WIPRO ARABIA COMPANY LIMITED
(Mixed Limited Liability Company)

UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 AND
INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report

To the partners of
Wipro Arabia Company Limited (Mixed Limited Liability Company)

Opinion
We have audited the unconsolidated financial statements of Wipro Arabia Company Limited (Mixed Limited Liability Company), (the "Company") which comprise the statement of financial position as at 31 December 2019, 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 1 to 29 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 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs") endorsed in the Kingdom of Saudi Arabia by Saudi Organization for Certified Public Accountants ("SOCPA").

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 Unconsolidated 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 that are relevant to our audit of the unconsolidated 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.

Emphasis of matter – Basis of accounting
We draw attention to Note (2) to the unconsolidated financial statements, which refers to the basis for the preparation of the unconsolidated financial statements. These unconsolidated financial statements have been prepared for general purpose use. The Company has not prepared consolidated financial statements, because the Company is a subsidiary of a listed company in National Stock Exchange, India, which prepares general purpose consolidated financial statements that are publically available. Our opinion has not been modified with respect to this matter.

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

The Company's Management is responsible for the preparation and fair presentation of the financial statements in conformity with the International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs") endorsed in the Kingdom of Saudi Arabia by SOCPA and the Regulations for Companies and the Company's Article 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 unconsolidated 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.

Auditor’s responsibilities for the audit of the unconsolidated financial statements
Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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.

For Dr. Mohamed Al-Amri & Co.

SD/-
Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh,19 shawwal 1441(H)
Corresponding to: 11 June 2020 (G)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	**31 December 2019**	31 December 2018
ASSETS			
Non-current assets			
Property and equipment	5	**2,617,464**	2,441,917
Intangible assets	6	**2,227,288**	1,765,101
Investment in subsidiary	7	**2,062,500**	2,062,500
Deferred costs	8	**203,448**	3,242,906
Deferred tax assets	23	**13,551,380**	14,680,568
		20,662,080	24,192,992
Current assets			
Inventories	9	**2,418,975**	4,135,495
Retentions receivable		**24,327,559**	48,386,807
Unbilled revenue		**64,839,363**	53,998,519
Trade receivables	10	**201,435,777**	263,767,983
Due from related parties	24	**60,192,116**	89,435,181
Deferred costs	8	**4,027,033**	12,926,139
Prepayments and other assets	11	**37,485,986**	40,864,213
Cash and cash equivalents	12	**146,258,106**	354,583,304
		540,984,915	868,097,641
TOTAL ASSETS		**561,646,995**	892,290,633
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	**30,000,000**	30,000,000
Statutory reserve		**15,000,000**	15,000,000
Retained earnings		**240,784,331**	404,799,306
Total equity		**285,784,331**	449,799,306
LIABILITIES			
Non-current liabilities			
Deferred revenue	14	**184,363**	1,767,412
Employees' end of service benefits	15	**17,455,249**	16,693,786
		17,639,612	18,461,198
Current liabilities			
Provision for zakat and tax	23	**12,511,385**	4,424,918
Trade payables		**20,388,116**	27,971,734
Due to related parties	24	**77,825,715**	217,847,372
Accruals and other liabilities	16	**105,011,511**	121,049,061
Deferred revenue	14	**42,486,325**	52,737,044
		258,223,052	424,030,129
TOTAL LIABILITIES		**275,862,664**	442,491,327
TOTAL EQUITY AND LIABILITIES		**561,646,995**	892,290,633

These unconsolidated financial statements as shown on pages 4 to 26 were approved by the Board of Directors on 11 June 2020 (corresponding to 19 Shawal 1441H) signed on their behalf by:

SD/-

Mohammed Bin Turki A. Al Saud (Director)

SD/-

Kamini shah (Director)

