

**TECHNOMET INTERNATIONAL FZE  
JEBEL ALI FREE ZONE  
DUBAI - UNITED ARAB EMIRATES**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2021**

**TECHNOMET INTERNATIONAL FZE  
JEBEL ALI FREE ZONE  
DUBAI - UNITED ARAB EMIRATES**

**INDEPENDENT AUDITOR'S REPORT  
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FOR THE YEAR ENDED MARCH 31, 2021**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF TECHNOMET INTERNATIONAL FZE,  
DUBAI -UNITED ARAB EMIRATES**

**Report on Audit of Financial Statements**

**Opinion**

We have audited the accompanying financial statements of **TECHNOMET INTERNATIONAL FZE, JEBEL ALI FREE ZONE, DUBAI -UNITED ARAB EMIRATES** which comprise the Statement of financial position as at March 31, 2021, and the Statement of comprehensive income, Statement of cash flows and Statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of Significant Accounting Policies.

In our opinion, the financial statements give a true and fair view of, in all material respects, the financial position of **TECHNOMET INTERNATIONAL FZE** as at March 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) and the provisions of the Implementing Regulations No.1/92 pursuant to Law No. 9 of 1992 of Jebel Ali Free Zone Authority for such internal control as management determines is necessary to enable the presentation 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 Establishment'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 Establishment or to cease operations, or has no realistic alternative but to do so.

The Management is responsible for overseeing the Establishment'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. Misstatement 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 scepticism 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 Establishment's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- 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 Establishment'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 Establishment to cease to continue as a going concern.

We are required to 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 Other Legal and Regulatory Requirements**

As required by 1/92 pursuant to Law No. 9 of 1992 of Jebel Ali Free Zone Authority, we report that:

- Proper books of account have been kept by the Establishment so far as it appears from our examination of those books. The statement of financial position as at March 31, 2021 and the statement of comprehensive income, the statement of cash flow and the statement of changes in equity dealt with by this report are in agreement with the books of account. The financial statements comply with the required International Financial Reporting standards (IFRS) as issued by the international Accounting Standards Board (IASB).





- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- Based on the information that were given to us, nothing has come to our attention which causes us to believe that the Establishment has contravened during the financial year ended March 31, 2021 any of the provisions of the Implementing Regulations No.1/92 pursuant to Law No. 9 of 1992 of Jebel Ali Free Zone Authority, or the Articles of Association of the Establishment which would materially affect its activities or it's financial position as at March 31, 2021



**Jassim Mohammad Jamil Ahmad Albalooshi**  
Audit licence number: 801

**KUDOS PRS CHARTERED ACCOUNTANTS**  
DUBAI - UNITED ARAB EMIRATES  
May 17, 2021




TECHNOMET INTERNATIONAL FZE  
JEBEL ALI FREE ZONE,  
DUBAI - UNITED ARAB EMIRATES

Statement of financial position as at March 31, 2021

	Notes	2021 AED	2020 AED
<b>ASSETS</b>			
<b>Non current assets</b>			
Property and equipment	4	-	-
Investments	5	10,513,802	10,513,802
		<u>10,513,802</u>	<u>10,513,802</u>
<b>Current assets</b>			
Other receivables	6	1,999,186	1,076,328
Cash and cash equivalents	7	2,016,808	2,756,790
		<u>4,015,994</u>	<u>3,833,118</u>
<b>TOTAL ASSETS</b>		<u>14,529,796</u>	<u>14,346,920</u>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share capital	2	14,000,000	14,000,000
Retained earnings	8	131,302	(1,004)
<b>Total equity</b>		<u>14,131,302</u>	<u>13,998,996</u>
<b>Non current liabilities</b>			
Long term provisions	9	56,833	34,833
		<u>56,833</u>	<u>34,833</u>
<b>Current liabilities</b>			
Trade payables	10	312,926	307,891
Other payables	11	28,735	5,200
		<u>341,661</u>	<u>313,091</u>
<b>Total liabilities</b>		<u>398,494</u>	<u>347,924</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u>14,529,796</u>	<u>14,346,920</u>

Accompanying notes no 1 to 20 form an integral part of the financial statements.  
The financial statements on pages 4 to 21 were approved on May 16, 2021.

