**OCTAWARE GULF FZE**
**P O Box 39349, RAK Free Trade Zone**
**Ras Al Khaimah, UAE**

# Independent Auditor's Report and Financial Statements Year ended 31 March 2022

**Unity Auditing**
**Chartered Accountants**
P.O. Box 30461, Sharjah, U.A.E. Tel. +971 6 7675010
e-mail: admin@unityauditing.com www.unityauditing.com

**OCTAWARE GULF FZE**
**P O Box 39349, RAK Free Trade Zone**
**Ras Al Khaimah, UAE**

**Independent Auditor's Report**
**and Financial Statements**
**Year ended 31 March 2022**

| Table of Contents | Page No. |
|---|---|

**OCTAWARE GULF FZE**
**REPORT OF THE MANAGER**
**Year ended 31 March 2022**

I have pleasure in submitting this report and the audited financial statements for the year ended 31 March 2022.

**Review of business activities**
The Establishment's principal activity is information technology consultancy.

**Financial results**
During the year under review, the Establishment has reported as follows:

| | **31-Mar-22** | 31-Mar-21 |
|---|---|---|
| | **AED** | AED |
| Turnover | **4,515,172** | 3,617,546 |
| Net profit/(loss) | **407,424** | 143,121 |

**Events since the end of the year**
There are no significant events since the year ended 31 March 2022.

**Shareholder's interest**

| **Name** | **Nationality** | **No. of shares** | **Amount (AED)** | **%** |
|---|---|---|---|---|
| Octaware Technologies Limited | India | 21 | 2,100,000 | 100% |

Mr. Anto Christopher George Nathan is the Manager of the Establishment.

Authorized, issued and fully paid up share capital of the Establishment is divided into 21 shares of AED 2,100,000.

**Management and its responsibilities**
I confirm that I am responsible for the financial statements, including selecting the accounting policies and making judgments underlying them. I confirm that I have made available relevant accounting records and information for the completion of these audited financial statements.

**Statutory compliance**
The Establishment has complied with all the rules, regulations, laws, UAE commercial companies laws, Free Zone rules and other laws applicable to the activities and related activities of the Establishment. I believe that there are no violation of the laws.

**Auditors**
The Auditors, Unity Auditing, Chartered Accountants, United Arab Emirates, are willing to continue in office and I propose to re-appoint them as auditors for the ensuing year.

Manager
18 May 2022



SHARJAH
U.A.E.
UNITY AUDITING

**INDEPENDENT AUDITORS' REPORT**
**TO THE OWNERS OF OCTAWARE GULF FZE, RAS AL KHAIMAH, UNITED ARAB EMIRATES, UAE**

**Opinion**
We have audited the financial statements of **Octaware Gulf FZE, (the "Establishment"),** which comprise the financial position as at 31 March 2022, the related statements of comprehensive income, cash flows and 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 accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRS").

**Emphasis of matter**
Without qualifying our opinion, we draw attention to Note 6 that the bank balances are subject to independent confirmation.

**Basis for opinion**
We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the section 'Auditor's responsibilities for the audit of the financial statements'. 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 other ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates ("UAE") and we have fulfilled our other 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 the financial statements in accordance with IFRS, applicable provisions of Memorandum and Articles of Association, the UAE Federal Law No. 2 of 2015 (the "Federal Law") as amended, and implementing rules and regulations applicable to Ras Al Khaimah Economic Zone companies, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management is responsible for overseeing the financial reporting process.

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.

**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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement 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 controls;



الوحدة لمراجعة الحسابات SHARJAH U.A.E. UNITY AUDITING

P.O. Box: 30461, Sharjah, United Arab Emirates
Tel: +971 6 5643071, Email: admin@unityauditing.com, Website : www.unityauditing.com

- obtain an understanding of internal controls 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 internal controls;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;

- conclude on the appropriateness of management's use of the going concern basis of accounting head, 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, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine if there are any matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We have determined that there are no key audit matters to communicate in our report.

