Sterling and Wilson Middle East Solar Energy L.L.C
Dubai

Financial Statements
31 March 2022

Managing Director's Report

The Managing Director has pleasure in submitting the report and accounts of Sterling and Wilson Middle East Solar Energy L.L.C, Dubai ("the Company") for the year ended 31 March 2022.

LEGAL STATUS

The Company is a limited liability company incorporated in the Emirate of Dubai under Federal Law No. (2) of 2015 and its subsequent amendments.

On 20 September 2021, the UAE Federal Law No. (32) of 2021 was issued and came into effect on 2 January 2022, which repealed the Federal Law No 2 of 2015.

The principal activities of the Company are trading, installation and rental of solar energy systems.

The principal place of business is located at Office Nos. 1803-1804, Park Place Building, Sheikh Zayed Road, Dubai.

OPERATING RESULTS

During the year under review, the Company achieved a turnover of AED 15,418,752 and a loss of AED 20,719,160 against a turnover of AED 39,567,263 and a loss of AED 1,092,170 in the previous year.

SHAREHOLDING

The shareholding pattern of the Company at the end of the year under review was as follows:

Name of shareholder	Shareholding %	
	2022	2021
Sterling and Wilson International Solar FZCO	**100%**	51%
Mr. Ahmad Mohammed Jassim Al Jassim	--	49%
	100%	100%

During the year, the shareholding interest of Mr. Ahmad Mohammed Jassim Al Jassim has been transferred to Sterling and Wilson International Solar FZCO and as a result the Company is now wholly-owned by Sterling and Wilson International Solar FZCO.

AUDITORS

Messrs Moore Stephens, the auditors of the Company, have indicated their willingness to continue in office.

Neville Madan
Managing Director
6 April 2022

MOORE

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF STERLING AND WILSON MIDDLE EAST SOLAR ENERGY L.L.C, DUBAI

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sterling and Wilson Middle East Solar Energy L.L.C, Dubai ("the Company"), which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in shareholder's funds and statement of cash flows for the year then ended and notes to the financial statements, including the significant accounting policies, set out on pages 4 to 24.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Managing Director's report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in compliance with the applicable requirements of the UAE Commercial Companies Law of 2015 and the Articles of Association of the Company, 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.

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.

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MOORE

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
STERLING AND WILSON MIDDLE EAST SOLAR ENERGY L.L.C, DUBAI (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)
As part of an audit in accordance with ISAs, we exercise professional judgement 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Regulatory Requirements
In our opinion, the financial statements include, in all material respects, the applicable requirements of the UAE Commercial Companies Law of 2015 and the Articles of Association of the Company. We have obtained all information and explanations which are necessary for the purpose of the audit and to the best of our knowledge and belief no violation of the UAE Commercial Companies Law of 2015 and the Articles of Association of the Company came to our attention which would materially affect the Company's financial position.

In our opinion, the Company has maintained proper books of account and the accompanying financial statements are in agreement therewith.

Moore Stephens

Moore Stephens

Farad K. Lakdawala
Registration No. 341

Dubai, United Arab Emirates
6 April 2022

Statement of comprehensive income

(stated in AED)

	Note	2022	2021
Income			
Revenue from contracts with customers	3.3 a) & 4	**15,418,752**	39,567,263
Direct costs	5	**(21,170,163)**	(24,675,605)
Gross (loss)/profit		**(5,751,411)**	14,891,658
Other income	6	**504,357**	73,950
		(5,247,054)	14,965,608
Expenses			
General and administration	7	**14,284,676**	12,053,690
Impairment losses on financial assets	19.1 b)	--	1,692,485
Finance charges	8	**11,556**	12,260
Depreciation	9	**963,220**	2,379,874
		15,259,452	16,138,309
(Loss) for the year		**(20,506,506)**	(1,172,701)
Other comprehensive (loss)/income:			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement (loss)/gain on employees' terminal benefits obligations	15	**(212,654)**	80,531
Other comprehensive (loss)/income for the year		**(212,654)**	80,531
Total comprehensive (loss) for the year		**(20,719,160)**	(1,092,170)

The attached notes 1 to 20 form part of these financial statements.

Statement of financial position

(stated in AED)

	Note	2022	2021
Assets			
Non-current assets			
Property and equipment	9	**488,076**	1,867,458
Total non-current assets		**488,076**	1,867,458
Current assets			
Accounts and other receivables	10	**51,003,311**	135,666,747
Bank and cash balances	11	**39,433**	1,069,433
Total current assets		**51,042,744**	136,736,180
Total assets		**51,530,820**	138,603,638
Shareholder’s funds and liabilities			
Shareholder’s funds			
Share capital	12	**300,000**	300,000
Legal reserve	13	**150,000**	150,000
Shareholder’s current account	14	**--**	(153,000)
Retained earnings		**30,676,776**	51,395,936
Total shareholder’s funds		**31,126,776**	51,692,936
Liabilities			
Non-current liabilities			
Employees’ terminal benefits – non-current portion	15	**1,767,042**	1,329,785
Total non-current liabilities		**1,767,042**	1,329,785
Current liabilities			
Employees’ terminal benefits – current portion	15	**52,152**	21,940
Lease liabilities	16	**303,994**	357,317
Accounts and other payables	17	**18,280,856**	85,201,660
Total current liabilities		**18,637,002**	85,580,917
Total liabilities		**20,404,044**	86,910,702
Total shareholder’s funds and liabilities		**51,530,820**	138,603,638

The attached notes 1 to 20 form part of these financial statements.