  
MR. PRADEEP SANKARA WARRIER  
MANAGER



TECHNOMET INTERNATIONAL FZE  
JEBEL ALI FREE ZONE,  
DUBAI - UNITED ARAB EMIRATES

Statement of comprehensive income for the year ended March 31, 2021

	Notes	2021 AED	2020 AED
Revenue	12	761,158	2,605,700
Cost of sales	13	(141,849)	(536,741)
<b>Gross profit</b>		<b>619,309</b>	<b>2,068,959</b>
<b>Indirect expenses</b>			
General and administrative expenses	14	(477,158)	(818,385)
Finance charges	15	(9,845)	(18,041)
		<b>(487,003)</b>	<b>(836,426)</b>
<b>Net profit for the year</b>		<b>132,306</b>	<b>1,232,533</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>132,306</b>	<b>1,232,533</b>

Accompanying notes no 1 to 20 form an integral part of the financial statements.



TECHNOMET INTERNATIONAL FZE  
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Statement of cash flows for the year ended March 31, 2021

	Notes	2021 AED	2020 AED
<b>Cash flows from operating activities:</b>			
Total comprehensive income for the year		132,306	1,232,533
Adjustments for:			
Provision for end of service benefits	9	22,000	34,833
<b>Operating profit before working capital changes</b>		<b>154,306</b>	<b>1,267,366</b>
<b>(Increase)/ Decrease in current assets</b>			
Other receivables	6	(922,858)	(251,679)
<b>Increase/ (Decrease) in current Liabilities</b>			
Trade payables	10	5,035	-
Other payables	11	23,535	(46,298)
<b>Net Cash generated from/(used in) operating activities</b>		<b>(739,982)</b>	<b>969,389</b>
<b>Cash flows from investing activities:</b>			
Investments in shares	5	-	(357,302)
<b>Cash (used in) investing activities</b>		<b>-</b>	<b>(357,302)</b>
<b>Net Increase in cash and cash equivalents</b>		<b>(739,982)</b>	<b>612,087</b>
Cash and cash equivalents - beginning of the year		2,756,790	2,144,703
<b>Cash and cash equivalents - end of the year</b>	7	<b>2,016,808</b>	<b>2,756,790</b>
<b>Represented by:</b>			
Cash in hand		1,953	4,132
Cash at banks		2,014,855	2,752,658
		<b>2,016,808</b>	<b>2,756,790</b>

Accompanying notes no 1 to 20 form an integral part of the financial statements.



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Statement of changes in Equity for the year ended March 31, 2021

	Share capital	Retained earnings	Total
	AED	AED	AED
Balance as at the beginning of April 01, 2019	14,000,000	(1,233,537)	12,766,463
Comprehensive income for the year	-	1,232,533	1,232,533
<b>Balance as at March 31, 2020</b>	<b>14,000,000</b>	<b>(1,004)</b>	<b>13,998,996</b>
Comprehensive income for the year	-	132,306	132,306
<b>Balance as at March 31, 2021</b>	<b>14,000,000</b>	<b>131,302</b>	<b>14,131,302</b>

Accompanying notes no 1 to 20 form an integral part of the financial statements.





**TECHNOMET INTERNATIONAL FZE  
JEBEL ALI FREE ZONE,  
DUBAI - UNITED ARAB EMIRATES**

**Notes to the financial statements for the year ended March 31, 2021**

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**1 Legal Status and Business Activity**

1.1 **TECHNOMET INTERNATIONAL FZE ("the Establishment")** was incorporated on August 3, 2017 and licensed to operate as a Free Zone Establishment (Limited Liability) in the United Arab Emirates under the General Trading license # 162039 issued by the Jebel Ali Free Zone Authority, Dubai, United Arab Emirates.

1.2 The Establishment is licensed to carry out general trading.

1.3 The management and control of the Establishment is vested with Mr. Pradeep Sankara Warriar, (Indian National) the Manager of the Establishment.

1.4 The registered address of the Establishment is Office LB16142, Jebel Ali, Dubai, United Arab Emirates.

**2 Share capital**

The Share capital of the Establishment is AED 14,000,000 (14 shares of AED 1,000,000) and is 100% held by M/s. Manaksia Steels Limited, India.

