
| Dividend paid during the year | - | - | - | (730,000) | (730,000) |
| **Balance as at December 31, 2019** | **150,000** | **75,000** | **1,178,443** | **9,301,878** | **10,705,321** |

* See note no. 5A for restatement.

Technology Ventures Middle East (FZC)
Sharjah, UAE
**Statement of cash flows**
**For the year ended December 31, 2019**

| | 2019 AED | 2018 AED |
|---|---|---|
| **Operating activities** | | |
| **Net profit for the year** | **2,272,296** | 1,344,524 |
| *Adjustments for* | | |
| Depreciation | **180,565** | 117,655 |
| Finance charges | **236,482** | 118,622 |
| Employees' terminal benefits payable (net) | **(233,517)** | (43,139) |
| **Operating profit before working capital changes** | **2,455,826** | 1,537,662 |
| (Increase)/decrease in inventories | **2,709,999** | (378,802) |
| (Increase)/decrease in accounts and other receivables | **(1,927,963)** | (1,485,284) |
| (Increase)/decrease in deposits and prepayments | **(28,618)** | 36,824 |
| Increase/(decrease) in due to related parties | **(450,780)** | 160,691 |
| Increase/(decrease) in accounts and other payable | **(1,834,431)** | 1,461,859 |
| Increase/(decrease) in accrued expenses | **306,982** | (769,636) |
| **Net cash flows from operating activities** | **1,231,015** | 563,314 |
| **Investing activities** | | |
| Purchase of property, plant and equipment | **(450,035)** | (123,433) |
| **Net cash flows used in investing activities** | **(450,035)** | (123,433) |
| **Financing activities** | | |
| Net movements in shareholders' current account | **1,178,443** | - |
| Due to bank - proceeds/(repayments) | **548,958** | (307,132) |
| Finance charges | **(236,482)** | (118,622) |
| Lease payment | **(110,000)** | - |
| Dividend paid | **(730,000)** | - |
| **Net cash flows from/(used) in financing activities** | **650,919** | (425,754) |
| **Net increase in cash and cash equivalents** | **1,431,899** | 14,127 |
| **Cash and cash equivalents at the beginning of the year** | **642,466** | 628,339 |
| **Cash and cash equivalents at the end of the year** | **2,074,365** | 642,466 |
| ***Cash and cash equivalents represented by:*** | | |
| ***Cash on hand*** | *14,196* | *32,077* |
| ***Bank balances*** | *2,060,169* | *610,389* |
| | *2,074,365* | *642,466* |



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## 1. Company and operations

'Technology Ventures Middle East (FZC)' here-in-after called 'the Company' is a Company registered in Sharjah Airport International Free Zone, Sharjah, UAE as a Free Zone Company with limited liability in accordance with the laws and regulations of Sharjah Airport International Free Zone Authority. The registered office of the Company is 250 M2 Warehouse A3 018, P.O. Box No: 9252, Sharjah Airport International Free Zone, Sharjah, UAE.

The principal activities of the Company as per commercial license (License No: 02608) and service license (License No. 05885) are general trading and providing after sales services for marine instrumentation & automation controls.

The details of shareholding in the Company as on the date of statement of financial position are as follows:

| Name of the shareholders | Nationality | No. of shares | Value of shares (AED) |
|---|---|---|---|
| 1) Mr. Yousof Ahmed Mohammed Husain Almarzooki | UAE | 675 | 67,500 |
| 2) M/s. MEL Power Syatems (FZC) | UAE | 375 | 37,500 |
| 3) Mr. Anupram Valappil | India | 300 | 30,000 |
| 4) Mr. Ramprasad Kodoth | India | 150 | 15,000 |
| | | **1,500** | **150,000** |

**Note:** During the year there were changes in the shareholding of the Company with effect from October 21, 2019. One of the shareholders Mr. Yousof Ahmed Mohammed Husain Almarzooki (holding 750 shares) sold and transferred 75 shares to Mr. Ramaprasad Kodoth and the other shareholder M/s. MEL Power Systems (FZC) (holding 750 shares) sold and transferred 300 shares to Mr. Anupram Valappil and 75 shares to Mr. Ramaprasad Kodoth and admitted them as new share holders. The details of shareholding in the Company before the above mentioned change were as follows:

| Name of the shareholders | Nationality | No. of shares | Value of shares (AED) |
|---|---|---|---|
| 1) Mr. Yousof Ahmed Mohammed Husain Almarzooki | UAE | 750 | 75,000 |
| 2) M/s. MEL Power Syatems (FZC) | UAE | 750 | 75,000 |
| | | **1,500** | **150,000** |



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2. **Reporting period**

These financial statements cover the year from January 01, 2019 to December 31, 2019. The previous year figures cover the year from January 01, 2018 to December 31, 2018.

