HCL Technologies Middle East FZ-LLC

FINANCIAL STATEMENTS

31 MARCH 2019

HCL Technologies Middle East FZ-LLC
215, Floor-02,
Building-15
Dubai Internet City,
United Arab Emirates
www.hcltech.com

DIRECTORS' REPORT

The Directors of HCL Technologies Middle East FZ-LLC (the "Company") present their report and audited financial statements for the year ended 31 March 2019.

ACTIVITIES

The principal activities of the Company are to provide IT, software, telecommunication and network services.

RESULTS AND DIVIDENDS

During the year, the Company has generated revenue amounting to AED 27,393,786 (2018: AED 27,443,962) and profit for the year is AED 1,765,806 (2018: AED 1,694,678). No dividends have been declared or paid during the year (2018: AED nil).

AUDITORS

A resolution to reappoint Ernst & Young as auditors for the ensuing year will be put to the members at the Annual General Meeting.

Mr. Sundaram Sridharan
Director

27 JUN 2019

Dubai, United Arab Emirates

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF HCL TECHNOLOGIES MIDDLE EAST FZ-LLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HCL Technologies Middle East FZ-LLC (the "Company") which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in compliance with the applicable provision of the Company's Articles of Association and in accordance with Dubai Creative Clusters Private Companies Regulations 2016 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF HCL TECHNOLOGIES MIDDLE EAST FZ-LLC (continued)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF HCL TECHNOLOGIES MIDDLE EAST FZ-LLC (continued)

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the financial statements of the Company have been properly prepared, in all material respects, in accordance with the provisions of the Dubai Creative Clusters Private Companies Regulations 2016.

For Ernst & Young

T.S. Hari Gopal

Signed by:
Thodla Hari Gopal
Partner
Registration number: 689

7 July 2019

Dubai, United Arab Emirates

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	***2019 AED***	*2018 AED*
Revenue	4	**27,393,786**	27,443,962
Cost of revenue		**(20,534,378)**	(21,570,997)
GROSS PROFIT		**6,859,408**	5,872,965
General and administrative expenses		**(5,031,624)**	(3,904,096)
Finance cost		**(61,978)**	(274,191)
PROFIT FOR THE YEAR	5	**1,765,806**	1,694,678
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,765,806**	1,694,678

The attached notes 1 to 14 form part of these financial statements.

HCL Technologies Middle East FZ-LLC

STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 AED	2018 AED
ASSETS			
Non-current assets			
Equipment	6	**111,682**	128,793
Intangible assets	7	**581,374**	-
		693,056	128,793
Current assets			
Inventories		**7,170**	24
Accounts receivable and prepayments	8	**11,850,600**	5,292,780
Amounts due from related parties	12	**4,299,385**	3,080,680
Bank balances		**2,539,398**	8,562,509
		18,696,553	16,935,993
TOTAL ASSETS		**19,389,609**	17,064,786
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**3,650,000**	3,650,000
Retained earnings/ accumulated losses		**813,840**	(951,966)
Total equity		**4,463,840**	2,698,034
Non-current liability			
Employees' end of service benefits	10	**309,450**	125,084
Current liabilities			
Accounts payable and accruals	11	**2,894,546**	1,138,411
Loans from related parties	12	**1,119,985**	1,154,026
Amounts due to related parties	12	**10,601,788**	11,949,231
		14,616,319	14,241,668
TOTAL LIABILITIES		**14,925,769**	14,366,752
TOTAL EQUITY AND LIABILITIES		**19,389,609**	17,064,786

Mr. Sundaram Sridharan
Director

The attached notes 1 to 14 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2019

	Share capital AED	*Retained earnings/ accumulated losses AED*	*Total AED*
As at 1 April 2017	200,000	(2,646,644)	(2,446,644)
Additional capital contribution (note 9)	3,450,000	-	3,450,000
Total comprehensive income for the year	-	1,694,678	1,694,678
Balance at 31 March 2018	3,650,000	(951,966)	2,698,034
Total comprehensive income for the year	-	1,765,806	1,765,806
Balance at 31 March 2019	**3,650,000**	**813,840**	**4,463,840**