Neville Madan
Managing Director
6 April 2022

Statement of changes in shareholder's funds

(stated in AED)

	Share capital	Legal reserve	Shareholder's current account	Retained earnings	Total
Balance at 1 April 2021	**300,000**	**150,000**	**(153,000)**	**51,395,936**	**51,692,936**
(Loss) for the year	**--**	**--**	**--**	**(20,506,506)**	**(20,506,506)**
Other comprehensive (loss) for the year	**--**	**--**	**--**	**(212,654)**	**(212,654)**
Total comprehensive (loss) for the year	**--**	**--**	**--**	**(20,719,160)**	**(20,719,160)**
Net movement during the year	**--**	**--**	**153,000**	**--**	**153,000**
Balance at 31 March 2022	**300,000**	**150,000**	**--**	**30,676,776**	**31,126,776**

	Share capital	Legal reserve	Shareholder's current account	Retained earnings	Total
Balance at 1 April 2020 (Unaudited)	300,000	150,000	(153,000)	52,488,106	52,785,106
(Loss) for the year	--	--	--	(1,172,701)	(1,172,701)
Other comprehensive income for the year	--	--	--	80,531	80,531
Total comprehensive (loss) for the year	--	--	--	(1,092,170)	(1,092,170)
Balance at 31 March 2021	300,000	150,000	(153,000)	51,395,936	51,692,936

The attached notes 1 to 20 form part of these financial statements.

Statement of cash flows

(stated in AED)

	Note	2022	2021
Cash flows from operating activities			
(Loss) for the year		**(20,506,506)**	(1,172,701)
Adjustments for:			
Depreciation	9	**963,220**	2,379,874
Impairment losses on financial assets	19.1 b)	**--**	1,692,485
(Gain) on sale of property and equipment	6	**(496,722)**	(61,094)
Interest on lease liabilities	8, 16	**11,556**	12,260
Provision for employees' terminal benefits	15	**567,963**	522,743
Capital work-in-progress charged to general and administration expenses		--	12,099
Cash flows (used in)/from operations before working capital changes		**(19,460,489)**	3,385,666
Decrease/(increase) in accounts and other receivables		**84,663,437**	(14,324,897)
(Decrease)/increase in accounts and other payables		**(66,920,805)**	12,629,902
Employee's terminal benefits paid	15	**(313,148)**	(262,564)
Net cash (used in)/from operating activities		**(2,031,005)**	1,428,107
Cash flows from investing activities			
Purchase of property and equipment (excluding right-of-use assets)	9	**--**	(97,744)
Proceeds from sale of property and equipment		**1,514,906**	63,697
Net cash from/(used in) investing activities		**1,514,906**	(34,047)
Cash flows from financing activities			
Payment of lease liabilities and interest	16	**(666,901)**	(359,101)
Net movement in shareholder's current account		**153,000**	--
Net cash (used in) financing activities		**(513,901)**	(359,101)
(Decrease)/increase in cash and cash equivalents during the year		**(1,030,000)**	1,034,959
Cash and cash equivalents at the beginning of the year		**1,069,433**	34,474
Cash and cash equivalents at the end of the year	11	**39,433**	1,069,433
Non-cash transactions:			
Recognition of right-of-use assets	9	**--**	(352,079)
Recognition of lease liabilities	16	**--**	352,079
Movement in right-of-use assets arising from modification	9	**(602,022)**	(352,079)
Movement in lease liabilities arising from modification	16	**602,022**	352,079
Set off of accounts receivable from the Ultimate Parent Company against due to the Parent Company	18	**26,029,859**	--
Set off of accounts receivable from the Parent Company against due to the Parent Company	18	**21,982,437**	--
		48,012,296	--

The attached notes 1 to 20 form part of these financial statements.

Notes to the financial statements

(stated in AED)

1. Legal status and principal activities

Sterling and Wilson Middle East Solar Energy L.L.C, Dubai ("the Company") is a limited liability company incorporated in the Emirate of Dubai under the Federal Law No. (2) of 2015 and its subsequent amendments.

On 20 September 2021, the UAE Federal Law No. (32) of 2021 was issued and came into effect on 2 January 2022, which repealed the Federal Law No 2 of 2015.

