STERLING AND WILSON SAUDI ARABIA LIMITED
(Foreign Limited Liability Company)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 AND
INDEPENDENT AUDITOR'S REPORT

STERLING AND WILSON SAUDI ARABIA LIMITED
(Foreign Limited Liability Company)
FINANCIAL STATEMENTS

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Independent auditor's report

To the shareholders of
Sterling and Wilson Saudi Arabia Limited
(Foreign Limited Liability Company)

Opinion

We have audited the financial statements of Sterling and Wilson Saudi Arabia Limited, a Foreign Limited Liability Company (the "Company") which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) endorsed in the Kingdom of Saudi Arabia. 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 professional code of conduct and that are endorsed in the Kingdom of Saudi Arabia and are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 4 of these financial statements, which indicates that, as of 31 March 2020 the Company's accumulated losses amounted to SR 1,325,505 (31 March 2019: SR 765,587) and the Company's current liabilities exceed the current assets by SR 307,361 (31 March 2019: nil). These events or conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion has not been modified in respect of this matter.

Responsibilities of management and Those Charged With Governance ("TCWG") for the financial statements

The Company's Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS endorsed in the Kingdom of Saudi Arabia, Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of financial statements, 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 have no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

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

Report on other legal and regulatory requirements

As at 31 March 2020, the Company's accumulated losses exceeded 50% of its share capital. The Shareholders have resolved to continue with the operations and provide financial support to the Company to meet its obligations as and when required, as stipulated in the Regulations of Companies, however, as at the date of this report, the resolution has not been published.

For Dr. Mohamed Al-Amri & Co.

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Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh, 29 Shawwal 1441 (H)
Corresponding to: 21 June 2020 (G)

Sterling and Wilson Saudi Arabia Limited
(Foreign Limited Liability Company)
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2020
(SAUDI RIYALS)

	Note	31 March 2020	31 March 2019
ASSETS			
Current assets:			
Cash and cash equivalents	7	**1,025,000**	1,000,000
TOTAL ASSETS		**1,025,000**	1,000,000
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities:			
Trade payables		-	47,250
Due to a related party	8	**1,255,057**	613,417
Accrued expenses and other liabilities	9	**77,304**	96,017
		1,332,361	756,684
Non-current liabilities:			
Employees' end of service benefits	10	**18,144**	8,903
TOTAL LIABILITIES		**1,350,505**	765,587
EQUITY:			
Share capital	11	**1,000,000**	1,000,000
Accumulated losses		**(1,325,505)**	(765,587)
TOTAL EQUITY		**(325,505)**	234,413
TOTAL LIABILITIES AND EQUITY		**1,025,000**	1,000,000

The accompanying notes from 1 to 17 form an integral part of these financial statements

Sterling and Wilson Saudi Arabia Limited
(Foreign Limited Liability Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020
(SAUDI RIYALS)

	Note	**31 March 2020**	31 March 2019
General and administrative expenses	12	**(549,162)**	(546,219)
Other income		**-**	506,000
Operating loss		**(549,162)**	(40,219)
Provision for income tax	13	**-**	-
Net loss for the year		**(549,162)**	(40,219)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial loss on employees' end of service benefits	10	**(10,756)**	-
Other comprehensive loss for the year		**(10,756)**	-
Total comprehensive loss for the year		**(559,918)**	(40,219)

The accompanying notes from 1 to 17 form an integral part of these financial statements

Sterling and Wilson Saudi Arabia Limited
(Foreign Limited Liability Company)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020
(SAUDI RIYALS)

	Share capital	Accumulated losses	Total
Balance as at 1 April 2018	1,000,000	(725,368)	274,632
Net loss for the year	-	(40,219)	(40,219)
Other comprehensive loss for the year	-	-	-
Total comprehensive loss for the year	-	(40,219)	(40,219)
Balance as at 31 March 2019	1,000,000	(765,587)	234,413
Net loss for the year	**-**	**(549,162)**	**(549,162)**
Other comprehensive loss for the year	**-**	**(10,756)**	**(10,756)**
Total comprehensive loss for the year	**-**	**(559,918)**	**(559,918)**
Balance as at 31 March 2020	**1,000,000**	**(1,325,505)**	**(325,505)**

The accompanying notes from 1 to 17 form an integral part of these financial statements.

Sterling and Wilson Saudi Arabia Limited
(Foreign Limited Liability Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020
(SAUDI RIYALS)

	Note	**31 March 2020**	31 March 2019
Cash flows from operating activities:			
Net loss for the year		**(549,162)**	(40,219)
Adjustments for:			
Employees' end of service benefits, net	10	**(1,515)**	8,903
		(550,677)	(31,316)
Working capital changes:			
Trade payables		**(47,250)**	47,250
Due to a related party		**641,640**	(70,951)
Accrued expenses and other liabilities		**(18,713)**	55,017
Net cash generated from operating activities		**25,000**	-
Net increase in cash and cash equivalents		**25,000**	-
Cash and cash equivalents at the beginning of the year	7	**1,000,000**	1,000,000
Cash and cash equivalents at the end of the year	7	**1,025,000**	1,000,000

The accompanying notes from 1 to 17 form an integral part of these financial statements.