**Report on legal and regulatory requirements**
As required by the UAE Federal Law No. 2 of 2015, we report that:

1. we have obtained all the information and explanations necessary for the purpose of our audit;
2. the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No.2 of 2015 on Commercial Companies, as amended, the Memorandum and Articles of Association ("MOA") of the Establishment and the Implementing Rules and Regulations applicable to Ras Al Khaimah Economic Zone companies.
3. the Establishment has maintained proper books of accounts;
4. the financial information included in the Manager's report is consistent with the books of account;
5. The Establishment has not purchased or invested in shares during the financial year;
6. the financial statements reflect material related party transactions and the terms under which they were concluded; and
7. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Establishment has contravened any of the applicable provisions of the UAE Federal Law No.2 of 2015 on Commercial Companies, as amended, implementing rules and regulations applicable to Ras Al Khaimah Economic Zone companies, or of its Memorandum and Articles of Association, which would materially affect its activities or its financial position.

**Unity Auditing, Chartered Accountants**
CA. Lal Thomas, FCA
Registered Auditor No. 774

الوحدة لمراجعة الحسابات * محاسبون قانونيون
P.O. Box 30461
Sharjah, U.A.E.
UNITY AUDITING * CHARTERED ACCOUNTANTS

Sharjah
18 May 2022



P.O. Box: 30461, Sharjah, United Arab Emirates
Tel: +971 6 5643071, Email: admin@unityauditing.com, Website : www.unityauditing.com

**OCTAWARE GULF FZE**
**STATEMENT OF FINANCIAL POSITION**
**As at 31 March 2022**

| | Notes | 31-Mar-22 AED | 31-Mar-21 AED |
|---|---|---|---|
| **ASSETS** | | | |
| **Non current assets** | | | |
| Property, plant and equipment | 3 | - | 625 |
| Intangible | 4 | **831,626** | 831,626 |
| | | **831,626** | 832,251 |
| **Current Assets** | | | |
| Accounts receivable and prepayments | 5 | **3,014,575** | 2,976,070 |
| Cash and cash equivalents | 6 | **437** | 51,352 |
| | | **3,015,012** | 3,027,422 |
| **TOTAL ASSETS** | | **3,846,638** | 3,859,673 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | 7 | **2,100,000** | 2,100,000 |
| Retained earnings / (losses) | 8 | **1,468,880** | 1,061,456 |
| Shareholder's funds | | **3,568,880** | 3,161,456 |
| **Non Current Liabilities** | | | |
| Employees' end of service benefit provision | 9 | **16,310** | 89,583 |
| **Current Liabilities** | | | |
| Accounts payable and accruals | 10 | **261,448** | 608,634 |
| | | **261,448** | 608,634 |
| **TOTAL EQUITY AND LIABILITIES** | | **3,846,638** | 3,859,673 |

The financial statements are approved by the Manager on 18 May 2022.

_________________ Manager

**OCTAWARE GULF FZE**

The attached notes 1 to 18 form part of these financial statements.

SHARJAH U.A.E. UNITY AUDITING الوحدة لمراجعة الحسابات

**OCTAWARE GULF FZE**
**STATEMENT OF COMPREHENSIVE INCOME**
**Year ended 31 March 2022**

| | Notes | 31-Mar-22 AED | 31-Mar-21 AED |
|---|---|---|---|
| Revenue | | **4,515,172** | 3,617,546 |
| Direct expenses | 11 | **(2,522,184)** | (2,525,254) |
| **GROSS PROFIT/ (LOSS )** | | **1,992,988** | 1,092,292 |
| Administration expenses | 12 | **(1,676,858)** | (944,419) |
| Other income | 13 | **96,570** | 312 |
| **PROFIT FROM OPERATIONS** | | **412,700** | 148,185 |
| Finance costs | | **(5,276)** | (5,064) |
| **NET PROFIT/ (LOSS )** | | **407,424** | 143,121 |

_________________ Manager
**OCTAWARE GULF FZE**

The attached notes 1 to 18 form part of these financial statements.