The principal activities of the Company are trading, installation and rental of solar energy systems.

The principal place of business is located at Office Nos. 1803-1804, Park Place Building, Sheikh Zayed Road, Dubai.

The Company was previously owned by Mr. Ahmad Mohammed Jassim Al Jassim (51%) and Sterling and Wilson International Solar FZCO (49%). During the year, the shareholding interest of Mr. Ahmad Mohammed Jassim Al Jassim has been transferred to Sterling and Wilson International Solar FZCO and as a result the Company is now wholly-owned by Sterling and Wilson International Solar FZCO ("the Parent Company").

The Ultimate Parent Company is Sterling and Wilson Renewable Energy Limited (formerly, Sterling and Wilson Solar Limited), a public limited company incorporated in India and listed with Securities Exchange Board of India (SEBI).

2. Adoption of new and revised International Financial Reporting Standards

2.1 New standards, amendments and interpretations to existing standards effective 1 April 2021

There are no new standards, amendments or interpretations to existing standards that are effective for accounting period of the Company beginning on 1 April 2021 that have a material effect on the financial statements of the Company.

2.2 Amendments to existing standards that are not yet effective and have not been adopted early by the Company

The following amendments to existing standards that are applicable to the Company have been published and are mandatory for accounting periods of the Company beginning after 1 April 2021, but which have not been adopted early by the Company:

a) Amendments to IFRS 16 'Leases' extends the availability of the practical expedient related to COVID-19 related rent concessions beyond 30 June 2021. The practical expedient now applies to rent concessions relating to lease payments originally due on or before 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021 with an option to early adopt.

b) Amendments to IAS 1, 'Presentation of Financial Statements' clarify the requirements for presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified. The amendments are effective for annual periods commencing on or after 1 January 2023.

c) Amendments to IAS 8, 'Accounting policies, changes in accounting estimates and errors' introduce the definition of accounting estimates. The amendments also help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are applicable for annual periods commencing on or after 1 January 2023.

d) Amendments to IAS 1, 'Presentation of Financial Statements' require an entity to disclose its material accounting policy information rather than its significant accounting policies. Consequently, the IFRS Practice Statement 2 (Making Material Judgements) has also been amended to illustrate how an entity can judge whether accounting policy information is material to its financial statements. The amendments are applicable for annual periods commencing on or after 1 January 2023.

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

2.2 Amendments to existing standards that are not yet effective and have not been adopted early by the Company (Continued)

e) Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' specify the costs that an entity includes when assessing whether a contract will be loss-making. The amendments are applicable for annual periods commencing on or after 1 January 2022.

The management believes that the adoption of the above amendments is not likely to have any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements for future periods.

3. Basis of preparation and significant accounting policies and estimates

3.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The financial statements are presented in Arab Emirates Dirham (AED).

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis. The principal accounting policies that have been applied consistently by the Company to all periods presented in these financial statements are set out below.

3.3 Significant accounting policies

a) Revenue recognition

Revenue from contracts with customers is recognised when services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has generally concluded that it is the principal in its revenue arrangements.

Revenue from operation and maintenance services
Revenue from operation and maintenance services is recognised over time when the relevant services are rendered. For fixed-price contracts, revenue recognised is based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer simultaneously receives and consumes the benefits provided by the Company.

The payment is generally due within 90 days upon issue of invoice.

Others
Other income is recognised when the underlying transaction is completed.

b) Property and equipment

Property and equipment are stated in the statement of financial position at cost less accumulated depreciation and any recognised impairment loss.

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 item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The residual values and useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

b) Property and equipment (Continued)

Depreciation is charged on assets so as to write off the cost of assets over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

Leasehold improvements	3 to 5 years
Office and other equipment	3 to 5 years
Furniture and fixtures	3 to 5 years
Motor vehicles	3 to 5 years
Right-of-use assets	1 to 2 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

c) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 as an expense immediately. 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 as income immediately.

d) Financial instruments – recognition, classification, measurement, derecognition and offsetting

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Recognition and initial measurement

Accounts receivable are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition.

(ii) Classification and subsequent measurement

Financial assets: Classification
On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVPL).

The Company has not classified and measured any financial asset at either FVOCI or FVPL. All recognised financial assets are classified and measured subsequently at amortised cost.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

d) Financial instruments – recognition, classification, measurement, derecognition and offsetting (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets: Classification (Continued)
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL or FVOCI:

- the asset is held within a business model whose objective is to hold assets 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, which include accounts and other receivables and bank and cash balances, are classified and subsequently measured at amortised cost.

Financial assets: Subsequent measurement and gains and losses
Financial assets measured at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of comprehensive income. Any gain or loss on derecognition is recognised in the statement of comprehensive income.