(SAUDI RIYALS)

1. STATUS AND NATURE OF BUSINESS

Sterling and Wilson Saudi Arabia Limited is a Foreign limited liability Company (the "Company") incorporated under commercial registration No. 1010466378, dated 15 Rabi Al-Awal 1438H corresponding to 14 March 2016G.

The principal activities of the Company is construction of electrical and mechanical works in accordance with foreign investment license number 10604361135077, dated 8 Dhul Qiddah 1436H corresponding to 23 August 2015G.

The Company's registered office is in Riyadh, Kingdom of Saudi Arabia.

2. STATEMENT OF COMPLIANCE

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), issued by the International Accounting Standards Board (IASB) as endorsed by Saudi Organization for Certified Public Accountants ("SOCPA").

3. STANDARDS, INTERPRETATIONS, AND AMENDMENTS TO EXISTING STANDARDS

3.1 New standards, interpretations and amendments effective in the current year

The following are the new standards and interpretations effective for the first time for periods beginning on or after 1 January 2019.

Standards	Title	Effective date
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

3.2 Standards, interpretations and amendments effective in the current year

Standards	Title	Effective date
IFRS 9	Financial Instruments	1 January 2019
IAS 19	Employee Benefits	1 January 2019

IFRS 9 - Financial Instruments

The amendment was issued to address the concerns about how IFRS 9 classifies a particular prepayment feature of financial assets. It amends the existing requirements in IFRS 9 regarding termination rights to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. However, the calculation of this compensation payment must be the same both, for an early repayment penalty and the case of an early repayment gain.

IAS 19 - Employee Benefits

The amendment was to clarify that it is now mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement for a plan amendment, curtailment or settlement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The Company does not have a material impact on its financial statements from the above.

3.3 New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations that have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2020:

Standards	Title	Effective date
IAS 1	Presentation of Financial Statements	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
	Revised Conceptual Framework for Financial Reporting	1 January 2020

IAS 1 - Presentation of Financial Statements

Amendments to its definition of material to make it easier for companies to make materiality judgments. The materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments are intended to make the definition of material easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing general purpose financial statements in accordance with IFRS.

3.4 Others

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

The Company is yet to assess the impact of the above amendments in its financial statements.

4. BASIS OF PREPARATION

4.1 Overall considerations

These financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies.

The principal accounting policies adopted in the preparation of these financial statements are set out in note 6. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing these financial statements and their effect are disclosed in note 5.

These financial statements have been prepared on the historical cost basis, except for defined benefits plan is measured at the present value of future obligations using the Projected Unit Credit Method.

Furthermore, these financial statements are prepared using the accrual basis of accounting and the going concern basis (refer to note 4.2).

4.2 Going concern

As of 31 March 2020, the Company has accumulated losses amounted to SR 1,325,505 (31 March 2019: SR 765,587), which exceeds 50% of its paid up capital. The current liabilities exceed the current assets by SR 307,361 (31 March 2019: nil). The financial statements have been prepared on a going concern basis as the Shareholders have unanimously resolved to continue with the operations and provide financial support to the Company to meet its obligations as and when required, as stipulated in Article 181 of the Regulations of Companies.

4.3 Financial year

The Company's financial year starts from 1 April and ends on 31 March in each Gregorian calendar year.

4.4 Functional and presentation currency

The financial statements are presented in Saudi Riyal, which is the Company's functional and presentation currency.

5. USE OF JUDGEMENT AND ESTIMATES

In preparing these financial statements, management has made judgements, estimates, and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are described below:

Employees' benefits

The cost of employee benefit obligations and other after-service benefits are determined by actuarial valuation exercises. The actuarial estimates involve making many assumptions that may differ from actual developments in the future. These assumptions include the determination of the discount rate, future salary increases and mortality rates. Given the complex nature of the estimates and the underlying assumptions and their long-term nature, the commitment of the identified benefits is greatly influenced by changes in these assumptions (note 6.8).

Recognition and measurement of provisions

Key assumptions about the likelihood and magnitude of an outflow of resources (note 6.7).

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the accounting policies to all periods presented in these financial statements, except for the changes in accounting policies described below.

Following are the significant accounting policies applied by the Company in preparing its financial statements:

6.1 Changes in accounting policies

The Company initially adopted IFRS 16 Leases since 1 January 2019. There is no impact on the Company's financial statements on adoption of this standard, as the Company has no lease arrangements for the year ended 31 March 2020.