The accompanying notes from 1 to 29 form an integral part of these unconsolidated financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
Revenue	17	**592,072,244**	577,951,099
Cost of revenue	18	**(444,646,098)**	(486,239,248)
Gross profit		**147,426,146**	91,711,851
Selling and distribution expenses	19	**(17,204,360)**	(14,886,169)
General and administrative expenses	20	**(53,335,861)**	(75,852,939)
Operating profit for the year		**76,885,925**	972,743
Other income	21	**3,609,271**	1,770,845
Finance cost	22	**(1,003,929)**	(1,194,718)
Foreign exchange gain		**(213,677)**	1,697,710
Net profit before zakat and tax for the year		**79,277,590**	3,246,580
Zakat and tax for the year	23	**(13,640,573)**	(4,593,355)
Net profit / (loss) for the year		**65,637,017**	(1,346,775)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Re-measurement of employees' end of service benefits	15	**(2,282,215)**	(497,129)
Other comprehensive loss for the year		**(2,282,215)**	(497,129)
Total comprehensive income / (loss) for the year		**63,354,802**	(1,843,904)

The accompanying notes from 1 to 29 form an integral part of these unconsolidated financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Statutory reserve	Total retained	Total Equity
Balance as at 1 January 2018	30,000,000	15,000,000	400,714,542	445,714,542
Net loss for the year	-	-	(1,346,775)	(1,346,775)
Other comprehensive loss for the	-	-	(497,129)	(497,129)
Total comprehensive loss for the	-	-	(1,843,904)	(1,843,904)
Zakat and tax reimbursable from shareholders			5,928,668	5,928,668
Balance at 31 December 2018	30,000,000	15,000,000	404,799,306	449,799,306
Net profit for the year	**-**	**-**	**65,637,017**	**65,637,017**
Other comprehensive loss for the	**-**	**-**	**(2,282,215)**	**(2,282,215)**
Total comprehensive income for	**-**	**-**	**63,354,802**	**63,354,802**
Dividend	**-**	**-**	**(239,881,162)**	**(239,881,162)**
Zakat and tax reimbursable from shareholders	**-**	**-**	**12,511,385**	**12,511,385**
Balance as at 31 December 2019	**30,000,000**	**15,000,000**	**240,784,331**	**285,784,331**

Analysis of retained earnings:

	Note	Non-Saudi shareholder (66.67%)	Saudi shareholder (33.33%)	Total
Balance at 1 January 2018		271,604,359	129,110,183	400,714,542
Net income for the year		2,164,495	1,082,085	3,246,580
Zakat and tax	23	(1,503,750)	(4,424,918)	(5,928,668)
Deferred tax charge for the year	23	1,335,313	-	1,335,313
Other comprehensive loss		(331,436)	(165,693)	(497,129)
Zakat and tax reimbursable from shareholders		1,503,750	4,429,918	5,928,668
Balance at 31 December 2018		274,772,731	130,026,575	404,799,306
Net income for the year		**52,854,369**	**26,423,221**	**79,277,590**
Zakat and tax	23	**(9,363,694)**	**(3,147,691)**	**(12,511,385)**
Deferred tax charge for the year	23	**(1,129,188)**	**-**	**(1,129,188)**
Other comprehensive loss		**(1,521,553)**	**(760,662)**	**(2,282,215)**
Dividend		**(159,920,775)**	**(79,960,387)**	**(239,881,162)**
Zakat and tax reimbursable from shareholders		**9,363,694**	**3,147,691**	**12,511,385**
Balance at 31 December 2019		**165,055,584**	**75,728,747**	**240,784,331**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before zakat and tax for the year		**79,277,590**	3,246,580
Adjustment to reconcile profit before zakat and tax			
Depreciation of property and equipment	5	**1,974,725**	1,431,235
Gain on sale of property and equipment		**-**	(248,178)
Amortization of intangible assets	6	**897,854**	1,759,233
Employees' end of service benefit charge	15	**2,669,330**	3,016,889
Trade receivables' provision	10	**(6,002,270)**	11,329,494
Inventories' provision	9	**(2,101,728)**	231,711
Finance cost	22	**1,003,929**	1,194,718
		77,719,430	21,961,682
Working capital changes:			
Inventories	9	**3,818,248**	480,788
Retention receivable		**24,059,248**	(1,749,948)
Unbilled revenue		**(10,840,844)**	48,531,756
Trade receivables	10	**68,334,475**	175,813,100
Deferred cost	8	**11,938,564**	10,967,391
Prepayments and other current assets	11	**3,378,227**	(3,484,971)
Trade payables		**(7,583,618)**	(11,887,460)
Related parties, net	24	**(140,021,657)**	74,795,575
Deferred revenue	14	**(11,833,768)**	8,712,783
Accruals and other liabilities	16	**(16,037,550)**	(25,558,049)
Zakat and tax paid	23	**(4,424,918)**	(4,724,800)
Employees' end of service benefits paid	15	**(4,190,082)**	(4,635,287)
Finance cost paid	22	**(1,003,929)**	(1,194,718)
Net cash (used in) /generated from operating activities		**(6,688,174)**	288,027,842
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	5	**(2,150,273)**	(1,686,051)
Proceeds from disposal of property and equipment		**-**	650,000
Additions to intangible assets	6	**(1,360,041)**	(2,204,019)
Acquisition of a subsidiary	7	**-**	(2,062,500)
Net cash used in investing activities		**(3,510,314)**	(5,302,570)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in long term loans		**-**	(14,856,677)
Dividend paid		**(198,126,710)**	-
Net cash used in financing activities		**(198,126,710)**	(14,856,677)
Net change in cash and cash equivalents		**(208,325,198)**	267,868,595
Cash and cash equivalents at the beginning of the year		**354,583,304**	86,714,709
Cash and cash equivalents at the end of the year	12	**146,258,106**	354,583,304
Non-cash transactions:			
Zakat charged transferred to 'due from related parties'	23	**3,147,691**	5,928,668
Tax paid in advance already included in zakat and tax paid	11	**-**	1,146,378