The attached notes 1 to 14 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 March 2019

	Notes	2019 AED	2018 AED
OPERATING ACTIVITIES			
Profit for the year		**1,765,806**	1,694,678
Adjustments for:			
Depreciation of equipment	6	**42,641**	41,419
Amortisation of intangible assets	7	**191,641**	-
Provision for employees' end of service benefits	10	**211,103**	80,845
Finance cost		**61,978**	142,217
		2,273,169	1,959,159
Working capital adjustments:			
Inventories		**(7,146)**	5,814,678
Accounts receivable and prepayments		**(6,557,820)**	2,434,853
Amounts due from related parties		**(1,218,705)**	579,646
Accounts payable and accruals		**1,756,135**	(680,221)
Amounts due to related parties		**(1,347,443)**	(507,891)
Cash (used in) / from operations		**(5,101,810)**	9,600,224
Employees' end of service benefits paid	10	**(26,737)**	(10,827)
Finance cost paid		**(61,978)**	(142,217)
Net cash flows (used in) / from operating activities		**(5,190,525)**	9,447,180
INVESTING ACTIVITIES			
Purchase of equipment	6	**(25,530)**	(50,389)
Purchase of intangible assets	7	**(773,015)**	-
Cash flows used in investing activities		**(798,545)**	(50,389)
FINANCING ACTIVITIES			
Net movement in loans from related parties		**(34,041)**	(5,053,181)
Capital increased during the year		-	3,450,000
Net cash flows used in financing activities		**(34,041)**	(1,603,181)
(DECREASE) / INCREASE IN BANK BALANCES		**(6,023,111)**	7,793,610
Bank balances at beginning of the year		**8,562,509**	768,899
BANK BALANCES AT END OF THE YEAR		**2,539,398**	8,562,509

The attached notes 1 to 14 form part of these financial statements.

1 ACTIVITIES

HCL Technologies Middle East FZ-LLC (the "Company") is a free zone limited liability company incorporated in Emirate of Dubai under provision of the Dubai Creative Clusters Private Companies Regulations 2016 and is subject to the laws, rules and regulations of the Dubai Creative Clusters Authority, Dubai, UAE replacing the existing Dubai Technology and Media Free Zone Private Companies Regulations 2003 issued under Law No. (1) of 2000.

The Company is a 100% owned subsidiary of HCL Bermuda Ltd (the "Parent Company"), a company incorporated in the Bermuda under Company Registration number EC 24219. The Parent Company is a subsidiary of HCL Technologies Limited (the "Ultimate Parent Company"), a listed company registered in India.

The principal activities of the Company are to provide IT, software and telecommunication network services.

These financial statements comprise the operations carried out in the name of HCL Technologies Middle East FZ-LLC and its branch, HCL Technologies Middle East FZ LLC Dubai Branch ("the Branch"). The Branch was incorporated from 21 June 2015, however the operations have commenced on 25 April 2016.

The financial statements were authorized for issue on 27 June 2019.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and applicable provision of Dubai Creative Clusters Private Companies Regulations 2016 and the Articles of Association of the Company.

The financial statements have been presented in United Arab Emirates Dirhams (AED), which is the functional and the presentation currency of the Company.

The financial statements are prepared under the historical cost convention.

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations effective for annual period beginning on or after 1 January 2018

The Company applied for the first-time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2018. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

- IFRS 9 Financial Instruments: Classification and Measurement, impairment and hedge accounting;
- IFRS 15 Revenue from Contracts with Customers;
- Amendments to IFRS 2 Classification and measurement of Share-based Payment Transactions;
- Amendments to IAS 40 Transfers of Investment Property;
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations;
- Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice;
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

The nature and effect of the changes as a result of adoption of IFRS 9 and IFRS 15 are described below. The other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Company.