Financial liabilities: Classification, subsequent measurement and gains and losses
Financial liabilities are classified and measured at amortised cost or FVPL. The Company has not classified and measured any financial liability at FVPL. Financial liabilities classified at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in the statement of comprehensive income.

The Company's financial liabilities, which include accounts and other payables and lease liabilities, are classified and subsequently measured at amortised cost.

(iii) Derecognition

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

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

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all 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.

Financial liabilities
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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

d) Financial instruments – recognition, classification, measurement, derecognition and offsetting (Continued)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- Accounts receivable; and
- Other financial assets at amortised cost

In case of accounts receivable, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. The Company performs individual assessment for its accounts receivable based on historical credit loss experience, adjusted for forward-looking factors specific to the customers/debtors and the economic environment. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime of ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. ECL are measured in a manner that they reflect unbiased and profitability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the statement of comprehensive income.

f) Employees' terminal benefits

Provision is made for employees' terminal benefits on the basis prescribed under the UAE Labour Law based on employees' salaries and number of years of service. The terminal benefits are paid to employees on termination or completion of their term of employment. Accordingly, the Company has no expectation of settling its employees' terminal benefits obligation in the near future.

The cost of providing benefits is determined based on actuarial valuation by an independent actuary, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and remeasure each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are set with reference to high quality corporate bonds. Remeasurement, comprising actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in other comprehensive income. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service costs are recognised immediately. All other costs related to the defined benefit plan are recognised in the profit or loss statement within salaries and employee related costs.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

f) Employees' terminal benefits (Continued)

Terminal benefits are paid to employees on termination or completion of their term of employment. Accordingly, the Company has no expectation of settling its employees' terminal benefits obligation in the near future.

g) Accounts and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received whether or not billed to the Company.

h) Foreign currencies

Functional and presentation currency
The financial statements are presented in Arab Emirates Dirham (AED), which is the Company's functional and presentation currency.

Transactions and balances
Transactions in currencies other than AED are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising in these cases are dealt with in the statement of comprehensive income.

i) Cash and cash equivalents

Cash and cash equivalents consist of unrestricted bank and cash balances, which are subject to insignificant risk of changes in value.

j) Operating leases

At the inception of the contract, the Company assesses whether a 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 in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this maybe specified explicitly or implicitly in the contract and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not an identified asset;

- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

- the Company has the right to direct the use of the asset, i.e., the Company has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

    - the Company has the right to operate the asset; or
    - the Company designed the asset in a way that predetermines how and for what purpose it will be used

As a Lessee
The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use assets
The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying assets to restore the underlying assets or the site on which it is located, less any lease incentives received.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

j) Operating leases (Continued)

As a Lessee (Continued)

Right-of-use assets (Continued)
The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment (Note 3.3 b)). In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

Lease liabilities
Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

At the commencement date, the lease payments included in the measurement of the lease liabilities comprise fixed payments for the right to use the underlying asset during the lease term that are not paid at the commencement date.

The lease liabilities are measured at amortised cost using the effective interest method. They are remeasured when there is a change in future lease payments arising from a change in fixed payments or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities are remeasured as described above, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases
The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of staff accommodations that have a lease term of 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease modifications
The Company accounts for a lease modification as a separate lease if both of the following conditions exist:
– the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
– the consideration for the lease increases by an amount equivalent to the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification that is not a separate lease, at the effective date of the modification the Company accounts for it by remeasuring the lease liability using a discount rate determined at that date and:
– for modifications that decrease the scope of the lease: decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognising a gain or loss that reflects the proportionate decrease in scope; and
– for all other modifications: making a corresponding adjustment to the right-of-use asset.

k) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from the past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognised but are disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as provision.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.4 Significant accounting estimates, judgements and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

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

IFRS 15, 'Revenue from contracts with customers'

The application of revenue recognition policy in accordance with IFRS 15 has required management to make the following judgements:

Satisfaction of performance obligation
The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine appropriate method of recognising revenue. The Company has assessed that based on the contract, revenue is recognised over time because the customer simultaneously receives and consumes the benefits as the service is performed.

Determination of transaction prices
The Company is required to determine the transaction prices in respect of each of its contracts with customers. In making such judgement, the Company assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

Impairment of financial assets

Accounts receivable
The Company's credit risk is primarily attributable to its accounts receivable. The Company reviews its accounts receivable to assess impairment at regular intervals. In determining whether impairment losses should be reported in the statement of comprehensive income, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for expected credit loss is made where there is an identified loss event or condition which, based on previous experience and forward-looking estimates, is evidence of a reduction in the recoverability of the cash flows.

Other financial assets at amortised cost
Expected credit loss (ECL) on other financial assets at amortised cost are measured at an allowance equal to 12-month ECL where the credit risk has not increased significantly since initial recognition, or lifetime ECL when the credit risk has increased significantly since initial recognition. In assessing whether the credit risk has increased significantly, the Company takes into account quantitative and qualitative reasonable and supportable forward-looking information.