**3 Significant Accounting Policies**

**3.A Critical Accounting Judgements and key sources of estimation of uncertainty**

The preparation of financial statements in conformity with the International Financial Reporting Standards (IFRSs) and applicable legal and regulatory requirements requires the management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities recognised. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) 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 revision affects both current and future periods.

**Estimates and assumptions**

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

**i) Allowance of trade receivables**

An expected credit losses allowance for trade receivables is recognised as per IFRS 9 considering the pattern of receipts from, and the future financial outlook of, the concerned customer. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the credit period and the days past due.

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Notes to the financial statements for the year ended March 31, 2021 (continued)

**3.A Critical Accounting Judgements and key sources of estimation of uncertainty (continued)**  
**Estimates and assumptions (continued)**

**ii) Impairment of inventories**

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. Though there is rate variation, COVID -19 outbreak has not resulted in impairment of inventories.

**iii) Useful lives and residual values of property and equipment**

The Establishment reviews the useful lives and residual values of property and equipment on a regular basis. Any change in estimates may affect the carrying amounts of the respective items of property and equipment, with a corresponding effect on the related depreciation charge.

**iv) Impairment losses on property and equipment**

The management reviews its property and equipment to assess, if there is an indication of impairment. In determining whether impairment losses should be reported in the statement of comprehensive income, the management makes judgements as to whether there is any observable data indicating that there is a reduction in the carrying value of property and equipment. Accordingly, an allowance for impairment is made where there is an identified loss, event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property and equipment.

**3.B Summary of significant accounting policies**

A summary of the significant accounting policies, which have been applied consistently followed are set out below:

**a) Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), interpretations issued by the IFRS Interpretations Committee ("the Committee"), and in compliance with the applicable provisions of Federal Law.

**b) Accounting convention**

The financial statements have been prepared in accordance with historical cost convention and accrual basis. The fair/net realizable value concept of measurement of assets and liabilities has also been applied wherever applicable under International Financial Reporting standards (IFRSs) issued by the International Accounting Standards Board (IASB).

**c) Functional and reporting currency**

The functional and reporting currency of the Establishment is AED, as all major transactions are effected in that currency.



**Notes to the financial statements for the year ended March 31, 2021 (continued)**

**3.B Summary of significant accounting policies(continued)**

**d) Basis of measurement**

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Establishment takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. All assets and liabilities have been classified as current or non-current as per the Establishment's normal operating cycle, which is taken as 12 months.

**e) Changes in accounting policies and disclosures**

The accounting policies are consistent with those used in the previous year and in conformity with applicable International Financial Reporting Standards (IFRSs) except for the new IFRS and amendment to IFRS and IFRIC interpretations effective for accounting year beginning on or after January 1, 2020. The Establishment has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**New standards, improvements, interpretations and amendments issued**

* Amendments to IFRS 3	Definition of a Business
* Amendments to IFRS 9	Financial Instruments
* Amendments to IFRS 7	Financial Instruments: Disclosures
* Amendments to IAS 39	Financial Instruments: Recognition and Measurement
* Amendments to IAS 1	Presentation of Financial statements
* Amendments to IAS 8	Accounting Policies Changes in Accounting Estimates and
* Amendments to IFRS 16	Leases (Covid-19 related rent concession)
* Conceptual Framework for Financial Reporting	

**Amendments to IFRS 3 Business Combinations**

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Establishment, but may impact future periods should the Establishment enter into any business combinations.

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the financial statements of the Establishment as it does not have any interest rate hedge relationships.



3.B Summary of significant accounting policies (continued)

e) Changes in accounting policies and disclosures (continued)

**Amendments to IAS 1 Presentation of Financial statements and IAS 8 Accounting Policies Changes in Accounting Estimates and Error**

The amendments provide a new definition of 'material' that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Establishment.

**Revised Conceptual Framework for Financial Reporting**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Establishment.

**Amendments to IFRS 16 Covid-19 Related Rent Concessions**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Establishment.

**f) Inventories**

Inventories are stated at the lower of cost and net realisable value using weighted average cost method. Costs comprise of direct materials and those expenses that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred on completion and on disposal.