3. **Basis of preparation**

***3.1 Statement of compliance***

The financial statements of the Company have been prepared under historical cost convention and in accordance with International Financial Reporting Standards (IFRSs), which includes International Accounting Standards (IAS) and its Interpretations.

***3.2 Adoption of new and revised International Financial Reporting Standards (IFRSs):***

*(I) Standards and Interpretations effective in the current year*

In the current year, the Company has adopted the following new and revised Standards, Amendments and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB to the extent they are relevant to its operations and effective from the beginning of the annual reporting periods. The application of these new and revised IFRSs has not had any material impact on amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

*Summary of requirements of new and revised standards*

a) *IFRS 16 Leases*

The new leases standard - IFRS 16 will require companies to bring most leases on - balance sheet from 2019. Under the new standard, the companies will recognise new assets and liabilities, bringing added transparency to balance sheet.

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset( the right to use asset) and a financial liability to pay rentals for virtually all lease contracts.

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of lease and lower in later years. Additionally operating expenses will be replaced with interest and depreciation, so key metrics like EBITDA will change.



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In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease

The Company will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has: (a) the right to obtain substantially all of the economic benefits from the use of an identified asset; and (b) the right to direct the use of that asset.

Impact of lessor accounting

Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets. Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

b) Amendments to IFRS 9 - Prepayment features with negative compensation

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

c) Amendments in IAS 28- Long term interests in Associates & Joint ventures

The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).



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d) Annual improvements to IFRS standards 2015-2017 Cycle

Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs.

e) Amendments to IFRS 10 Consolidated financial statements and IAS 28- Sale or contribution of assets between an investor and its associate or joint venture.

f) Amendments to IAS 19 - Employee benefits - Amendment, curtailment and settlement.

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

*(II) Standards and Interpretations in issue but not yet effective.*

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective and have not been adopted by the Company. The Company intends to adopt these standards, if applicable, when they become effective.

** Effective for annual periods beginning on or after January 1, 2020*

a) Definition of materiality - Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial statements and IAS 8 Accounting policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Frame work for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular the amendments clarify:

i) That the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

ii) the meaning of 'primary users of general purpose financial statements to whom those financial statements are directed, by defining them as existing and potential investors, lenders and other creditors that must rely on general purpose financial statements for much of the financial information they need.



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b) Definition of business - Amendments to IFRS 3

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'output' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

c) Revised Conceptual Frame work for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard - setting decisions with immediate effect. Key changes include:

i) Reinstating the prudence as a component of neutrality.

ii) Defining a reporting entity, which may be a legal entity, or portion of an entity.

iii) Revising the definitions of an asset and a liability

iv) Adding guidance on different measurement basis.

v) Increasing the prominence of stewardship in the objective of financial reporting.

vi) Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

** Effective for annual periods beginning on or after January 1, 2023*

d) New IFRS 17 - Insurance contracts

IFRS 17 was issued in May 2017 and which requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. IFRS 17 supersedes IFRS 4 Insurance contracts.

IFRS 17 requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of :



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i) Discounted probability -Weighted cash flows

ii) An explicit risk adjustment

iii) A Contractual service margin representing the unearned profit of the contract which is recognised as revenue over the coverage period.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 16, mentioned above, may have no material impact on the financial statements of the Company in the period of initial application.

*3.3* ***Reporting currency***

These financial statements are expressed in UAE Dirham (AED), rounded off to the nearest Dirham.

4. **Significant accounting policies**

*a) Property, plant and equipment*

*(i)* Property, plant & equipment are stated at cost less accumulated depreciation and impairment losses, if any.