Cash and cash equivalents
Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. While cash and cash equivalents are also subject to impairment, the identified impairment loss is considered immaterial.

Impairment of property and equipment

A decline in the value of property and equipment could have a significant effect on the amounts recognised in the financial statements. Management assesses the impairment of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.4 Significant accounting estimates, judgements and assumptions (Continued)

Impairment of property and equipment (Continued)

Factors that are considered important which could trigger an impairment review include the following:

- significant changes in the technology and regulatory environments

- evidence from internal reporting which indicates that the economic performance of the asset is, or will worse than expected

Useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and 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.

Determining the lease term

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

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there has been no revision in the lease terms.

Use of incremental rate of borrowing

For measuring the lease liabilities, the Company discounted the lease payments based on its incremental rate of borrowing. The definition of incremental borrowing rate states that the rate should reflect what the Company would be charged to borrow over a similar term and under similar circumstances. To determine an appropriate rate, the Company has obtained the relevant information from its bankers.

Estimates for accounting of employees' terminal benefits

The carrying value of the employees' terminal benefits is based on actuarial valuations. The actuarial valuations by an independent actuary using a projected unit credit method are sensitive to assumptions concerning discount rates, salary increase rates, and other actuarial assumptions used. Changes in these assumptions may have an effect on the carrying amount of employees' terminal benefit obligation.

The discount rates used for determining the present value of the obligation under defined benefit plan are set with reference to high quality corporate bonds.

Other key assumptions relevant to the post employment benefit obligations are based in part on current market conditions. Additional disclosures concerning these obligations are provided in Note 15.

4. Revenue from contracts with customers

The following sets out the disaggregation of the Company's revenue from contracts with customers:

a) Type of services

	2022	2021
Revenue from design and engineering	**--**	24,148,511
Revenue from operation and maintenance services	**15,418,752**	15,418,752
	15,418,752	39,567,263

4. Revenue from contracts with customers (Continued)

b) Geographical locations

	2022	2021
Middle East	**15,418,752**	36,849,142
Asia	**--**	2,685,073
United States/Latin America	**--**	33,048
	15,418,752	39,567,263

c) Customer relationship

	2022	2021
Related party customers (Note 18)	**15,418,752**	36,882,190
Third party customers	**--**	2,685,073
	15,418,752	39,567,263

5. Direct costs

	2022	2021
Contract costs	**1,853,898**	18,434,548
Salaries and employee related costs	**5,596,892**	3,677,049
Materials	**905,949**	101,594
Short-term leases (Note 16)	**363,859**	434,334
Liquidated damages (See note below)	**11,136,996**	--
Others	**1,312,569**	2,028,080
	21,170,163	24,675,605

Pursuant to an agreement dated 31 December 2021, the Ultimate Parent Company has recharged liquidated damages levied by its customer in relation to a project for which the Company had rendered its services as a sub-contractor (Note 18).

6. Other income

	2022	2021
Gain on sale of property and equipment	**496,722**	61,094
Sale of scrap	**7,186**	8,500
Gain on foreign currency exchange	**449**	4,137
Others	**--**	219
	504,357	73,950

7. General and administration expenses

	2022	2021
Salaries and employee related costs	**13,015,467**	10,167,627
Traveling and conveyance	**460,605**	143,614
Communication	**283,535**	484,080
Short-term leases (Note 16)	**127,382**	326,945
Repairs and maintenance	**93,869**	108,879
Legal and professional fees	**36,677**	130,506
Utilities	**52,538**	67,450
Printing and stationery	**8,364**	20,436
Bank charges	**14,040**	10,301
Others	**192,199**	593,852
	14,284,676	12,053,690

8. Finance charges

	2022	2021
Interest on lease liabilities (Note 16)	**11,556**	12,260
	11,556	12,260

9. Property and equipment

2022	Leasehold improvements	Office and other equipment	Furniture and fixtures	Motor vehicles	Right-of-use assets	Total
Cost						
At 1 April 2021	**1,933,423**	**5,189,788**	**149,840**	**69,999**	**1,433,771**	**8,776,821**
Effect of modification during the year (Note 16)	**--**	**--**	**--**	**--**	**602,022**	**602,022**
Disposals during the year	**--**	**(3,288,827)**	**--**	**--**	**--**	**(3,288,827)**
At 31 March 2022	**1,933,423**	**1,900,961**	**149,840**	**69,999**	**2,035,793**	**6,090,016**
Accumulated depreciation						
At 1 April 2021	**1,719,507**	**3,920,575**	**122,064**	**65,525**	**1,081,692**	**6,909,363**
Charge for the year	**151,547**	**202,895**	**20,678**	**4,474**	**583,626**	**963,220**
Relating to disposals	**--**	**(2,270,643)**	**--**	**--**	**--**	**(2,270,643)**
At 31 March 2022	**1,871,054**	**1,852,827**	**142,742**	**69,999**	**1,665,318**	**5,601,940**
Net book value						
At 31 March 2022	**62,369**	**48,134**	**7,098**	**--**	**370,475**	**488,076**