Notes to the financial statements for the year ended March 31, 2021 (continued)

3.B Summary of significant accounting policies (continued)

g) Property and equipment

i) Recognition and Measurement:

Property and equipment is stated at cost less accumulated depreciation and any impairment in value. The cost comprises of purchase price, levies, duties and any directly attributable cost of bringing the asset to its working condition. Any subsequent costs to the asset is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Establishment and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. Any other associated cost/ expenditure are recognised in the Statement of comprehensive income in the period of incurrence.

ii) Depreciation

The depreciation on assets acquired/disposed during the year is charged from/up to the date of addition/disposal to the date of financial position. Depreciation is provided on a straight-line basis over the assets' estimated useful lives as follows:

Asset	Useful Life (years)
Furniture and fixtures	2

iii) Derecognition

The carrying value of the asset is derecognised when the asset is replaced/sold/scrapped. The difference between the amount realised from the asset derecognised and its carrying value is recognised in the statement of comprehensive income in the period of derecognition in so far as it does not relate to capital profits, where it shall be recognised under retained earnings.

h) Impairment of non-financial assets

The Establishment assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Establishment makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case the cash-generating unit to which the asset belongs is used. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.



### 3.B Summary of significant accounting policies (continued)

#### i) Financial instruments

Financial assets and financial liabilities are recognised when the Establishment becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those trade receivables that do not contain a significant financing component are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

The above classification is determined by both

- the Establishment's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which are presented within general and administrative expenses.

#### Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. The Establishment's cash and cash equivalents, trade receivables, and other receivables (excluding prepaid expenses and advances), fall into this category of financial instruments.

#### j) Leases

The Establishment has short term lease arrangement for its shops for a lease period of 1 year. Accordingly, the Establishment has elected to apply recognition exemption and recognised the lease payments associated with those lease as an expense on a straight line basis over the lease term.

**3.B Summary of significant accounting policies (continued)**

**k) Trade receivables**

Trade receivables are stated at their nominal value, as reduced by appropriate allowances for expected credit loss. Bad debts are written off when there is no possibility of recovery. The Establishment makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the allowance, the Establishment uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

**l) Other receivables**

Other receivables mainly include advance to suppliers, prepaid expenses, deposits and others.

**m) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and balances with banks.

**n) Impairment of financial assets**

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the expected credit loss ("ECL") model. Instruments within the scope of the new requirements include financial assets measured at amortised cost, such as trade receivables measured under IFRS 15. Recognition of credit losses is no longer dependent on the Establishment first identifying a credit loss event, instead the Establishment considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1");
  - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2"); and
  - financial assets that have objective evidence of impairment at the reporting date ("Stage 3").
- "12-month expected credit losses" are recognised for the first category while "lifetime expected credit losses" are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

**o) Trade payables**

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

**3.B Summary of significant accounting policies (continued)**

**p) Provisions**

Provisions are recognised when the Establishment has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

**q) Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Establishment has a legally enforceable right to set off the recognised amounts, and the Establishment either intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

**r) Employee benefits**

**i) Employees' end of service benefits:**

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

**ii) Short-term and other long-term employee benefits:**

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the amount of the benefits expected to be paid in exchange for that service.

**s) The effects of foreign exchange**

Transactions in foreign currencies (currencies other than the Establishment's functional currency) are initially recorded at the rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in such currencies are reinstated at the rate prevailing on the date of financial position. Non monetary items measured in terms of historical costs are not restated. Gains and losses arising are taken to the statement of comprehensive income.

IFRIC 22 clarifies which exchange rate to use in transactions that involve advance consideration paid or received in foreign currency. This does not have any impact on the Establishment's financial statements.

**t) Contingent liabilities**

A contingent liability is disclosed when the Establishment has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events, not wholly within the control of the Establishment; or when the Establishment has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.



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**Notes to the financial statements for the year ended March 31, 2021 (continued)**

**3.B Summary of significant accounting policies (continued)**

**u) Revenue recognition**

The Establishment follows a 5-step process to determine whether to recognise revenue, as follows:

- i. Identifying the contract with a customer;
- ii. Identifying the performance obligations;
- iii. Determining the transaction price;
- iv. Allocating the transaction price to the performance obligations; and
- v. Recognising revenue when performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when the Establishment satisfies performance obligations by transferring the promised goods to its customers.