The accompanying notes from 1 to 29 form integral part of these unconsolidated financial statements

1. LEGAL STATUS AND NATURE OF OPERATIONS

Wipro Arabia Company Limited, a Mixed Limited Liability Company ("the Company") incorporated in the Kingdom of Saudi Arabia under Commercial Registration No. 2051034646 dated Jumad Awal 6 1428H (corresponding to 23 May 2007). The Company operates in Saudi Arabia under the license of Saudi Arabian General Investment Authority (SAGIA) No. 102031016066 dated Rabi-al-Thani 18, 1428H (corresponding to 6 May 2007).

The ultimate parent company is Wipro Limited India ("WLI"), which is registered in India, and owns 67% of the Company's shareholding through Wipro IT Services SE (formerly known as Wipro Cyprus Limited), a company registered in the United Kingdom.

The shareholders of the Company and their respective shareholdings as of 31 December 2019 are as follows:

Shareholders	Country of incorporation	Shareholding
Wipro IT Services SE	UK	**66.7%**
Dar Al-Riyadh Holding Company Limited	Kingdom of Saudi Arabia	**33.3%**
		100%

The principal activities of the Company are to execute the development of computer programs, maintenance contracts of integrated systems, provide services of data maintenance and related technical services, trainings and sale of IT software, system products along with accessories and spare parts.

These financial statements include the operations of the Company's branches, operating under individual commercial registration numbers:

City	Commercial Registration No.	Address
Alkhobar	2051034646	Jarir Building, Suite No. 209, P.O. Box 31349, Al-Khobar 31952, Kingdom of Saudi Arabia.
Riyadh	1010285709	7933 Al Muhandis Masaid Al Anqari, As Sulimaniyah, Riyadh 12245
Jeddah	4030198892	Fouad Plaza Center – Mushrif District – Palestine street, P.O Box 31349, Jeddah.
Alkhobar	2051221964	Alkhobar Branch

1.1 Interest in a subsidiary

On 6 Safar 1439H (corresponding to 26 October 2017), the Company acquired a 55% shareholding of Women's Business Park Technologies (a Mixed Limited Liability company) ("WBPT"), a company registered in Riyadh, Kingdom of Saudi Arabia. The principle activity of WBPT comprises the provision of information technology related services, involving services and solutions, programming, developing systems, downloading, executing and analyzing systems, designing, drawing and programming, special software, maintaining software, designing web pages and other computer programming activities, and providing related technical support and training services. The Company's financial year starts on 1 April and ends on 31 March in each Gregorian calendar year.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with IFRS for SMEs as adopted in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

2.2 Unconsolidated financial statements

These unconsolidated financial statements have been prepared for general purpose use. The Company need not present the consolidated financial statements due to the following:

- The Company itself a subsidiary of WLI which is listed in National Stock Exchange, India; and
- WLI produces consolidated general purpose financial statements that comply with full IFRS.