2021	Leasehold improvements	Office and other equipment	Furniture and fixtures	Motor vehicles	Right-of-use assets	Total
Cost						
At 1 April 2020 (Unaudited)	1,746,827	5,118,268	137,371	202,157	729,613	7,934,236
Additions during the year	--	80,160	17,584	--	352,079	449,823
Effect of modification during the year (Note 16)	--	--	--	--	352,079	352,079
Transfer from capital work-in- progress	186,596	--		--	--	186,596
Disposals during the year	--	(8,640)	(5,115)	(132,158)	--	(145,913)
At 31 March 2021	1,933,423	5,189,788	149,840	69,999	1,433,771	8,776,821
Accumulated depreciation						
At 1 April 2020 (Unaudited)	1,060,951	2,824,342	118,049	154,436	515,021	4,672,799
Charge for the year	658,556	1,104,212	7,188	43,247	566,671	2,379,874
Relating to disposals	--	(7,979)	(3,173)	(132,158)	--	(143,310)
At 31 March 2021	1,719,507	3,920,575	122,064	65,525	1,081,692	6,909,363
Net book value						
At 31 March 2021	213,916	1,269,213	27,776	4,474	352,079	1,867,458

a) Leasehold improvements relate to enhancements of the Company's office premises under lease. These assets are depreciated over their useful lives since the management anticipates that the lease will continue to be renewed for the foreseeable future.

b) Right-of-use assets represent office premises taken on non-cancellable operating leases (Note 3.3 j)).

c) During the year, the right-of-use assets and the corresponding lease liabilities were adjusted for the effect of modification in the lease payments due to renewal of existing lease agreements (Note 16).

10. Accounts and other receivables

	2022	2021
Accounts receivable		
- related parties (Note 18)	**38,703,799**	123,900,103
- third parties	**1,692,485**	1,768,718
Due from related parties	**5,749,748**	3,104,460
Advances to suppliers	**453,756**	2,329,563
Deposits and prepayments	**305,716**	478,995
Advances to staff	**54,014**	57,647
VAT recoverable	**16,532**	--
Other receivables (Refer note c) below)	**5,719,746**	5,719,746
	52,695,796	137,359,232
Less: Allowance for expected credit loss (Note 19.1 b))	**(1,692,485)**	(1,692,485)
	51,003,311	135,666,747

a) The Company's risk exposure and expected credit losses on accounts receivable, amounts due from related parties and other receivables are disclosed in Note 19.1 b).

b) Accounts receivable, due from related parties and other receivables are ongoing and are considered collectible.

c) Other receivables represent the costs incurred in relation to additional works undertaken by the Company to compensate a customer for deficiencies in the products supplied by the Parent Company under the terms of the contract with a customer. The management is of the view that the Parent Company, under the terms of the Supply Agreement between the Parent Company and its supplier, has reasonable grounds to claim against the supplier for the costs including the costs incurred by the Company. The management's view is also endorsed and supported by a legal opinion obtained from an external law firm. Accordingly, the management is confident that this amount is fully recoverable.

The Parent Company has also filed a claim for recovery of USD 218 million (inclusive of the cost incurred by the Company) as per the Supply Agreement between the Parent Company and its supplier for failure to rectify the deficiencies in the products supplied by the supplier.

11. Bank and cash balances

	2022	2021
Cash on hand	**293**	9,080
Bank current accounts	**39,140**	1,060,353
	39,433	1,069,433

12. Share capital

	2022	2021
Authorised and fully paid:		
(300 shares of AED 1,000 each)	**300,000**	300,000
	300,000	300,000

13. Legal reserve

As required by the Federal Law No. (2) of 2015 relating to commercial companies, 10% of the profit for the year is to be transferred to a legal reserve. Since the balance in legal reserve is 50% of the share capital, the minimum prescribed by the aforesaid Law, the shareholder has resolved to suspend further transfers. The reserve is not available for distribution unless stipulated by the Law.

14. Shareholder's current account

The shareholder's current account balance was unsecured, interest free and without any defined repayment arrangements.

15. Employees' terminal benefits

The Company has an unfunded defined benefits retirement plan, which is in accordance with the requirements of the labour laws of the UAE. Employees are entitled to benefits based on length of service and final remuneration and are payable on termination or completion of term of employment.