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

New and amended standards and interpretations effective for annual period beginning on or after 1 January 2018 (continued)

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied IFRS 9, with the initial application date of 1 April 2018 and has not restated the comparative information, which continues to be reported under IAS 39. The Company assessed that there is no significant impact on its statement of financial position or equity on applying the classification, measurement and impairment requirements of IFRS 9. Further, the Company has no other items of the primary financial statements such as deferred taxes, assets held for sale and liabilities associated with them, investments in the associate and joint venture that need to be adjusted as necessary. Consequently, IFRS 9 does not have a significant impact on the financial statements of the Company.

Classification and measurement
There is no impact on the financial statements resulting from the Company applying the classification and measurement requirements of IFRS 9.

Impairment
The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Company to measure and recognise expected credit losses on all applicable financial assets and contract assets arising from IFRS 15 'Revenue from Contracts with Customers' e.g. trade receivables, contract assets, and bank balances, either on a 12-month or lifetime expected loss basis. The Company has applied the simplified approach and recorded lifetime expected losses on all trade receivables, contract assets and bank balances.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018.

The adoption of IFRS 15 does not have a significant impact on the measurement or timing of revenue recognition of the Company. Hence, no adjustment to the opening retained earnings as at 1 April 2018 is required and therefore, comparative information was not required to be restated and continued to be reported under IAS 18 and related interpretations.

During the year, the Company performed assessment of the application of IFRS 15 on the following main streams of revenue:

(a) Services revenue
The Company does not normally enter into contracts with customers with variable consideration and significant financing component to provide a right of return, trade discounts or volume rebates. Based on management's assessment of the contractual agreements with customers, the application of IFRS 15 doesn't have a material impact on the Company's revenue recognition.

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

New and amended standards and interpretations effective for annual period beginning on or after 1 January 2018 (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

(a) Services revenue (continued)

Principal versus agent considerations
The Company has concluded that it operates as principal in all its contracts with customers. There is no transition impact at 1 April 2018.

Presentation and disclosure requirements
As required for the financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to note 4 for the disclosure on disaggregated revenue.

Standards issued but not yet effective
The new and amended standards and interpretations that are issued as listed below, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company is currently assessing the impact of these standards on the future financial statements and intends to adopt these new and amended standards, if applicable, when they become effective.

IFRS 10 and IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, but an entity that early adopts the amendments must apply them prospectively);
IFRS 16	Leases: Lessees required to recognise a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term (effective for annual periods beginning on or after 1 January 2019).
IFRS 17	Insurance Contracts (effective for reporting periods beginning on or after 1 January 2021);
IFRS 9	Prepayment Features with Negative Compensation (amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted);
IAS 19	Plan Amendment, Curtailment or Settlement (amendments are effective from 1 January 2019, with earlier application permitted);
IAS 28	Long-term interests in associates and joint ventures (amendments are effective from 1 January 2019, with earlier application permitted);

Annual Improvements 2014-2016 Cycle: (issued in December 2016)
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

Annual Improvements 2015-2017 Cycle: (issued in December 2017)
- IFRS 3 Business Combinations
- IFRS 11 Joint Arrangements
- IAS 12 Income Taxes
- IAS 23 Borrowing Costs

The nature and effect of the changes as a result of adoption of IFRS 16 is described below.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

Standards issued but not yet effective (continued)

IFRS 16 Leases (continued)
Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17. The Company is currently assessing the impact of this standard and plans to adopt IFRS 16 modified retrospectively. However, it is not practical to provide a reasonable estimate of effects of the application of the standards until the Company performs a detailed review.

Transition to IFRS 16
The Company plans to adopt IFRS 16 modified retrospectively to each prior reporting period presented. The Company will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
Applicable from 1 April 2018
The Company is in the business of providing IT, software and telecommunication network services. Revenue from sale of goods is recognised at the point in time when the control of the goods is transferred to the customer, generally on delivery of the goods. Revenue from services is recognised at the point in time when the services is provided to the customer.