SHARJAH U.A.E. UNITY AUDITING الوحدة لمراجعة الحسابات

**OCTAWARE GULF FZE**
**STATEMENT OF CASH FLOWS**
**Year ended 31 March 2022**

| | 31-Mar-22 AED | 31-Mar-21 AED |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net profit/(loss) | **407,424** | 143,121 |
| Adjustments for non- cash items: | | |
| Depreciation | **625** | 1,250 |
| Employees' end of service provision reversed | **(73,273)** | - |
| Employees' end of service benefits | - | 30,166 |
| Finance costs | **5,276** | 5,064 |
| Operating profit before working capital changes: | **340,052** | 179,601 |
| (Increase) / decrease in accounts receivable and prepayments | **(38,505)** | (1,109,923) |
| Increase / (decrease) in payables, accruals and provisions | **(347,186)** | (510,955) |
| Net cash from / (used in) operating activities | **(45,639)** | (1,441,277) |
| Finance costs | **(5,276)** | (5,064) |
| | **(50,915)** | (1,446,341) |
| **INVESTING ACTIVITIES** | | |
| Net cash from / (used in) investing activities | - | - |
| **FINANCING ACTIVITIES** | | |
| Net cash from / (used in) financing activities | - | - |
| **INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS** | **(50,915)** | (1,446,341) |
| Cash and cash equivalents at the beginning | **51,352** | 1,497,693 |
| **CASH AND CASH EQUIVALENTS AT THE END** | **437** | 51,352 |

_______________ Manager
**OCTAWARE GULF FZE**

The attached notes 1 to 18 form part of these financial statements.

الوحدة لمراجعة الحسابات SHARJAH U.A.E. UNITY AUDITING

**OCTAWARE GULF FZE**
**STATEMENT OF CHANGES IN EQUITY**
**Year ended 31 March 2022**

| | Share capital | Retained earnings / ( losses ) | Total |
|---|---|---|---|
| | AED | AED | AED |
| Balance as at 31 March 2020 | 2,100,000 | 918,335 | 3,018,335 |
| Net profit / (loss) for the year | - | 143,121 | 143,121 |
| Balance as at 31 March 2021 | 2,100,000 | 1,061,456 | 3,161,456 |
| Net profit / (loss) for the year | - | 407,424 | 407,424 |
| **Balance as at 31 March 2022** | **2,100,000** | **1,468,880** | **3,568,880** |

_________________ Manager
**OCTAWARE GULF FZE**

The attached notes 1 to 18 form part of these financial statements.

SHARJAH U.A.E. UNITY AUDITING

## 1. LEGAL STATUS AND BUSINESS ACTIVITIES

**Octaware Gulf FZE** is incorporated on 1 April 2013, as a Free Zone Establishment with Limited Liability, as per license no. 158819, by the Ras Al Khaimah Economic Zone; in accordance with the provisions of Emiri Decree dated 1 May 2000 issued in Ras Al Khaimah and the Federal Law No. 8 of 1984 concerning the commercial companies of UAE together with its amendments therein. The licensed activity of the Establishment consists of information technology consultancy.

The registered office of the Establishment is located at P.O. Box 39349, A4-326, Building no A4, Al Hamra Industrial Zone – FZ, Ras Al Khaimah, United Arab Emirates.

**Shareholders and their interest**

| **Name** | **Nationality** | **No. of shares** | **Amount (AED)** | **%** |
|---|---|---|---|---|
| Octaware Technologies Limited | Indian | 21 | 2,100,000 | 100% |

Mr. Anto Christopher George Nathan, (Indian national), is the Manager of the Establishment.

## 2. SIGNIFICANT ACCOUNTING POLICIES

**Basis of preparation**
The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Implementing Rules and Regulations applicable to Companies registered with Ras Al Khaimah Economic Zone.