Accordingly, the Company's investment in WBPL is accounted for under the equity method in accordance with IFRS for SMEs as adopted in the Kingdom of Saudi Arabia issued by SOCPA.

2.3 Basis of measurement

These unconsolidated financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for certain employees' benefits which are measured at present value.

2.4 Functional and presentation currency

These unconsolidated financial statements are presented in Saudi Riyals (SR) which is also the functional currency of the Company.

2.5 Financial year

The Company's financial year starts on 1 January and ends on 31 December in each Gregorian calendar year.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

3.1 Key sources of estimation uncertainty

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:

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company. The carrying amounts are analyzed in the relevant notes. Actual results, however, may vary due to technical or other obsolescence. (Note 4)

Provision of trade receivable

The Company measures the loss allowance for trade receivables by reference to past default experience of the debtor and an analysis of the debtor's current financial position. Trade receivables are normally assessed collectively unless there is a need to assess a particular debtor on an individual basis.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable commission rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flow management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

Leases

Management uses a best estimate in determining the commission rate prevailing in the market for the purpose of discounting of commission free finance lease arrangement.

Employees' defined benefit liability

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 15).

Estimate of zakat and income taxes

The Company's zakat and tax charge on ordinary activities is the sum of current zakat and income tax, and deferred tax charges. The calculation of the Company's total taxes charge involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

Provisions and accrual

Recognition and measurement of provisions and contingencies: key assumptions about likelihood and magnitude of an outflow of resources.

Estimated cost of completing projects

The Company uses best estimates, using its in-house experts and based on its past experience for the similar projects, to estimate the total project cost. The Company revises and updates its cost estimation to complete the projects, when the project scope becomes more precise and projects' risks are more appropriately analyzed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets on a straight line method from the date of acquisition. At the time the assets are sold or disposed of, the related accumulated depreciation is removed from the accounts and the related gain or loss is recognized in the statement of profit or loss. The estimated useful lives of property and equipment are as follows:

Assets Category	Useful life in years
Leasehold improvements	5
Computer and office equipment	2
Furniture and fixtures	5

If there is an indication that there has been a significant change in useful life or residual value of an item, the depreciation is revised prospectively to reflect the new estimates.

4.2 Intangible assets

Intangible assets are purchased computer software that are stated at cost less accumulated amortization and any accumulated impairment losses. It is amortized over its estimated useful life of four years using the straight-line method. If there is an indication that there has been a significant change in useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new estimates.

4.3 Investments in subsidiary

Subsidiaries are all entities over which the Company has control. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

4.3 Investments in subsidiary (continued)

Investments in subsidiaries that have not been consolidated due to the exemptions taken as described in 2.2 above, are accounted for under the equity method using cost model and in accordance with IFRS for SMEs.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- any costs directly attributable to the acquisition of the subsidiary.

4.4 Impairment of non-financial assets

At each reporting date, property and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the statement of profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

4.5 Financial instruments - Recognition and measurement

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

i. Financial assets

Initial recognition and measurement

Financial assets are initially recognised at the transaction price, including transaction costs, except in the initial measurement of financial assets that are subsequently measured at fair value through comprehensive income. The Company has not designated any financial assets as at fair value through profit or loss.

Subsequent measurement

Financial assets are subsequently measured at amortized cost using the effective interest method.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If there is objective evidence of impairment, the Company recognises an impairment loss in profit or loss immediately.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

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

If a transfer does not result in derecognition because the Company has retained significant risks and rewards of ownership of the transferred asset, the Company continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. The asset and liability shall not be offset. In subsequent periods, the Company shall recognise any income on the transferred asset and any expense incurred on the financial liability.

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

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

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are initially recognised at the transaction price, including transaction costs, except in the initial measurement of financial liabilities that are subsequently measured at fair value through profit or loss. The Group has not designated any financial liabilities as at fair value through profit or loss.

Subsequent measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest method.

De-recognition

A Company derecognises a financial liability only when it is extinguished i.e. when the obligation specified in the contract is discharged, is cancelled or expires.