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Applicable before 1 April 2018
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue 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, excluding discounts, rebates and taxes. The Company assesses its revenue arrangements against specific criteria in order to determine it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised.

Rendering of services
Revenue from the installation of IT and related equipment is recognized by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. This is generally during the early stages of installation where the IT and related equipment need to pass through the customer's quality testing procedures as part of the installation.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
Applicable before 1 April 2018 (continued)

Sale of goods
Revenue from sales of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably normally on delivery to the customer.

Maintenance services
Revenue from maintenance and consultancy contracts is recognised evenly over the periods of the respective contracts.

Deferred income represents the amount invoiced to the customer against which the goods and services have not yet been provided.

Value-added Tax (VAT)
Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Equipment
Equipment is initially stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful lives of assets as follows:

Computer	over 5 years

Equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceeds their recoverable amount, an impairment loss is recognised in the statement of comprehensive income. The recoverable amount is the higher of an asset's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Expenditure incurred to replace a component of an item of equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in statement of comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income and when the asset is derecognised.

Intangible assets include IT software with useful life of 3 years.

Amortisation is calculated on a straight line basis.

Impairment of non-financial assets
The Company 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 Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 available. 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 entities or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment of inventories, are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition. Cost of spare parts and consumables is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated cost necessary to make the sale. Damaged and obsolete inventories are written off.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification
The Company presents assets and liabilities in statement of financial position based on current / non-current classification. An asset as current when it is:

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

The Company classifies all other liabilities as non-current

Financial instruments-initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument at another entity.

i) Financial assets

Initial recognition and measurement
Applicable from 1 April 2018
The Company has adopted IFRS 9 Financial Instruments with effect from 1 April 2018. Accordingly, financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, contract assets and bank balances that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables or contract assets that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include trade and other receivables, bank balances and amounts due from related parties which are carried at amortised cost.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments-initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Initial recognition and measurement (continued)
Applicable before 1 April 2018
The financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets as at 31 March 2018 include trade and other receivables, bank balances and amounts due from related parties. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income.

Subsequent measurement
Applicable from 1 April 2018
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss - The Company has not designated any financial asset as fair value through profit or loss;
- Financial assets at amortised cost (debt instruments) – The Company subsequently measures financial assets at amortised cost using EIR method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognized, modified or impaired;
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) - The Company has not designated any financial asset at fair value through OCI with recycling of cumulative gains and losses; and
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) - The Company has not designated any financial asset at fair value through OCI with no recycling of cumulative gains and losses upon derecognition.

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 Company's financial assets at amortised cost includes bank balance, trade receivables, other receivables and amounts due from related parties.

Applicable before 1 April 2018
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets

As at 31 March 2018, the Company has no financial assets at fair value through profit or loss; held-to-maturity investments or AFS financial assets.

Financial assets as at 31 March 2018 include bank balance, trade receivables, contract asset, other receivables and due from related parties. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments-initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
Applicable from 1 April 2018
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, contract assets bank balances and due from related parties, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the statement of comprehensive income.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments-initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Impairment of financial assets
Applicable before 1 April 2018
The Company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, amounts due to related parties and other payables and accruals.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss.
- Loans and borrowings.

Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category applies to trade and other payables and due to related parties which are classified as loans and borrowings.