Movement in the employees' terminal benefits obligation is as follows:

	2022	2021
Balance at the beginning of the year	**1,351,725**	1,172,077
Current service costs and interest (under general and administration expenses)	**567,963**	522,743
Actuarial (gains)/losses recognised in other comprehensive income:		
- changes in demographic assumptions	**--**	--
- changes in financial assumptions	**27,141**	(22,411)
- changes in experience	**185,513**	(58,120)
Payments during the year	**(313,148)**	(262,564)
Balance at the end of the year	**1,819,194**	1,351,725

The maturity profile of employees' terminal benefit obligation is as follows:

	2022	2021
Amounts payable within 12 months	**52,152**	21,940
Amounts payable after 12 months	**1,767,042**	1,329,785
	1,819,194	1,351,725

The following are the principal actuarial assumptions at the reporting date:

	2022	2021
Discount rate	**3.20%**	3.30%
Salary escalation	**5.00%**	5.00%
Employee turnover rate	**3.60%**	3.60%

The sensitivities of the overall retirement plan liability to changes in the weighted principal assumptions are:

	2022	2021
Discount rate + 100 basis points	**(246,721)**	(198,244)
Discount rate - 100 basis points	**307,126**	249,270
Salary escalation rate + 100 basis points	**298,093**	242,161
Salary escalation rate - 100 basis points	**(245,011)**	(197,054)
Employee turnover + 100 basis points	**(46,396)**	(46,891)
Employee turnover - 100 basis points	**54,899**	54,133

16. Lease liabilities

Lease liabilities represent the discounted value of future lease payments for the leases of office premises (Note 3.3 j)). The movement of lease liabilities at the end of each reporting date is as follows:

	2022	2021
Balance at the beginning of the year	**357,317**	--
Add: Additions during the year	**--**	352,079
Add: Movement in lease liabilities arising from modification (Note 9)	**602,022**	352,079
Add: Interest on lease liabilities (Note 8)	**11,556**	12,260
Less: Lease liabilities paid	**(666,901)**	(359,101)
Balance at the end of the year	**303,994**	357,317

a) The above lease commitments do not include lease commitments for short-term leases, i.e., where the lease term is 12 months or less. These payments are expensed in the statement of comprehensive income.

16. Lease liabilities (Continued)

b) During the year, the Company has renewed the lease arrangements and therefore recognised the revisions on the payment terms for the effect of modification amounting to AED 602,022 (2021: AED 352,079), which have been adjusted with the corresponding right-of-use assets (Note 9).

Amounts recognised in the statement of comprehensive income

	2022	2021
Short-term leases (Note 5)	**363,859**	434,334
Short-term leases (Note 7)	**127,382**	326,945
Interest on lease liabilities (Note 8)	**11,556**	12,260

Amount recognised in the statement of cash flows

	2022	2021
Payment of lease liabilities and interest	**666,901**	359,101

17. Accounts and other payables

	2022	2021
Accounts payable including retentions	**4,868,818**	37,493,424
Due to the Parent Company (Note 18)	**9,469,673**	44,071,763
VAT liability	**--**	449,158
Accrued expenses and other payables	**3,942,365**	3,187,315
	18,280,856	85,201,660

18. Related party transactions

Related parties represent shareholder and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Prices and terms of these transactions were approved by the management. The significant related party transactions during the year are as follows:

Related party transactions	Relationship	**2022**	2021
Revenue from contracts with customers (Note 4 c))	Ultimate Parent Company	**15,418,752**	15,418,752
	Parent Company	**--**	21,430,390
	Other related party	**--**	33,048
		15,418,752	36,882,190
Liquidated damages (Note 5)	Ultimate Parent Company	**11,136,996**	--
Recharge of salaries and employee related costs (Under general and administration expenses)	Other related party	**2,594,094**	2,956,333
Transfer of provision for leave salaries	Other related party	**--**	593,020
Recharge of travelling cost	Other related party	**77,000**	--

The amounts due from related parties and due to the Parent Company do not attract interest and are receivable/payable on demand.

Pursuant to an agreement between the Company, the Parent Company and the Ultimate Parent Company, accounts receivable from the Ultimate Parent Company amounting to AED 26,029,859 have been set off against amount due to the Parent Company during the year.

Pursuant to an agreement between the Company and the Parent Company, accounts receivable from the Parent Company amounting to AED 21,982,437 have been set off against amount due to the Parent Company during the year.

There is no key management remuneration during the years ended 31 March 2022 and 31 March 2021.

19. Financial risk and capital management

19.1 Financial risk factors

The Company's financial instruments consist mainly of accounts and other receivables, bank and cash balances, lease liabilities and accounts and other payables. The management believes that the fair values of the financial assets and liabilities approximate to their carrying amounts.

The Company's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance. Under the Company's risk management programme, management identifies and documents key risks and sets out policies and procedures required to mitigate these risks. No changes were made in the risk management objectives and policies during the years ended 31 March 2022 and 31 March 2021. The identified key risks are:

a) Currency risk

The Company manages its currency risk by regularly assessing current and expected foreign currency exchange rate movements.

The table below indicates the Company's foreign currency exposure at 31 March, as a result of its monetary assets and liabilities.