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

Measurement of fair values

The Company's financial assets and financial liabilities are measured at amortized cost. Fair values measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

The Company has not disclosed the fair value for financial instruments such as short term trade and other receivables, retention receivable, due from related parties, due to related parties, trade and other payables, cash and cash equivalents, because their carrying amounts are a reasonable approximation of fair values largely because of short term maturity of these instruments.

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.

4.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognized as assets at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of commission on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

4.7 Inventories

Inventories are valued at the lower of cost and the net realizable value i.e. estimated selling price less cost to complete and sell. Cost is determined using weighted average method.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell and the impairment loss is recognized immediately in profit or loss.

4.8 Trade and other receivables

Most sales are made on the basis of normal credit terms and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the statement of profit or loss.

4.9 Cash and cash equivalents

Cash and cash equivalents include bank balances and short-term deposits with original maturities of three months or less from the date of purchases and that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.10 Statutory reserve

In accordance with the Company’s articles of association, the Company established a statutory reserve by the appropriation of 10% of net income until the reserve equaled 50% of the share capital. These reserves are not available for distribution to the shareholders.

4.11 Employees' benefits

- **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

- **Employees' end of service benefits**

The liability or asset recognized in the statement of financial position in respect of the defined end of service benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method.

The net commission cost is calculated by applying the discount rate to the net balance of the defined end of service benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss and other comprehensive income. Re-measurement gains and losses are recognized in the period in which they occur, directly in other comprehensive income. Past-service costs are recognized immediately in statement of profit or loss and other comprehensive income.

4.12 Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Saudi Riyals using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

4.13 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as commission expense.

4.14 Zakat

The Company is subject to zakat in accordance with the regulations of the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. Any differences between the provision and the final assessment are recorded at the approval of the final assessment, when the provision is closed. The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

4.15 Tax

Tax expense represents the sum of the tax currently payable and deferred tax.

- **Current tax**

The tax currently payable is based on percentage of taxable profit attributable to foreign shareholder for the year using the tax rates in accordance with Saudi Arabian Income Tax Law. Additional liabilities arising from final assessments are provided for when the assessments are finalized with the GAZT.

- **Deferred tax**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are generally recognized for all temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled (taxable temporary differences). Deferred tax assets are generally recognized for all temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled (deductible temporary differences) - but only to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.16 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding any taxes or duty. Amounts disclosed as revenue are net of sales returns.

Revenue from sales of goods is recognized in accordance with the sales contract, on delivery of goods to customer and when significant risk and rewards are transferred to customer. Revenue on extended warranties purchased by customers against products are recognized as ‘Deferred revenue’ and charged to statement of profit or loss and other comprehensive income over the period of warranties, respective cost of such warranties are also recognized as ‘Deferred warranty cost’ and charged in line with respective revenue.

Revenue from rendering of services is recognized based on the nature of agreement and services. Revenue from software development services comprises revenue from “Time and Material” (T&M) and “fixed price” contracts. Revenue from time and material services contracts is recognized when related services are performed. Contract revenue from fixed price contracts is recognized based on the percentage of completion method, which is determined using the proportion of costs incurred to date to the total costs for the completion of the contracts as estimated by the management. Billings do not necessarily correlate with revenue recognized using the percentage of completion method of accounting.

No revenue is recognized on a contract where, in the opinion of the management, the ultimate outcome of the contract cannot be reasonably assessed. Losses expected at the completion of a contract are recognized immediately in profit or loss.

Revenue from application maintenance services is recognized over the period of the contract.

Billing in excess of revenue and advance billing are recorded as ‘Deferred revenue’ and subsequently charged to revenue when respective services are rendered or product is delivered. When billed are less than the revenue recognized, the difference is recorded as ‘Unbilled revenue’.

Other revenue

Other revenue is recognized when the control of a certain good or service has been transferred to customers.

4.17 Cost of sales

Cost of revenues includes direct costs of sales, including costs of materials, contract services, and overheads directly attributable to sales.

Cost which has been incurred but respective service has not been rendered is recognized as 'Deferred cost' in statement of financial position and charged out to cost of revenue when the service has been rendered.

4.18 Finance cost

All finance costs are recognised in profit or loss in the period in which they are incurred. Finance cost is recognised on the basis of the effective interest rate and is included in finance costs.