**Sales revenue**

Revenue from sale of goods is recognized at a point in time when the goods are delivered and performance obligations are satisfied.

**v) Expenses**

Costs of sales include purchase and all costs directly attributable to the generation of revenue. All other expenses are classified as general and administrative expenses , as appropriate.

**3.C New Standards and amendments issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of the Establishment's financial statements are disclosed below. The Establishment intends to adopt these standards, if applicable, when they become effective.

		W.e.f.
IFRS 17 and its amendments	Insurance Contracts	Jan. 1, 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	Jan. 1, 2023
Amendments to IFRS 3	Reference to the IFRS conceptual framework	Jan. 1, 2022
Amendments to IAS 16	Proceeds before intended use	Jan. 1, 2022
Amendments to IAS 37	Onerous contracts - cost of fulfilling a contract	Jan. 1, 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16	Interest rate benchmark reform - Phase 2	Jan. 1, 2021
Annual Improvements to IFRS / 2018-2020 Cycle		Jan. 1, 2022

The management anticipates that all of the above standards, amendments and interpretations will be adopted by the Establishment, to the extent applicable, from their respective effective dates. The adoption of these standards, amendments and interpretations is not expected to have any material impact on the financial statements of the Establishment in the year of their initial application.



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4	Property and equipment	Furniture & Fixtures AED	Total AED
4.1	<b>Cost</b>		
	Balance as at the beginning of April 01, 2019	8,000	8,000
	Balance as at end of March 31, 2020	8,000	8,000
	<b>Balance as at end of March 31,2021</b>	<b>8,000</b>	<b>8,000</b>
4.2	<b>Accumulated Depreciation</b>		
	Balance as at the beginning of April 01, 2019	8,000	8,000
	Balance as at end of March 31, 2020	8,000	8,000
	<b>Balance as at end of March 31,2021</b>	<b>8,000</b>	<b>8,000</b>
4.3	<b>Net Book Value</b>		
	Balance as at end of March 31, 2020	-	-
	<b>Balance as at end of March 31,2021</b>	<b>-</b>	<b>-</b>





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<b>5</b>	<b>Investments</b>	<b>2021 AED</b>	<b>2020 AED</b>
	100,000,000 Ordinary shares of Naira 1 each of Far East Steel Industries Limited, Nigeria	915,000	915,000
	900,000,000 Ordinary shares of Naira 1 each of Federated Steel Mills Ltd, Nigeria	9,241,500	9,241,500
	35,000,000 Ordinary shares of Naira 1 each of Sumo Agrochem Limited, Nigeria	357,302	357,302
		<b>10,513,802</b>	<b>10,513,802</b>
Investments represent the amount invested by the Establishment in quoted and unquoted instruments. Any profit or loss on reinstatement or fair valuation at the date of financial position is recognised in the statement of comprehensive income.			
<b>6</b>	<b>Other receivables</b>	<b>2021 AED</b>	<b>2020 AED</b>
	Other receivable	710,552	710,552
	Prepaid Expenses	59,976	69,325
	Deposits	43,248	43,221
	Advance to suppliers	1,185,410	253,230
		<b>1,999,186</b>	<b>1,076,328</b>
<b>7</b>	<b>Cash and cash equivalents</b>	<b>2021 AED</b>	<b>2020 AED</b>
	Balance in banks:		
	- In current accounts	2,014,855	2,752,658
	Cash in hand	1,953	4,132
		<b>2,016,808</b>	<b>2,756,790</b>
<b>8</b>	<b>Retained earnings</b>	<b>2021 AED</b>	<b>2020 AED</b>
	Balance as at the beginning of the year	(1,004)	(1,233,537)
	Comprehensive income for the year	132,306	1,232,533
	Balance as at the end of the year	<b>131,302</b>	<b>(1,004)</b>
<b>9</b>	<b>Employees' end of service benefits</b>	<b>2021 AED</b>	<b>2020 AED</b>
	Balance at the beginning of the year	34,833	-
	Provision for the year	22,000	34,833
	Balance at the end of the year	<b>56,833</b>	<b>34,833</b>
<b>10</b>	<b>Trade payables</b>	<b>2021 AED</b>	<b>2020 AED</b>
	Sundry creditors	312,926	307,891
		<b>312,926</b>	<b>307,891</b>