**Accounting convention**
The financial statements are prepared under the historical cost convention.

**CHANGES IN ACCOUNTING POLICIES**
The accounting policies are consistent with those used in the previous financial year, except for the below IFRS amendments to the extent applicable.

### 2.1 New standards, interpretations and amendments effective for the current year

The following new and revised standards and interpretations have been adopted in the current year with no material impact on the disclosures and amounts reported for the current and previous years but may affect the accounting for future transactions or arrangements:

| **International Accounting Standards (IAS/IFRSs)** | **Effective date** |
|---|---|
| COVID-19 Related Rent Concessions (Amendment to IFRS 16) | 1-Jun-2020 |
| Interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16) | 1-Jan-2021 |

### 2.2 New standards, interpretations and amendments in issue but are not yet effective

Standards, amendments and interpretations issued but not yet effective at the date of authorization of these financial statements are listed below. The Entity intends to adopt those standards when they become effective.

| International Accounting Standards (IAS/IFRSs) | Effective date |
|---|---|
| Onerous Contracts- Cost of fulfilling a Contract (Amendments to IAS 37) | 1-Jan-2022 |
| Annual improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41) | 1-Jan-2022 |
| Property, Plant and Equipment - Proceeds before intended use (Amendments to IAS 16) | 1-Jan-2022 |
| Reference to the conceptual framework (Amendments to IFRS 3) | 1-Jan-2022 |
| Classification of Liabilities as current or non-current (Amendments to IAS 1) | 1-Jan-2023 |
| IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts | 1-Jan-2023 |
| Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) | 1-Jan-2023 |
| Definition of Accounting Estimates (Amendments to IAS 8) | 1-Jan-2023 |
| Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) | 1-Jan-2023 |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) | To be determined |

The management believes that the adoption of the above amendments are not likely to have any significant impact on the financial statements of the Entity for future periods.

**Use of estimates and judgments**

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

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 and in any future periods affected.

**Leases**

The entity assesses at the inception of a contract, whether the contract is or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Entity assesses whether:

• The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available.

• The Entity has the right to obtain substantially all of the economic benefits from use of the Identified asset throughout the period of use, considering its rights within the defined scope of the contract.

• The Entity has the right to direct the use of the identified asset throughout the period of use. The Entity assesses whether It has the right to direct how and for what purpose the asset is used throughout the period of use.

*The entity as lessee:*

The entity applies a single recognition and measurement approach for all leases whereby right-of-use assets and lease liabilities are recognized except for the short-term leases and leases of low-value assets.



SHARJAH U.A.E. UNITY AUDITING

The Entity elects not to recognize right-of-use assets and lease liability for short term lease contracts (i.e. lease period less than or equal to 12 months from the date of commencement) and for low value assets. The Entity recognises payments associated with these leases as an expense on a straight-line basis over the lease term.

**Property and equipment**
Property and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The cost of assets less estimated residual value, where material, is depreciated using the straight-line method at rates of depreciation sufficient to depreciate the assets concerned over their estimated useful lives, which is as follows:

Furniture and office equipments : 3 - 4 years

An assessment of residual values is undertaken at the end of each reporting period and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge. Gains or losses on disposal are determined by reference to their carrying amount and are included in operating profit.

**Impairment of property and equipment**
At the end of each reporting period, management conducts an assessment of property and equipment to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

**Capital Work-in-progress**
Capital work in progress represents costs incurred to date on a fixed asset which is still under construction at the balance sheet date. The costs being incurred on such assets cannot be recognized as an operating asset until they qualify as a ready to use asset.

**Trade receivable**
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are stated at net of realizable value after deducting the related provision for doubtful debts at year-end, which is based on company evaluation on the collectibles of each receivable independently considered. Doubtful accounts are written off after the company exhausts all collection procedures.

The entity recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. 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 ECL. 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 recognized as an impairment gain or loss in profit or loss.