The measurement of financial liabilities depends on their classification as described below:

Accounts payable and due to related parties
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments-initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

iii) Offsetting of financial instruments

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

iv) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same.
- A discounted cash flow analysis or other valuation models.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employees' end of service benefits
The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Foreign currency translation
Transactions in foreign currencies are initially recorded by the company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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

3.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Financial risk management objective and policies — Note 13
- Capital management — Note 13

Judgements
In the process of applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments-Company as lessee
The Company has entered into lease agreements for certain properties. The Company has determined, based on an evaluation of the terms and conditions of the lease agreements, that the Company will not be able to obtain the ownership by the end of the lease term and so accounts for the lease contracts as operating leases.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Allowance for expected credit losses of trade receivables, contract assets bank balance and amounts due from related parties
Applicable from 1 April 2018
The Company uses a provision matrix to calculate ECLs for trade receivables, contract assets bank balances and due from related parties. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

As at the date of the statement of financial position, gross trade accounts receivable was AED 10,821,835 (2018: AED 5,140,024) and the provision for expected credit losses was AED 477,755 (2018: AED 241,046).

As at the date of the statement of financial position, due from related parties were AED 4,299,385 (2018: AED 3,080,680) with no provision for expected credit losses as of 31 March 2019 and 2018.

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

At the statement of financial position date, inventories (excluding goods in transit) were AED 7,170 (2018: AED 24) with no provision for old and obsolete inventories as of 31 March 2019 and 2018.

Useful lives of equipment
The Company's management determines the estimated useful lives of its equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates. The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate

Useful lives of intangible assets with finite lives
The Company's management determines the estimated useful lives of its intangible assets for calculating amortisation. This estimate is determined after considering the expected usage of intangible assets. Management reviews the residual value and useful lives annually and future amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2019 *AED*	*2018* *AED*
Revenue from contracts with customers		
Sale of goods	**9,176**	6,595,992
Service income	**27,384,610**	20,847,970
	27,393,786	27,443,962
Geographical market		
United Arab Emirates	**27,393,786**	27,443,962
Timing of revenue recognition		
Good transferred at a point in time	**9,176**	6,595,992
Service provided over time	**27,384,610**	20,847,970
	27,393,786	27,443,962

5 PROFIT FOR THE YEAR

The profit for the year is stated after charging:

	2019	*2018*
	AED	*AED*
Consultant costs	**9,086,046**	12,432,254
Employee cost:		
Cost of revenue	**8,056,115**	2,462,287
General and administrative expenses	**2,626,405**	1,650,068
	10,682,520	4,112,355
Inventories recognised in cost of revenue	**17,905**	5,813,948
Rental – operating leases	**250,288**	246,997
Depreciation (note 6)	**42,641**	41,419
Amortisation (note 7)	**191,641**	-

6 EQUIPMENT

	Computer	*Total*
	AED	*AED*
Cost:		
At 1 April 2018	207,042	207,042
Additions	25,530	25,530
At 31 March 2019	**232,572**	**232,572**
Depreciation:		
At 1 April 2018	78,249	78,249
Charge for the year	42,641	42,641
At 31 March 2019	**120,890**	**120,890**
Net book value:		
At 31 March 2019	**111,682**	**111,682**

	Computer	*Total*
	AED	*AED*
Cost:		
At 1 April 2017	156,653	156,653
Additions	50,389	50,389
At 31 March 2018	207,042	207,042
Depreciation:		
At 1 April 2017	36,830	36,830
Charge for the year	41,419	41,419
At 31 March 2018	78,249	78,249
Net book value:		
At 31 March 2018	128,793	128,793

7 INTANGIBLE ASSETS

	2019 AED	*2018* AED
Cost:		
Additions and at 31 March	**773,015**	-
Amortisation:		
Charge for the year and at 31 March	**191,641**	-
Net carrying amount:		
At 31 March	**581,374**	-

Intangible assets represent cost incurred for IT software.

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2019 AED	*2018* AED
Trade receivables	**10,344,080**	4,898,978
Contract assets - unbilled receivables	**920,550**	-
Staff receivables	**212,974**	246,197
Prepayments	**358,510**	141,355
Deposits and other receivables	**14,486**	6,250
	11,850,600	5,292,780

As at 31 March 2019, Company has provision for expected credit losses of AED 477,755 against the trade receivables (2018: AED 241,046).