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	<b>2021</b>	<b>2020</b>
	<b>AED</b>	<b>AED</b>
<b>11 Other payables</b>		
Expenses payable	28,735	5,200
	<u><b>28,735</b></u>	<u><b>5,200</b></u>
<b>12 Revenue</b>		
	<b>2021</b>	<b>2020</b>
	<b>AED</b>	<b>AED</b>
Sales	761,158	2,605,700
	<u><b>761,158</b></u>	<u><b>2,605,700</b></u>
<b>13 Cost of sales</b>		
	<b>2021</b>	<b>2020</b>
	<b>AED</b>	<b>AED</b>
Purchases and related costs	141,849	536,741
	<u><b>141,849</b></u>	<u><b>536,741</b></u>
<b>14 General and administrative expenses</b>		
	<b>2021</b>	<b>2020</b>
	<b>AED</b>	<b>AED</b>
Salary and benefits	320,765	653,858
Rent	86,140	86,312
Legal and professional	35,583	42,255
Communication	4,211	5,750
Insurance	29,663	30,210
Office expenses	796	-
	<u><b>477,158</b></u>	<u><b>818,385</b></u>
<b>15 Finance Charges</b>		
	<b>2021</b>	<b>2020</b>
	<b>AED</b>	<b>AED</b>
Bank charges	9,845	18,041
	<u><b>9,845</b></u>	<u><b>18,041</b></u>



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**16 Going concern**

The management has prepared these financial statements on a going concern basis which assumes that the Establishment will continue to operate as a going concern for a foreseeable future. The Establishment took corrective measures to mitigate the financial impact of Covid-19.

**17 Risk management**

**17.1 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Whilst the Establishment had no significant interest-bearing financial assets or liabilities, it was not exposed to interest rate risk as at the reporting date.

**17.2 Credit risk**

Credit risk is limited to the carrying values of financial assets in the statement of financial position, and is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Establishment was exposed to credit risk on the following balances:

	2021	2020
	AED	AED
Bank balance (note 7)	2,014,855	2,752,658
Other receivables (excluding prepayments and deposits) (note 6)	710,552	710,552
	<u>2,725,407</u>	<u>3,463,210</u>

The Establishment seeks to limit its credit risk with respect to banks by dealing with reputable banks. Deposits are with authorities for visa, rent and others and hence minimal credit risk associated with them.

**Credit risk**

Credit risks related to receivables are managed subject to the Establishment's policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria and the credit quality of customers is assessed by management. Outstanding customer receivables are regularly monitored. The requirement for an impairment is analysed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Establishment does not hold collateral security. The Establishment has created allowance for expected credit loss as per IFRS 9.

Other receivables relate to transactions arising in the normal course of business with minimal credit risk.

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**17 Risk management (continued)**

**17.3 Liquidity risk**

Liquidity risk is the risk that the Establishment may not have sufficient liquid funds to meet its liabilities as they fall due. Prudent liquidity risk management requires maintaining sufficient cash and the availability of funding to meet obligations when due. The Establishment limits its liquidity risk by ensuring bank facilities and funds from the shareholders are available, as required.

The Establishment's terms of contract require amounts to be paid within 30 to 90 days. Trade payables are normally settled within 90 days of the date of purchase.

**17.4 Foreign currency risk**

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to the change in foreign exchange rate and adversely affect the Establishment.

Most of the Establishment transactions are carried out in AED. Exposure to currency exchange rates arise from the Establishment's overseas transactions, which are primarily denominated in US dollars (USD). Since the AED is pegged to USD, there is no currency risk with regard to the USD.

**18 Capital management**

The primary objective of the Establishment's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise equity value.

The Establishment manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year. Equity comprises of share capital and retained earnings.

**19 Significant events occurring after the date of financial statements**

There were no significant events occurring after the date of financial statements which will have any material effect on the working or the financial position of the Establishment.

**20 Comparative information**

Previous year's figures have been reclassified/regrouped wherever necessary to confirm to the current year presentation and make them comparable.