IFRS 16 Leases

IFRS 16 "Leases" provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 "Leases" supersedes IAS 17 "Leases" and the related Interpretations. It is effective for accounting periods beginning on or after January 1, 2019.

IFRS 16 Leases (continued)

IFRS 16 supersedes 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

- Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact on leases where the Company is the lessor.

Below are the new accounting policies of the Company after the adoption of IFRS 16:

Lessee

The Company assesses whether a contract contains a lease, at the inception of the contract. For all such lease arrangements the Company recognize right of use assets and lease liabilities except for the short term leases and leases of low-value assets as follows:

Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of land and buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Impact on adoption of IFRIC 23

The Company does not have a material impact on its financial statements from the adoption of IFRIC 23 – Uncertainty Over Income Tax Treatments.

6.2 Foreign currency translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when the fair value was determined.

6.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks which are subject to an insignificant risk of changes in value.

6.4 Financial Instruments

i. Financial assets

The Company classifies its financial assets into one of the categories described below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

Financial assets fair valued through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of profit or loss and comprehensive income. The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortized cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets to collect contractual cash flows.

The Company's financial assets measured at amortized cost comprise cash and cash equivalent in the statement of financial position.

Derecognition of financial assets

The financial assets are derecognised from the statement of financial position when the rights to receive cash flows from the financial assets have expired, or when the financial assets or all its risks and rewards of ownership have been transferred to another party. The difference between the financial asset's book value and its transferred proceeds will be recorded in the statement of profit or loss.

ii. Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

Financial liabilities fair valued through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of profit or loss account. The Company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include. trade payables and due to a related party, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference in the respective carrying amounts of financial liability derecignised and the consideration paid or payable is recognized in the statement of profit or loss.

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

6.5 Trade payables and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

6.6 Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

6.7 Tax

Income tax expense represents the sum of the current and deferred tax.

Current tax

Income tax is provided in accordance with the Regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia on accruals basis. The provision is charged to statement of profit or loss and other comprehensive income. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

Deferred tax

Deferred income taxes are recognized on all major temporary differences between accounting income and taxable income and are recognized during the period in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry forward losses are recognized to the extent that it is probable that future taxable income will be available against which such carry-forward tax losses can be utilized. Deferred income taxes are determined using tax rates which have been enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

6.8 Employees' end of service benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined benefit plan

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses (excluding finance expense) is recognized immediately in other comprehensive income. The Company determines the net finance expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net finance expenses and other expenses related to defined benefit plans are recognized in the statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in the benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognized in profit or loss in the period in which they arise.

6.9 Equity and reserve

Share capital represents the nominal value of shares that have been issued.

Accumulated losses include all current and prior period losses.

6.10 General and administrative expenses

General and administrative and other expenses include direct and indirect costs not specifically part of the cost of revenues. Allocations between cost of revenue and other operating expenses are made consistently when required.

(SAUDI RIYALS)

7. CASH AND CASH EQUIVALENTS

	31 March 2020	31 March 2019
Cash at banks	**1,025,000**	1,000,000

8. RELATED PARTIES TRANSACTIONS AND BALANCES

The Company in the normal course of business carries out transactions with various related parties. Related parties' transactions are carried out on an arm's length basis and conditions approved by the Company' higher management. The terms and conditions of these transactions were no more favorable than those available, or which might reasonably be expected to be available, in similar transactions with non□key management personnel and related companies on an arm's length basis.

Outstanding balances at the year-end are unsecured, interest-free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

The following are the details of major related party transactions and balances during the year:

Transactions:

	Relationship	**Nature of transaction**	**31 March 2020**	31 March 2019
Sterling and Wilson Middle East Electromechanical LLC	Affiliate	Expenses paid on behalf of the Comapny	641,640	435,049

Balances:

Due to a related party

	Relationship	**31 March 2020**	31 March 2019
Sterling and Wilson Middle East Electromechanical LLC	Affiliate	**1,255,057**	613,417

9. ACCRUED EXPENSES AND OTHER LIABILITIES

	31 March 2020	31 March 2019
Professional fees	**37,000**	45,000
Employees related accruals	**-**	27,917
Others	**40,304**	23,100
	77,304	96,017

10. EMPLOYEES' END OF SERVICE BENEFITS

	31 March 2020	31 March 2019
Net defined benefit liability	**18,144**	8,903

The Company is committed to the following post-employment defined benefit plan.

(SAUDI RIYALS)

10. EMPLOYEES' END OF SERVICE BENEFITS (continued)

In the Kingdom of Saudi Arabia, the plan entitles an employee who completed over two but less than five years of service, to receive a payment equal to one-third of their final salary for each completed year of service. Similarly, an employee who completed over five but less than ten years of service, to receive a payment equal to two-thirds of their final salary for each completed year of service. Further, an employee who completed over ten years of service, to receive a payment equal to their final salary for each completed year of service.