*(ii)* Depreciation is calculated from the date the asset is available for use until it is derecognised, to write-off the cost of property, plant & equipment on the straight line basis over their estimated useful lives:

| | *Number of years* |
|---|---|
| *Motor vehicles* | *5* |
| *Furniture and fixtures* | *5* |
| *Office equipment* | *5* |
| *Tools and equipment* | *5* |

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

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

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

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

b) *Accounting for leases (as a lessee)*

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

If the lease contains lease and non- lease components, the lessee has two options:

(1) Allocate the consideration in the combined contract to the lease and non-lease components on a relative standalone price basis. (2) If the lessee chooses to make an accounting policy election, to account it as a single lease, account both lease and non-lease components as a single lease.

Leases are accounted for by recognising a 'right-of-use asset' and a lease liability except for :

(1) Leases of low value assets;

(2) Leases with a duration of 12 months or less.

Lease liability

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the implicit rate inherent in the lease contract. If the implicit rate inherent in the lease is not readily determinable, the Company's incremental borrowing rate on the commencement of the lease is used. As time passes, the liability is increased by any interest charges on the outstanding liability and decreased by the lease payments made.

Right-of-use asset

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received and increased for :

1) Lease payments made at or before commencement of the lease

2) Initial direct cost incurred and :

3) The amount of any provision recognised when the Company is contractually required to dismantle, remove or restore the leased asset.



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Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, if this is judged to be shorter than the lease term. The details are as follows:

| | No. of years |
|---|---|
| Right-of-use asset- Building | 11 |

When the Company revises the estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflects the payments made for the revised term, which are discounted at the same discount rate that applied on the lease commencement.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate and index is revised. In both cases an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Transition approach

The Company adopted IFRS 16 -Leases with the transition date of 1/1/2019. The Company has chosen not to restate comparatives on adoption of IFRS 16 and used a modified retrospective approach, with recognition of transitional adjustments on the date of initial application (as on 1-1-2019) without restatement of comparative figures. The Company has elected to apply the practical expedient to not to reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to the existing lease contracts and lease contracts entered into on or after 1-1-2019.

c) *Inventories*

Inventories comprise of finished food products, sub recipes and consumables which are stated at cost or net realizable value whichever is lower. The cost of inventory is determined on the basis of weighted average method and comprises of invoice value and direct expenditure incurred in acquiring the inventory and bringing them to their existing location and condition.

d) *Payables*

Payables are stated at their nominal values, which are the fair values of the consideration to be paid in the future for goods and services received.

e) *Provisions*

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



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*f) Financial instruments*

IFRS 9 - Financial instruments introduces new requirements for (1) classification and measurement (2) impairment and (3) hedge accounting.

Initial measurement

On initial recognition, financial assets (except trade receivables) are measured at fair value. If the financial asset is not classified as fair value through profit or loss, any directly attributable transaction costs are adjusted against fair value.

Subsequent measurement

Classification and subsequent measurement requires consideration of :

1) The entity's business model. This refers to how the financial assets are managed to generate cash flows. (To collect contractual cash flows (i.e. interest and principal repayments), to sell financial assets or both); and

2) The contractual cash flow characteristics of the financial asset.

Once recognized, financial asset is subsequently measured at either:

I) Amortised cost

The financial assets is subsequently measured at amortized cost if it meets two conditions:

i) The business model is to hold financial assets to collect contractual cash flows; and

ii) The contractual terms give rise to cash flows on specified dates which are solely payments of principal and interest.

The financial assets arise principally from the provision of goods and services to customers (eg. trade receivables) but also incorporate other types of financial assets where the objectives is to hold these asset in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue. These financial assets are subsequently carried at amortised cost using the effective interest rate method less provision for impairment. Impairment provisions for current and non current trade receivables are recognised based on the simplified approach.

II) Fair value through other comprehensive income (FVOCI)

a) A financial asset that is debt instrument is measured at fair value through other comprehensive income if it meets two conditions:

i) The business model is to collect contractual cash flows and sell financial assets; and



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ii) The contractual terms give rise to cash flows on specified dates which are solely payments of principal and interest.

b) A financial asset that is equity investments which are not held for trading and which the Company has irrevocably elected at initial recognition to FVOCI is measured at FVOCI.

The Company doesn't hold any debt instruments or equity securities during the year.

III) Fair value through profit and loss account (FVTPL)

All other financial assets are measured at fair value through profit or loss which includes

i) Debt instruments that do not qualify for measurements at either at amortised cost or FVOCI

ii) Equity investments that are held for trading.

iii) Equity investments for which the Company has not elected FVOCI for initial recognition.