4.19 Selling and distribution, general and administrative expenses

Selling and distribution expenses include any costs incurred to carry out or facilitate all selling activities at the Company. General and administrative expenses pertain to operation expenses which are not directly part of cost of revenue.

Allocations between selling and distribution, general and administrative expenses and cost of sales, when required, are made on a consistent basis.

4.20 Dividends

Interim dividends are recorded as liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders

4.21 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 from 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.

5. PROPERTY AND EQUIPMENT

	Leasehold improvements	Computers and office equipment	Furniture and fixtures	Total
Cost:				
As at 1 January 2018	1,865,005	9,200,193	2,673,983	13,739,181
Additions	-	1,229,202	456,849	1,686,051
Disposals	-	(1,076,976)	-	(1,076,976)
As at 31 December, 2018	1,865,005	9,352,419	3,130,832	14,348,256
Additions	**-**	**1,196,223**	**954,050**	**2,150,273**
Disposals	**-**	**(35,426)**	**-**	**(35,426)**
As at 31 December 2019	**1,865,005**	**10,513,216**	**4,084,882**	**16,463,102**
Accumulated depreciation:				
As at 1 January 2018	709,425	6,188,707	1,758,058	8,656,190
Charge for the year	385,898	1,816,638	291,532	2,949,068
Elimination on disposals	-	(675,154)	-	(675,154)
As at 31 December 2018	1,481,223	8,071,100	2,354,016	11,906,339
Charge for the year	**382,997**	**1,154,572**	**437,156**	**1,974,725**
Elimination on disposals	**-**	**(35,426)**	**-**	**(35,426)**
As at 31 December 2019	**1,864,220**	**9,190,246**	**2,791,172**	**13,845,638**
Net book values:				
At 31 December 2019	**784**	**1,322,970**	**1,293,710**	**2,617,464**
At 31 December 2018	383,782	1,281,319	776,816	2,441,917

6. INTANGIBLE ASSETS

Computer software

Cost:	
As at 1 January 2018	3,037,481
Additions	2,204,019
As at 31 December 2018	5,241,500
Additions	**1,360,041**
As at 31 December 2019	**6,601,541**
Accumulated amortization:	
As at 1 January 2018	1,717,166
Charge for the year	1,759,233
As at 31 December 2018	3,476,399
Charge for the year	**897,854**
As at 31 December 2019	**4,374,253**
Net book value:	
As at December 31, 2019	**2,227,288**
As at December 31, 2018	1,765,101

7. INVESTMENT IN SUBSIDIARY

On 6 Safar 1439H (corresponding to 26 October 2017), the Company acquired a 55% shareholding of Women's Business Park Technologies (a mixed liability company) ("WBPT") with a cash consideration of SR 2.1 million, a company registered in Riyadh, Kingdom of Saudi Arabia. The remaining 45% shareholding of WBPT is owned by Princess Nourah Bint Abdulrahman University Endowment Company.

8. DEFERRED COST

	31 December 2019	31 December 2018
Current:		
Deferred warranty cost	**963,357**	1,556,663
Advances to sub-contractors	**3,063,676**	11,369,476
	4,027,033	12,926,139
Non-Current:		
Deferred warranty cost	**96,262**	1,059,620
Advances to sub-contractors	**107,186**	2,183,286
	203,448	3,242,906

Deferred warranty cost relates to payments made towards extended warranties to manufacturers of various IT related products. These extended warranties are bought by the Company's customers in addition to the standard warranty attached to the relevant IT product. This cost is amortized over the period of warranty in statement of profit or loss and other comprehensive income.

9. INVENTORIES

	31 December 2019	31 December 2018
Products	**2,875,535**	6,693,783
Provision for slow moving and obsolete items	**(456,560)**	(2,558,288)
	2,418,975	4,135,495

All inventory has been delivered to customers, related to projects in progress. As this is part of the performance obligation i.e. completion of the project including various materials and products, these products have been classified as inventories in the Company's unconsolidated financial statements.