**Employees' end of service benefits**
Provision for employee's end of service benefits is calculated in accordance with the UAE Federal Labor Law.
The liability is computed assuming that all employees were to leave as at the end of the reporting period. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates would have offsetting effect.

**Related parties**
Parties are considered to be related, if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.



SHARJAH U.A.E. UNITY AUDITING

**Revenue recognition**
The amendments as per IFRS 15 Revenue from contracts with customers is applied, wherein revenue is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which it expects to be entitled in exchange of those goods or services. Revenue is recognised to the extent that it is probable that the economic benefits will flow and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns, taxes or duty. It is concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods
Revenue from the sale of goods is recognised when the control and significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services
Revenue from rendering of service is recognised in the accounting period in which the service are rendered.

**Interest expense**
Interest expense incurred on funds obtained from banks and financial institutions is accrued and expensed out on period basis.

**Foreign currencies**
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Gains or losses resulting from settlement of foreign currency transactions are taken to the 'statement of comprehensive income' on net basis as either 'Foreign exchange gains' or 'Foreign exchange losses' and included in 'Finance income' or 'Finance costs' respectively.

**Fair value measurement**
The fair value measurement of the Entity's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique which are:

- Level 1: Quoted prices in active market for identical items.
- Level 2: Observable direct or indirect inputs other than Level 1 inputs.
- Level 3: Unobservable inputs.

Transfers of items between Levels are recognized in the period they occur.

*Financial instruments not measured at fair value*
Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, due from related parties, trade and other payables, and due to related parties.

Due to their short term nature, the carrying value of these financial instruments approximate their fair value.

**Cash and cash equivalents**
Cash and cash equivalents represent cash in hand and unrestricted balance of current accounts with banks.

**Impairment of non-financial assets**
An assessment is made at each financial position date to determine whether there is objective evidence that an asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss recognized for the difference between the recoverable amount and the carrying amount. If any, impairment losses are recognized in the statement of profit or loss and other comprehensive income.



SHARJAH
U.A.E.
UNITY AUDITING

**Contingent liabilities**
Contingent liabilities are possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity. They may also be present obligations that are unrecognized because the future outflow of resources is not probable or the amount concerned cannot be reliably determined. Contingent liabilities are not recognized in the statement of financial position but are disclosed.

**Trade payables, provisions and accruals**
Liabilities are recognized for amounts to be paid in future for goods and services rendered, whether or not billed to the Company.

Provisions are recognised when the Company 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 realizable estimate of the amount of the obligation can be made.

**Risk management**
The Company's management focuses on the unpredictability of financial markets and continually seeks to identify its risks and minimize their impact by conducting and operating the business in a prudent manner. The Company's activities are exposed to a variety of financial risks such as credit, currency, interest rates and liquidity risks. The monitoring of the credit and currency risk, where relevant is explained.



SHARJAH
U.A.E.
UNITY AUDITING

## 3 PROPERTY, PLANT AND EQUIPMENT

| | Furniture and office equipments | Total |
|---|---|---|
| | AED | AED |
| **Cost / Value** | | |
| As at 31 March 2020 | 5,000 | 5,000 |
| As at 31 March 2021 | 5,000 | 5,000 |
| As at 31 March 2022 | **5,000** | **5,000** |
| **Depreciation** | | |
| As at 31 March 2020 | 3,125 | 3,125 |
| Depreciation for the year | 1,250 | 1,250 |
| As at 31 March 2021 | 4,375 | 4,375 |
| Depreciation for the year | 625 | 625 |
| As at 31 March 2022 | **5,000** | **5,000** |
| **Net carrying amount** | | |
| As at 31 March 2021 | 625 | 625 |
| As at 31 March 2022 | - | - |

SHARJAH U.A.E. UNITY AUDITING

## 4 INTANGIBLE ASSETS

| | 31-Mar-22 AED | 31-Mar-21 AED |
|---|---|---|
| Beginning balance | **831,626** | 831,626 |

These are software development costs incurred . It is in progress.