Also, any financial asset may be designated as "at fair value through profit or loss" in order to eliminate an accounting mismatch (i.e. where a linked financial liability is measured at fair value through profit or loss).

The Company's financial assets are classified and subsequent measurements has been made as per the details below :

| | |
|---|---|
| Trade & other receivables | Amortised cost |
| Other financial assets | Amortised cost |
| Cash and cash equivalents | Amortised cost |

*De recognition of financial assets*

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

(ii) Financial liabilities

Financial liabilities within the scope of IFRs 9 we classified as financial liabilities at fair value through profit and loss. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities initially recognises at fair value.

The financial liabilities of the Company are trade payables due to related parties, borrowings, loan from parent Company etc.

g) *Impairment of assets*

(i) *Financial assets*

At each date of statement of financial position, the Company assesses if there is any objective evidence indicating impairment of financial assets or non-collectability of receivables.

An impairment loss, if any, arrived at as a difference between the carrying amount and the recoverable amount, is recognized in the statement of profit or loss. The Company has the following types of financial assets that are subject to new Expected Credit Loss Model (ECL Model) under IFRS 9 :

Trade and other receivables
Other financial assets
Cash and cash equivalents
Due from related parties

For Trade receivables, the Company has applied simplified approach permitted by IFRS 9. Further, the simplified approach requires expected lifetime losses to be recognised from the initial recognition of the receivables. To measure the expected losses, trade receivables have been analysed on credit risk characteristics and past dues. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable appropriation of the loss rates for the contract assets. The impact of adopting the new ECL model was immaterial.

For cash and cash equivalents, other financial assets, due from related parties and other receivables, the Company has applied 12 month ECL model and the identified impairment loss was immaterial.

(ii) *Non-financial assets*

At each date of statement of financial position, the Company assesses if there is any indication of impairment of non-financial assets. If an indication exists, the Company estimates the recoverable amount of the asset and recognizes an impairment loss in the profit or loss statement. The Company also assesses if there is any indication that an impairment loss recognized in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognized immediately in the statement of profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.



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Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

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

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

*h) Foreign currency transactions*

Transactions in foreign currencies are translated to UAE Dirhams at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of statement of financial position are translated to UAE Dirhams at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to UAE Dirhams at the foreign exchange rates ruling at the dates the values were determined.

*i) Revenue recognition*

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

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

1. Identify contract with customers : A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and set out the criteria for every contract that must be met.



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

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

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

5. Recognise when or as the Company satisfies a performance obligation at a point in time or over a time.

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

1. The customer simultaneously receives and consumes the benefits provided by the Company as the Company performs ;

2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

3. The Company's performance does not create an asset with an alternate use to the Company and the Company has an enforceable right to payment for performance completed to date.

Where performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

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

*Sale of goods*

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

*Service income*

Service income and service cost associated with the services shall be recognized as revenue and expenses respectively by reference to the stage of completion of the service activity at the date of statement of financial position.



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*j) Value Added Tax*

As per the Federal decree Law No (8) of 2017, effective from January 1,2018, Value Added Tax (VAT ) is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person. The Company is required to file its VAT return and compute the tax payable (output tax liability less Input tax credit) for the allotted tax periods and remit the same within the prescribed due dates of filing the VAT returns and tax payment.

VAT charged on sales or services is not revenue of the Company and is seperately accounted as VAT payable/payable to government. Input tax incurred on expenses (tax recoverable) which can be claimed against VAT liability will be set off against the VAT payable account and net payments will be made to the Federal Tax Authority in compliance with UAE VAT Law.

*k) Employees' terminal benefits*

Employees' terminal benefits are provided for in accordance with the UAE Labour Law based on employees' salaries and number of years of service. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

*l) Cash and cash equivalents*

Cash and cash equivalents for the purpose of cash flows statement consist of cash on hand and cash at bank.

## 5. Judgments and key sources of estimation uncertainty

*Judgments*

While applying Company's accounting policies, which are described in note no. 4, management has made the following judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

*a) Employees' terminal benefits payable*

Employees' terminal benefits payable is grouped as non-current liability on the judgment that the employees of the Company will be continued in the future periods irrespective of the fact about their visa expiry date and other employment terms and conditions.

*b) Contingencies*

Contingent assets and liabilities are not recognized in the financial statements, but are disclosed unless the possibility of an inflow or outflow respectively of resources embodying economic benefits is remote.