	2022	2021
	AED	AED
Australian Dollars (AUD)	**--**	22,467,254

The following tables demonstrate the sensitivity to a reasonably possible change in the following foreign currencies, with all other variables held constant. The impact on the Company's loss is due to changes in the fair value of monetary assets and liabilities.

	2022	2021
Change in currency rate by 5% (+/-)	Effect on loss (+/-) AED	Effect on loss (+/-) AED
Currency		
Australian Dollars (AUD)	**--**	1,123,363

b) Credit risk

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally of bank balances, accounts receivable, due from related parties and other receivables.

Bank balances
Credit risk from banks and financial institutions is managed in accordance with the Company's policy. The Company's bank accounts are placed only with high credit quality financial institutions.

Accounts receivable, due from related parties and other receivables
The credit risk on accounts receivable, due from related parties and other receivables is subjected to credit evaluations. The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits are defined and are set based on internal and external ratings in accordance with the Company's policies. Outstanding customer receivables are regularly monitored.

The Company is exposed to a significant concentration of credit risk. At the reporting date, 100% of trade accounts receivable from third parties is due from a single party (2021: 96% from a single party), 100 % of trade accounts receivable from related parties is due from 2 parties (2021: 100% from 3 parties) and 100% of due from related parties is due from 3 parties (2021: 100% from 3 parties).

With respect to credit risk arising from the financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

19. Financial risk and capital management (Continued)

19.1 Financial risk factors (Continued)

b) Credit risk (Continued)

Impairment of financial assets
The Company's accounts receivable are subject to the expected credit loss model.

While cash and cash equivalents and other financial assets at amortised cost are also subject to impairment, the identified impairment loss is considered immaterial.

The impairment losses on financial assets recognised in the statement of comprehensive income were as follows:

	2022	2021
Impairment losses on accounts receivable	**--**	1,692,485
	--	1,692,485

The ageing analysis of gross carrying amounts of accounts receivable and loss allowance are as follows:

	2022		2021	
	Accounts receivable	of which impaired	Accounts receivable	of which impaired
Due between 0 to 3 months	**--**	**--**	30,606,603	--
Due between 3 to 6 months	**--**	**--**	--	--
Due between 6 months to 1 year	**--**	**--**	21,688,844	--
More than 1 year	**40,396,284**	**1,692,485**	73,373,374	1,692,485
	40,396,284	**1,692,485**	125,668,821	1,692,485

Reconciliation of the closing loss allowance for accounts receivable as at 31 March to the opening allowance is as follows:

	2022	2021
Balance at the beginning of the year	**1,692,485**	--
Increase in loss allowance during the year	**--**	1,692,485
Balance at the end of the year	**1,692,485**	1,692,485

The Company applies the simplified approach in measuring expected credit losses by assessing individually its accounts receivable (Note 3.3 e)). The above loss allowance recognised by the Company represents lifetime expected credit losses for specific credit-impaired receivables. Except for the expected credit losses for specific customers, the identified expected credit loss on other accounts receivable is considered immaterial.

c) Liquidity risk

The Company manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The Company maintains good working relations with its banks.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 March, based on contractual payment dates:

2022	On demand	0 to 1 year	Total
Accounts and other payables	**9,469,673**	**8,811,183**	**18,280,856**
Lease liabilities	**--**	**307,800**	**307,800**
Total	**9,469,673**	**9,118,983**	**18,588,656**

19. Financial risk and capital management (Continued)

19.1 Financial risk factors (Continued)

c) Liquidity risk (Continued)

2021	On demand	0 to 1 year	Total
Accounts and other payables	44,101,763	40,650,739	84,752,502
Lease liabilities	--	359,100	359,100
Total	44,101,763	41,009,839	85,111,602

19.2 Capital management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholder by pricing services commensurately with the level of risk.

The Company sets the amount of capital funds in accordance with the planned level of operations and in proportion to the levels of risk. The Company manages the shareholder's funds and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the shareholder's funds, the Company may adjust the amount of dividends paid to shareholder, return funds to shareholder, issue new shares, or sell assets to reduce its exposure to debt. No changes were made in the objectives, policies or processes during the years ended 31 March 2022 and 31 March 2021. Capital comprises share capital, legal reserve, shareholder's current account and retained earnings and is measured at AED 31,126,776 (2021: AED 51,692,936).

20. Impact of COVID-19

On 11 March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a global pandemic. The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures, that include the implementation of travel bans, self-imposed quarantine periods, self-isolation, physical and social distancing and the closure of non-essential businesses, which have caused only marginal disruption to the Company's operations.

The situation including government and public response to the challenges continue to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage. Notwithstanding, these developments are not expected to have a significant impact on the Company's future financial results, cash flows and financial position, and the management will continue to monitor and adopt the required mitigating actions during the next financial period.