Movement in net defined benefit liability

	31 March 2020	31 March 2019
As at 1 April	**8,903**	-
Included in profit or loss		
Current service cost	**4,372**	8,903
Finance expense	**100**	-
Prior year adjustment	**(5,987)**	
	(1,515)	8,903
Included in other comprehensive income		
Actuarial loss	**10,756**	-
	9,241	8,903
Benefits paid	**-**	-
As at 31 March	**18,144**	8,903

Actuarial assumptions on defined benefit liability

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2020	31 March 2019
Discount rate	**3.5% p.a.**	**3.5% p.a.**
Future salary growth	**3% p.a.**	**3% p.a.**

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2020	31 March 2019
INCREASE		
Discount rate (0.5%)	**17,042**	8,858
Future salary growth (0.5%)	**19,370**	9,348
DECREASE		
Discount rate (0.5%)	**19,370**	9,348
Future salary growth (0.5%)	**17,032**	8,858

(SAUDI RIYALS)

11. SHARE CAPITAL

The Company's issued and paid-up share capital is SR 1,000,000 (31 March 2019: SR 1,000,000), consists of 10,000 shares of SR 100 each.

	Holding %	**Number of shares**	**Amount**
Sterling and Wilson Solar Pvt. Ltd. (India) *	95%	9,500	950,000
Sterling and Wilson Middle East W.L.L.(Qatar)	5%	500	50,000
	100	**10,000**	**1,000,000**

*On 26 May 2018, the Board of Directors of Sterling and Wilson Pvt. Ltd. (India) approved the transfer of its entire shareholding in the Company to Sterling and Wilson Solar Pvt. Ltd. (India). The legal formalities with respect to this transfer in Kingdom of Saudi Arabia are still in process at the time of the approval of these financial statements.

12. GENERAL AND ADMINISTRATIVE EXPENSES

	31 March 2020	31 March 2019
Employees' salaries and benefits	**379,338**	320,664
Office expenses	**72,946**	36,015
Legal and professional fees	**58,658**	187,857
GOSI expenses	**38,220**	-
Other	**-**	1,683
	549,162	546,219

13. INCOME TAX PROVISION

The Company has filed tax returns to GAZT up to 31 March 2019 and received tax certificates till that date.

No deferred tax asset has been recognized on carry-forward tax losses due to uncertainty related to future taxable profits against which such carry-forward tax losses can be utilized.

14. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Other market price risk, and
- Liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Trade payables
- Due to a related party

(SAUDI RIYALS)

Fair value and fair value hierarchy

The Company measures financial instruments at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

At each reporting date, the Company analyses the movements in the values of assets and liabilities, which are required to be re-measured or re-assessed as per the Company's accounting policies.

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade payables and due to a related party.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade payables and due to a related party approximates their fair value.

Financial instrument by category

	31 March 2020	31 March 2019
Financial assets		
Amortized cost		
Cash and cash equivalents	**1,025,000**	1,000,000
Financial liabilities		
Amortized cost		
Trade payables	**-**	47,250
Due to related parties	**1,255,057**	613,417
	1,255,057	660,667

General objectives, policies and processes

The management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss and arises principally from cash and cash equivalent.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

(SAUDI RIYALS)

Credit risk (continued)

	31 March 2020	31 March 2019
Cash at banks (note 7)	**1,025,000**	1,000,000

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on bank balances is limited as:

- Cash balances are held with banks with sound credit ratings.

Liquidity risk

Liquidity risk is the inability of the Company to meet its financial liabilities as they fall due. The Company's approach to liquidity management is to ensure that it has sufficient liquidity, to the extent possible, to meet its obligations when due, either on normal or strict terms without incurring an unacceptable loss or risk of misrepresentation. Similarly, the Company ensures that it receives sufficient cash on demand to meet potential operating expenses including the servicing of financial liabilities other than the potential impact of circumstances that cannot be reasonably expected, such as: natural disasters.

Current versus non-current classification

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

An asset is current when it is:

- Expected to be realized or intended to sold or consumed in the normal operating cycle.
- Held primarily for trading.
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for 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.

15. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent liabilities

There were no contingencies as at 31 March 2020 (31 March 2019: nil).

Capital commitments

There were no commitments as at 31 March 2020 (31 March 2019: nil).

16. SUBSEQUENT EVENTS

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread across the globe, causing disruptions to businesses and economic activities. The Company has been continuously assessing the potential exposure to its business. The Company considers this outbreak to be a post balance sheet non-adjusting event. As the situation is rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the board of directors on 29 Shawwal 1441 H (corresponding to 21 June 2020 G).