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*Key sources of estimation uncertainty*

The key assumptions concerning the future, and the other key sources of estimation uncertainty at the date of 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:

a) *Property, plant and equipment*

Property, plant and equipment are depreciated over its estimated useful life, 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.

b) *Expected credit loss*

Management has estimated the recoverability of trade receivable balances and has considered the allowance required for doubtful debts based on the current economic environment and past default history.

c) *Shareholder current account in the nature of equity*

In making its judgement to classify shareholder current account as equity, management considered the detailed criteria and related guidance for the classification of financial instruments as set out in IAS 32 Financial Instruments: Presentation, in particular, whether the instrument includes a contractual obligation to deliver cash or another entity and whether it may be settled in the entity's own equity instrument. The shareholder current account has been classified under equity as the shareholders have provided these amounts to meet long terms capital requirements of the Company and these amounts have no repayment terms and are non-interest bearing. Furthermore, these amounts are repayable at the discretions of the Company.

5A. **Restatement**

While finalising the books of accounts and financial statements for the year 2018, the management is supposed to act in accordance with the transition requirements for adoption of IFRS 9 (para 7.2.15), and have to recognize the additional provisions required for doubtful receivables (mainly related party receivables) against opening retained earnings(when considering expected loss model instead of incurred loss model) effective from 1st January 2018. Instead the same has been considered as an adjustment against retained earnings during the year 2018. Therefore the management has decided to restate the financials by adopting the correct method and making the changes to opening retained earnings as of January 1, 2018.



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The following table reconciles the original measurement categories and carrying amounts in accordance with IAS 39 and the new measurement categories with those under IFRS 9 for the Company's financial assets as at 1st January 2018.

*(Amount in AED)*

| **Financial assets** | **Original carrying amount under IAS 39** | **Impact under IFRS 9** | **New carrying amount under IFRS 9** |
|---|---|---|---|
| Trade and other receivables | 9,057,162 | 4,167,006 | 4,890,156 |
| Related party balances | 14,560,520 | 13,651,449 | 909,071 |

The impact from the adoption of IFRS 9 as at 1st January 2018 has been to decrease the retained earnings by AED 17,818,455/-.

| | **Retained earnings** |
|---|---|
| Closing balance as at 31st December 2017 | 24,233,513 |
| Impact on recognition of expected credit losses | (17,818,455) |
| Opening balance as at 1st January 2018 | **6,415,058** |



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## 6. Property, plant and equipment

*(Amount in AED)*

| | Motor Vehicles | Furniture & fixtures | Office equipment | Tools & equipment | Total |
|---|---|---|---|---|---|
| **Cost :** | | | | | |
| As at December 31, 2018 | 398,470 | 399,929 | 320,951 | 125,895 | 1,245,245 |
| Additions during the year | 422,375 | 4,216 | 19,818 | 3,626 | 450,035 |
| As at December 31, 2019 | 820,845 | 404,145 | 340,769 | 129,521 | 1,695,280 |
| **Accumulated depreciation :** | | | | | |
| As at December 31, 2018 | 314,727 | 381,752 | 301,474 | 124,265 | 1,122,218 |
| Charges for the year | 78,955 | 6,719 | 17,490 | 1,192 | 104,356 |
| As at December 31, 2019 | 393,682 | 388,471 | 318,964 | 125,457 | 1,226,574 |
| **Net book value :** | | | | | |
| **As at December 31, 2019** | **427,163** | **15,674** | **21,805** | **4,064** | **468,706** |
| As at December 31, 2018 | 83,743 | 18,177 | 19,477 | 1,630 | 123,027 |

7. **Right-of-use asset**

*Lease Assets (as lessee)*

*(Amount in AED)*

| | Building | Total |
|---|---|---|
| **Cost :** | | |
| As at December 31, 2018 | - | - |
| Additions during the year | 840,102 | 840,102 |
| As at December 31, 2019 | 840,102 | 840,102 |
| **Accumulated depreciation :** | | |
| As at December 31, 2018 | - | - |
| Charges for the year | 76,209 | 76,209 |
| As at December 31, 2019 | 76,209 | 76,209 |
| **Net book value :** | | |
| **As at December 31, 2019** | **763,893** | **763,893** |
| As at December 31, 2018 | - | - |