## 5 ACCOUNTS RECEIVABLE AND PREPAYMENTS

| | | 31-Mar-22 AED | 31-Mar-21 AED |
|---|---|---|---|
| Trade receivables | | **596,709** | 1,095,219 |
| Less: Provision for doubtful debts | Note 12 | **(49,095)** | (20,679) |
| | | **547,614** | 1,074,540 |
| Refundable deposit | | **12,252** | 9,000 |
| Prepaid expenses | | **10,239** | - |
| Advances | | **-** | 555,979 |
| Other receivables | | **217,552** | 193,155 |
| Due from related parties | Note 14 | **2,226,918** | 1,143,396 |
| | | **3,014,575** | 2,976,070 |

| **Ageing of trade receivables:** | **Trade receivables 2022** | **Expected credit loss 2022** | Trade receivables 2021 | Expected credit loss 2021 |
|---|---|---|---|---|
| Not past due | **478,389** | **-** | 468,512 | - |
| Past due, upto 60 days | **20,130** | **-** | 507,704 | - |
| Past due, 61 to 365 days | **-** | **-** | 20,814 | 1,041 |
| Above 365 days | **98,190** | **49,095** | 98,189 | 19,638 |
| | **596,709** | **49,095** | 1,095,219 | 20,679 |

| **Geographical analysis of trade receivables:** | | |
|---|---|---|
| Within the United Arab Emirates | **335,156** | 991,280 |
| Outside the United Arab Emirates | **261,553** | 103,939 |
| | **596,709** | 1,095,219 |

| **The movement in the provision for doubtful debts during the year was as follows:** | | |
|---|---|---|
| Beginning balance | **20,679** | - |
| Provided during the year | **28,416** | 20,679 |
| | **49,095** | 20,679 |

The management considers that all the overdue debts, net of the provision established are fully recoverable. The provision for doubtful debts AED 49,095 (2021: AED 20,679 ) is considered adequate.

SHARJAH U.A.E. UNITY AUDITING

## 6 CASH AND CASH EQUIVALENTS

| | 31-Mar-22 AED | 31-Mar-21 AED |
|---|---|---|
| Cash in hand | **33** | 33 |
| Cash at bank -current account | **404** | 51,319 |
| | **437** | 51,352 |

Bank balances are subject to independent confirmation.

## 7 SHARE CAPITAL

| | 31-Mar-22 AED | 31-Mar-21 AED |
|---|---|---|
| Authorized, issued and fully paid up: | | |
| 21 shares of AED 100,000 each | **2,100,000** | 2,100,000 |

## 8 RETAINED EARNINGS / (LOSSES)

| | 31-Mar-22 AED | 31-Mar-21 AED |
|---|---|---|
| Beginning balance | **1,061,456** | 918,335 |
| Net profit / (loss) for the year | **407,424** | 143,121 |
| | **1,468,880** | 1,061,456 |

## 9 EMPLOYEES' END OF SERVICE BENEFITS PROVISION

| | | 31-Mar-22 AED | 31-Mar-21 AED |
|---|---|---|---|
| Beginning balance | | **89,583** | 59,417 |
| Provided for the year | Note 12 | **-** | 30,166 |
| Excess provision reversed | | **(73,273)** | - |
| | | **16,310** | 89,583 |

## 10 ACCOUNTS PAYABLE AND ACCRUALS

| | | 31-Mar-22 AED | 31-Mar-21 AED |
|---|---|---|---|
| Trade payables | | **99,784** | 542,182 |
| Accrued expenses | | **146,778** | 52,752 |
| Other payables | | **-** | 13,700 |
| Due to related parties | Note 14 | **14,886** | - |
| | | **261,448** | 608,634 |

## 11 DIRECT EXPENSES

| | 31-Mar-22 AED | 31-Mar-21 AED |
|---|---|---|
| Cost of sales | **2,522,184** | 2,525,254 |