10. TRADE RECEIVABLES

	31 December 2019	31 December 2018
Trade receivables	**276,596,419**	344,930,895
Provision against doubtful debts	**(75,160,642)**	(81,162,912)
	201,435,777	263,767,983

The movement of provision against trade receivables is as follows:

	31 December 2019	31 December 2018
At the beginning of the year	**81,162,912**	69,833,418
Provision for the year	**-**	11,329,494
Reversal	**(6,002,270)**	-
At the end of the year	**75,160,642**	81,162,912

11. PREPAYMENTS AND OTHER ASSETS

	31 December 2019	31 December 2018
Suppliers' advances	**15,110,547**	21,177,207
Prepaid insurance	**6,813,558**	5,163,871
Tax paid in lieu for on-going assessment	**5,717,902**	5,717,902
Prepaid travel related costs	**5,329,677**	2,131,931
Advance tax	**2,553,728**	2,553,728
Employees' advances	**1,528,385**	3,489,043
Security deposits	**327,580**	317,580
Accrued commission income	**104,609**	312,951
	37,485,986	40,864,213

12. CASH AND CASH EQUIVALENT

	31 December 2019	31 December 2018
Cash at banks	**31,258,106**	59,583,304
Term deposits	**115,000,000**	295,000,000
	146,258,106	354,583,304

Term deposits are placed with a local bank with a maturity between 1 to 2 months at a profit margin ranging 1.4% to 1.8% per annum (31 December 2018: 1.5% to 1.8%)

13. SHARE CAPITAL

The Company's share capital consists of 30,000 shares of SR 1000 each fully paid and held as at December 31, as follows:

	Number of Shares			**Amount**	
	2019	2018	**%**	**2019**	2018
Wipro IT Services SE	**20,000**	20,000	66.67	**20,000,000**	20,000,000
Dar Al Riyadh Holding Company Limited	**10,000**	10,000	33.33	**10,000,000**	10,000,000
	30,000	30,000	100	**30,000,000**	30,000,000

14. DEFERRED REVENUE

	31 December 2019	31 December 2018
Non-current:		
Deferred revenue - extended warranties	**184,363**	1,767,412
Current:		
Deferred revenue - services	**40,793,379**	49,424,044
Deferred revenue - extended warranties	**1,692,946**	3,313,000
	42,486,325	52,737,044

15. EMPLOYEES' END OF SERVICE BENEFITS

The following table represents the movement of the employees' end of service benefits:

	31 December 2019	31 December 2018
Balance at 1 January	**16,693,786**	17,815,055
Included in profit or loss		
Current service cost	**2,193,218**	2,513,149
Finance expense	**476,112**	503,740
	19,363,116	20,831,944
Included in OCI		
Actuarial loss	**2,282,215**	497,129
Benefits paid	**(4,190,082)**	(4,635,287)
Balance at the end of the year	**17,455,249**	16,693,786

The Company accounts for employees' end of service benefits as per the regulations of Saudi Labor Law in the Kingdom of Saudi Arabia.

Actuarial assumptions on defined benefit liability

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

	31 December 2019	31 December 2018
Discount rate	**2.85%**	4%
Future salary growth	**1.20%**	1.20%

Sensitivity analysis

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

	31 December 2019		31 December 2018	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.5% movement)	**17,269,841**	**17,651,104**	**16,514,044**	**16,880,566**
Future salary growth (0.5% movement)	**17,647,040**	**17,264,123**	**16,886,792**	**16,506,389**

16. ACCRUALS AND OTHER LIABILITIES

	31 December 2019	31 December 2018
Suppliers' related accruals	**81,037,515**	84,648,528
Leave encashment payable	**7,434,316**	7,711,039
Insurance premium payable	**3,843,399**	2,867,943
Advances from customers	**3,326,959**	11,730,568
Goods received not billed	**3,147,634**	7,672,047
VAT payable	**2,961,643**	1,447,740
Provision for onerous contracts	**-**	1,563,041
Withholding tax payable	**-**	74,305
Salaries payable	**1,128,701**	935,976
Employees' benefits	**-**	287,468
Others	**2,131,344**	2,110,406
	105,011,511	121,049,061

17. REVENUE

	31 December 2019	31 December 2018
Services	**554,259,535**	516,608,448
Products	**37,812,709**	61,342,651
	592,072,244	577,951,099