*Lease Liabilities*

| | | |
|---|---|---|
| As at the beginning of the year | - | - |
| Additions during the year | 816,302 | 816,302 |
| Lease payments | (110,000) | (110,000) |
| **As at December 31, 2019** | **706,302** | **706,302** |
| **Non current lease liability** | | |
| Lease amount due after one year | 655,577 | 655,577 |
| **Current lease liability** | | |
| Lease amount due within one year | 50,725 | 50,725 |

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| | 31-12-2019 AED | 31-12-2018 AED |
|---|---|---|
| **8. Inventories** | | |
| Marine equipments and spare parts* | **3,721,896** | 6,431,895 |
| | **3,721,896** | 6,431,895 |

* It includes goods in transit of AED 383,670/-. Inventories does not include consignment inventory of pumps worth AED 2,375,335/- received from Bombas Azcue. The Company is the custodian of the pumps which were cleared from customs in its name under the consignment sales agreement. The right of ownership of these goods are held by Bombas Azcue until they are sold to the ultimate customer.

| | 31-12-2019 AED | 31-12-2018 AED |
|---|---|---|
| **9. Accounts and other receivables** | | |
| Trade receivables* | **11,625,652** | 9,118,450 |
| Less: Provision for doubtful debts | **(262,100)** | (101,544) |
| | **11,363,552** | 9,016,906 |
| Advance to suppliers | **1,488,334** | 439,962 |
| Bills receivable | **66,538** | - |
| Advance to staff | **63,399** | 394,445 |
| VAT receivable | - | 26,615 |
| Other receivable | **106,711** | 1,282,643 |
| | **13,088,534** | 11,160,571 |

Note: Trade receivables include AED 1,147,284/- (previous year AED 1,366,662/-/-) receivable from related parties (see note no. 16).

| *Age-wise analysis of trade receivable* | | |
|---|---|---|
| *0-90 days* | ***7,566,810*** | 6,014,661 |
| *91 to 180 days* | ***1,181,230*** | 765,094 |
| *181 to 365 days* | ***654,024*** | 180,198 |
| *More than 365 days* | ***2,223,588*** | 2,158,497 |
| | ***11,625,652*** | *9,118,450* |

| | | |
|---|---|---|
| **10. Deposits and prepayments** | | |
| Visa deposit | **190,425** | 148,800 |
| Other deposits | **26,423** | 60,181 |
| Prepaid rent | **68,230** | 56,963 |
| Other prepayments | **4,870** | 19,186 |
| | **289,948** | 285,130 |
| **11. Cash and bank** | | |
| Cash on hand | **14,196** | 32,077 |
| Bank balances | **2,060,169** | 533,636 |
| Margin deposit | - | 76,753 |
| | **2,074,365** | 642,466 |



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| | 31-12-2019 AED | 31-12-2018 AED |
|---|---|---|
| **12. Employees terminal benefits payable** | | |
| Opening balance | **616,141** | 659,280 |
| Add : Current year provision | **180,163** | 23,244 |
| Less : Reversal during the year | - | (39,122) |
| Less : Payment made during the year | **(413,680)** | (27,261) |
| | **382,624** | 616,141 |

13. **Statutory reserve**

In accordance with the Memorandum of Association and Article 103 of UAE Federal Law No.2 of 2015, a minimum of 10% of the net profit is allocated every year to a statutory reserve until the reserve equals 50% of the paid up capital. This reserve is not available for distribution.

| | 31-12-2019 AED | 31-12-2018 AED |
|---|---|---|
| **14. Finance lease (non-current liability)** | | |
| Vehicle loan (due after one year) | **233,683** | - |
| **Finance lease (current liability)** | | |
| Vehicle loan (due within one year) | **86,769** | 72,951 |
| **15. Due to bank (current liability)** | | |
| Trust receipts* | **301,457** | - |

**Bank facilities availed on the basis of personal guarantees/corporate guarantee of the shareholders, cash margin of 20% and assignment of insurance policy over stocks for AED 1,500,000/-.*

16. **Related party transactions**

The Company has in the ordinary course of business entered into certain financial transactions with entities or persons which fall within the definition of related parties as contained in International Financial Reporting Standards (IFRSs). The management decides on the terms and conditions of the transactions and services received / rendered from/to related party as well as on other charges. The balances due from/due to such parties which have been disclosed below are interest free, unsecured, and repayable at call (also see note nos. 9 & 17).