	2019 AED	*2018* AED
At the beginning of the year	**241,046**	245,633
Provision for expected credit losses for the year	**236,709**	-
Written off during the year	-	(4,587)
At 31 March	**477,755**	241,046

The information about the credit exposure is disclosed in Note 13.

9 SHARE CAPITAL

	2019 AED	*2018* AED
Authorised, issued and fully paid:		
3,650 shares (2018: 3,650 shares) of AED 1000 each	**3,650,000**	3,650,000

During the year 2018, the share capital was increased by AED 3,450,000 by issue of 3,450 additional shares of AED 1,000.

10 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognized in the statement of financial position are as follows:

	2019 AED	*2018 AED*
Balance at 1 April	**125,084**	55,066
Provided during the year	**211,103**	80,845
End of service benefits paid	**(26,737)**	(10,827)
Balance at 31 March	**309,450**	125,084

11 ACCOUNTS PAYABLE AND ACCRUALS

	2019 AED	*2018 AED*
Trade payables	**30,979**	14,070
Accrued expenses	**1,310,831**	826,027
Other payables	**1,552,736**	298,314
	2,894,546	1,138,411

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of two to three months.

For explanations on the Company's liquidity risk management processes, refer to note 13.

12 RELATED PARTY TRANSACTIONS

Related parties represent the shareholders, directors and key management personnel, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

a) Transactions with related parties represent transactions with the Ultimate Parent Company or entities owned by Ultimate Parent Company and are as follows:

	2019 AED	*2018 AED*
Ultimate Parent Company		
Consulting charges	**6,538,076**	386,526
Service income	**2,114,912**	866,037
Parent Company and other related parties		
Consulting charges	**2,823,658**	11,666,752
Finance costs	**40,207**	142,217
	2,863,865	11,808,969
Service income	**4,522,254**	4,050,350

12 RELATED PARTY TRANSACTIONS (continued)

b) Balances with related parties included in the statement of financial position are as follows:

	2019		*2018*	
	Due from related parties AED	*Due to related parties AED*	*Due from related parties AED*	*Due to related parties AED*
Ultimate Parent Company	**810,603**	**8,367,142**	-	4,848,450
Other related parties	**3,488,782**	**2,234,646**	3,080,680	7,100,781
At 31 March	**4,299,385**	**10,601,788**	3,080,680	11,949,231

Outstanding balances at the year-end arise in the normal course of business, these are unsecured, interest free and settlement occurs in cash. For the year ended 31 March 2019, there was no impairment of amount owned by related parties (2018: AED Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

c) Loans from related parties
The Company has obtained loans from its Parent Company and a related party of AED 1,129,116 (2018: AED 1,115,312) and AED Nil (2018: AED 38,714), respectively for its operations. The loans carry interest at LIBOR plus 100 basis points, are unsecured and repayable on demand.

d) Compensation of key management personnel:
The key management functions are performed by a related party and no costs are recharged to the Company for these services.

13 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks i.e. interest rate risk, credit risk, liquidity risk and currency risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's principal financial liabilities comprise accounts payable and accruals, due to related parties and loans from related parties. The Company has various financial assets such as trade receivables, amounts due from related parties and bank balances which arise directly from its operations.

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

The main risk arising from the Company's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

Credit risk
Credit risk refers to the risk arising from default by a counterparty on its contractual obligations resulting in financial loss to the Company.

The Company is exposed to credit risk on its bank balances, trade receivables, amounts due from related parties, staff receivables and deposits which are as follows:

	2019 AED	*2018 AED*
Bank balances	**2,539,398**	8,562,509
Trade receivables	**10,344,080**	4,898,978
Amounts due from related parties	**4,299,385**	3,080,680
Contract assets - unbilled receivables	**920,450**	-
Staff receivables	**212,974**	246,197
Deposits and other receivables	**14,486**	6,250
	18,330,773	16,794,614

13 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Bank balances
Credit risk from balances with banks is managed by the Company's finance department in accordance with the Company's policy. Counterparty credit limits are reviewed and updated throughout the year. The Company limits its credit risk with regard to bank balance by dealing only with reputable banks.