SHARJAH U.A.E. UNITY AUDITING

## 12 ADMINISTRATION EXPENSES

| | | 31-Mar-22 AED | 31-Mar-21 AED |
|---|---|---|---|
| Salary and related costs | | **483,793** | 334,207 |
| Managerial remuneration | Note 14 | **444,592** | 276,264 |
| Licence, govt.department fees etc. | | **14,500** | 14,500 |
| Office rent | | **28,142** | 28,396 |
| Consultation fees | | **552,637** | 142,538 |
| Office and general expenses | | **104,816** | 79,223 |
| Insurance | | **12,683** | - |
| Business travel | | **1,275** | - |
| Foreign currency loss | | **5,379** | 2,694 |
| Bad debts | | - | 14,502 |
| Provision for bad and doubtful debts | Note 5 | **28,416** | 20,679 |
| Depreciation | Note 3 | **625** | 1,250 |
| Employees' end of service benefits provision | Note 9 | - | 30,166 |
| | | **1,676,858** | 944,419 |

## 13 OTHER INCOME

| | 31-Mar-22 AED | 31-Mar-21 AED |
|---|---|---|
| Commission received | **23,297** | 312 |
| Excess provision reversed | **73,273** | - |
| | **96,570** | 312 |

## 14 RELATED PARTY TRANSACTIONS

During the year, the Establishment had the following related party transactions which were carried out in the normal course of business. Pricing policies and terms of these transactions are approved by the Management.

| **Particulars of the related party** | | 31-Mar-22 AED | 31-Mar-21 AED |
|---|---|---|---|
| Statement of financial position: | | | |
| Receivables: Octaware Gulf QFC, Qatar | Note 5 | **268,925** | 339,500 |
| Receivables: Octaware Information Technologies, India | Note 5 | **1,610,665** | 602,048 |
| Receivables: Octaware, KSA | Note 5 | **347,328** | 201,848 |
| | | **2,226,918** | 1,143,396 |
| Payables: Octaware Technologies Ltd., India | Note 10 | **14,886** | - |
| Statement of comprehensive income: | | | |
| Management remuneration | Note 12 | **444,592** | 276,264 |

## 15 CONTINGENCIES AND COMMITMENTS

Except from the ongoing business obligations which are in the normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitment on Establishment's account as at the reporting date.

SHARJAH U.A.E. UNITY AUDITING

## 16 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprises financial assets and financial liabilities.

Financial assets consist of accounts receivables, deposits, advances, other receivables and cash and cash equivalents. Financial liabilities consist of trade payables and accruals. Fair values of financial assets and liabilities are not materiall different from their carrying values.

## 17 RISK MANAGEMENT

**Credit risk**

The Establishment seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Trade and other receivables are stated net of the allowance for doubtful recoveries. At the end of reporting period, the Establishment did not have a significant exposure to credit risk from receivables situated outside the UAE.

With respect to credit risk arising from the other financial assets of the Establishment, including cash and cash equivalents, and derivative instruments with positive values, the Establishment's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

**Interest rate risk**

The Establishment is not exposed to any significant interest rate risk.

**Liquidity risk**

The Establishment limits its liquidity risk by ensuring own funds. The Establishment's terms of sales require amounts to be paid within 30 to 90 days of the date of sale. Trade accounts payables are normally settled within 30 to 90 days from the date of purchase.

**Currency risk**

There are no significant exchange risks as substantially all financial assets and financial liabilities are denominated in AED or USD with which AED rate is fixed.

## 18 COMPARATIVES AND REPORTING PERIOD

Comparative amounts are taken from the previous year's audited financial statements. The corresponding figures for the previous year have been reclassified in order to conform with the presentation for the current year. Such reclassifications do not affect previously reported net profit or shareholder's equity.

The financial statements cover the 12 months period from 1 April to 31 March .

________________ Manager

**OCTAWARE GULF FZE**

الوحدة لمراجعة الحسابات
SHARJAH
U.A.E.
UNITY AUDITING