| | 31-12-2019 AED | 31-12-2018 AED |
|---|---|---|
| **Due to related parties** | | |
| Advance from directors | - | 450,780 |
| ***Significant related party transactions during the year*** | | |
| *Remuneration to directors (included in note no. 22)* | ***960,000*** | *390,000* |



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| | 31-12-2019 AED | 31-12-2018 AED |
|---|---|---|
| **17. Accounts and other payable** | | |
| Trade payables* | 5,347,390 | 9,030,089 |
| Advance from customers | 1,361,482 | 103,707 |
| Bills payable | 304,360 | - |
| VAT payable | 155,138 | - |
| Other payables | 177,855 | 46,860 |
| | 7,346,225 | 9,180,656 |

* Trade creditors include AED 183,160/- (previous year AED 550,542/-) payable to related parties (see note no.16).

| | 31-12-2019 AED | 31-12-2018 AED |
|---|---|---|
| **18. Accrued expenses** | | |
| Salary and allowances payable | 637,461 | 330,479 |
| Creditors for services | 7,500 | 7,500 |
| | 644,961 | 337,979 |

| | 2019 AED | 2018 AED |
|---|---|---|
| **19. Revenue** | | |
| Trading income | 23,109,058 | 15,435,673 |
| Service income | 12,407,605 | 583,611 |
| | 35,516,663 | 16,019,284 |
| **20. Direct cost of operations** | | |
| Opening inventories | 6,431,895 | 6,053,093 |
| Purchases and direct expenses | 23,704,891 | 11,803,972 |
| Less: Closing inventories | (3,721,896) | (6,431,895) |
| | 26,414,890 | 11,425,170 |
| **21. Other income** | | |
| Commission income | 110,516 | - |
| Miscellaneous income | 222,950 | 744,192 |
| | 333,466 | 744,192 |



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| | 2019 AED | 2018 AED |
|---|---|---|
| **22. General and administration expenses** | | |
| Salary and other allowances (see note no. 16) | **3,790,048** | 2,494,243 |
| Business promotion expenses | **866,232** | 406,114 |
| Travelling and conveyance expenses | **284,000** | 72,224 |
| License, legal and professional charges | **295,698** | 70,458 |
| Vehicle fuel and maintenance | **201,911** | 86,591 |
| Rent and hire charges | **163,407** | 156,141 |
| Repairs and maintenance | **115,453** | 54,074 |
| Visa expenses | **130,091** | 77,860 |
| Communication & utilities | **198,898** | 131,348 |
| IT charges | **83,325** | 99,356 |
| Insurance charges | **68,432** | 53,717 |
| Bad debts provisions/written off | **177,835** | - |
| Office and other expenses | **370,566** | 55,379 |
| | **6,745,896** | 3,757,505 |
| **23. Finance charges** | | |
| Bank charges | **48,570** | 31,288 |
| Interest & other finance charges | **187,912** | 87,334 |
| | **236,482** | 118,622 |

24. **Financial risk factors**

*Credit, interest and exchange rate risk*

*(i) Credit risk*

Financial assets, which potentially subject the Company to credit risk, comprises mainly of bank balances, deposits and receivables. Bank balances and deposits are with regulated financial institutions. The management is adopting continuous follow up measures to ensure collection of all receivables from customers within the credit period allowed. The receivables are fully recoverable (net of provisions) in the opinion of the management.

*(ii) Interest rate risk*

The Company has availed loan facilities from banks at the interest rate of 3moths EIBOR+6% and finance lease facilities at the fixed interest rate of 8.5% (approx.) per annum.

*(iii) Exchange rate risk*

There were no significant exchange rate risks as most of the financial assets and liabilities are denominated in UAE Dirham's & US Dollars except few transactions in Euro which results in net gain.



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25. **Comparative figures**

Certain previous year figures have been re-grouped or re-classified wherever considered necessary to conform with the current year presentation which does not affect the results of operations for the previous year (also see note no. 5A for restatement).

26. **Contingent liability**

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability on Company's accounts as of date of statement of financial position.

27. **Significant events after the date of statement of financial position**

There were no significant events occurring after the date of statement of financial position which require disclosure in the financial statements.

The Report of the Auditors is set out on pages 4 to 6.

These financial statements on pages 7 to 33 were approved by the Directors on May 05, 2020 and signed by:

***Technology Ventures Middle East (FZC)***

*Authorised signatory*