Trade receivables
Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal criteria. Outstanding customer receivables are regularly monitored. At 31 March 2019, five largest customers form 68% of outstanding trade receivables (2018: 99%). The requirement for an impairment is analysed at each reporting date on an individual basis for major clients.

Amount due from related parties
Based on past experience of the Company, balances with related parties are settled regularly and there is no history of significant write-off of receivables from related parties. As of 31 March 2019 and 2018, outstanding balance pertains to current year transactions.

Applicable from 1 April 2018
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for balances of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the company's trade receivables using a provision matrix

		Days past due					
	Current AED'000	*31 - 60 days AED'000*	*61 - 90 days AED'000*	*91-120 days AED'000*	*121-365 days AED'000*	*>365 days AED'000*	*Total AED'000*
Expected credit loss rate	-	-	-	-	-	**87%**	-
Estimated total gross carrying amount at default	**4,447,153**	**1,877,378**	**216,684**	**2,728,710**	**1,003,494**	**548,416**	**10,821,835**
Estimated credit loss	-	-	-	-	-	**477,755**	**477,755**

Applicable before 1 April 2018
The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.
As at 31 March 2018, the ageing of trade receivables is as follows:

			Past due but not impaired				
	Total AED	*Neither past due nor impaired AED*	*<30 days AED*	*31 – 60 days AED*	*61 – 150 days AED*	*151 – 365 days AED*	*> 365 days AED*
2018	4,898,978	3,742,416	36,597	-	115,033	995,304	9,628

13 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity risk by ensuring funds from the related parties are available. Trade payables are normally settled within 30 to 60 days of the date of purchase.

At 31 March 2019

	Less than 3 months AED	***3 to 12 months AED***	***Total AED***
Accounts payable and accruals	**2,894,546**	**-**	**2,894,546**
Amounts due to related parties	**10,601,788**	**-**	**10,601,788**
Loan from related parties	**-**	**1,170,329**	**1,170,329**
	13,496,334	**1,170,329**	**14,666,663**

At 31 March 2018

	Less than 3 months AED	*3 to 12 months AED*	*Total AED*
Accounts payable and accruals	1,138,411	-	1,138,411
Amounts due to related parties	11,949,231	-	11,949,231
Loan from related parties	-	1,176,876	1,176,876
	13,087,642	1,176,876	14,264,518

Interest rate risk

The Company is exposed to interest rate risk on its interest bearing liability (loans from related parties).

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the Company's loss for one year, based on the floating rate financial liability held at 31 March.

There is no impact on the Company's equity.

	Increase/ (decrease) in basis points	*Effect on profit/(loss) for the year increase/(decrease) AED*
2019	**50**	**(5,645)**
	(50)	**5,645**
2018	50	(5,770)
	(50)	5,770

13 FINANCIAL RISK MANAGEMENT (continued)

Currency risk
The Company is not exposed to significant currency risk as almost all the transactions and balances are denominated in USD or AED. AED is currently pegged to USD.

Capital management
The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize value to the shareholder. No changes were made in the objective, policies or processes during the year ended 31 March 2019 and 31 March 2018.

The Company manages its capital structure and makes adjustments to it, in light of changes in business conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholder, return capital to the shareholder or issue new shares. Capital comprises share capital and retained earnings, and is measured at equity of AED 4,463,840 as at 31 March 2019 (2018: AED 2,698,034).

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances, amounts due from related parties, trade and other receivables. Financial liabilities consist of trade and other payables, amounts due to related parties and loans from related parties.

The fair values of financial instruments are not materially different from their carrying values largely due to the short-term maturities of these instruments.