18. COST OF REVENUE

	31 December 2019	31 December 2018
Sub-contracting	**217,323,510**	244,199,607
Salaries and related costs	**156,860,996**	144,062,749
Products	**33,677,651**	62,096,181
Travelling	**18,030,317**	12,945,924
Insurance	**5,510,458**	4,735,735
Depreciation	**2,872,579**	3,190,468
Communication expenses	**2,729,191**	2,282,726
Provision for onerous contracts	**-**	1,563,041
Rent	**2,105,139**	835,737
Others	**5,536,257**	10,327,080
	444,646,098	486,239,248

19. SELLING AND DISTRIBUTION EXPENSES

	31 December 2019	31 December 2018
Salaries and related costs	**7,814,836**	7,021,263
Support services	**6,835,473**	5,367,422
Travelling	**1,174,332**	1,495,049
Advertisement	**303,083**	176,043
Insurance	**223,589**	433,159
Communication expenses	**105,606**	105,020
Others	**747,441**	288,213
	17,204,360	14,886,169

20. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2019	31 December 2018
Support services	**42,576,398**	43,786,556
Salaries and related costs	**6,318,700**	7,971,526
Provision against doubtful debts (note 10)	**(6,002,270)**	11,329,494
Rent	**2,919,150**	3,059,485
Legal and professional fees	**1,985,537**	1,502,043
Bank charges	**1,744,269**	888,361
Write-off against trade receivables	**-**	2,710,000
Insurance	**1,181,105**	1,794,299
Travelling	**533,450**	1,260,164
Communication expenses	**230,770**	42,885
Others	**1,848,752**	1,508,126
	53,335,861	75,852,939

21. OTHER INCOME

	31 December 2019	31 December 2018
Interest income	**3,527,093**	1,522,667
Gain on sale of fixed assets	**-**	248,178
Scrap sales	**82,178**	-
	3,609,271	1,770,845

22. FINANCE COST

	31 December 2019	31 December 2018
Finance cost on guarantees	**1,003,929**	1,125,891
Finance cost on loans	**-**	68,827
	1,003,929	1,194,718

23. ZAKAT AND TAX

Zakat

A The principal elements of the zakat base are as follows:

	31 December 2019	31 December 2018
Non-current assets	**20,662,080**	24,192,992
Non-current liabilities	**17,639,612**	18,461,198
Opening shareholders' equity	**449,799,306**	445,714,542
Net income before zakat	**79,277,590**	3,246,580

B Movement in Company's zakat provision is as follows:

	31 December 2019	31 December 2018
At beginning of the year	**4,424,918**	4,367,428
Provision made during the year	**3,147,691**	4,424,918
Paid during the year	**(4,424,918)**	(4,367,428)
At the end of the year	**3,147,691**	4,424,918

Taxation

A. The major components of tax in the statement of profit and loss are analyzed as follows:

	31 December 2019	31 December 2018
Current tax		
Current year	**9,363,694**	1,495,702
Prior year tax adjustment	**-**	8,048
Deferred tax		
(Decrease) /increase in deferred tax assets	**1,129,188**	(1,335,313)
Total tax expense reported in the statement of profit and loss	**10,492,882**	168,437

Taxation (continued)

B. Movement in current tax provision

The movement in Company's tax provisions is as follows:

	31 December 2019	31 December 2018
At beginning of the year	**(2,553,728)**	(3,700,106)
Charged during the year	**9,363,694**	1,495,702
Prior year adjustment	**-**	8,048
Advance tax payments during the year	**-**	(357,372)
(Advance tax) / tax provision as the end of the year	**6,809,966**	(2,553,728)

C. Movement in deferred tax

Deferred tax asset is measured at 20% (2018: 20%). The movement in deferred tax assets recognized by the Company is as follows:

	31 December 2019	31 December 2018
At beginning of the year	**14,680,568**	13,345,255
(Utilized) /charged during the year	**(1,129,188)**	1,335,313
At end of the year	**13,551,380**	14,680,568

The movement in deferred tax assets during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deductible temporary difference:

	31 December 2019	31 December 2018
At beginning of the year	**73,402,837**	66,726,275
Charged during the year	**(5,645,940)**	6,676,562
At end of the year	**67,756,897**	73,402,837

C Status of zakat and tax assessment

Zakat and tax assessments have been agreed with the General Authority of Zakat and Tax (the "GAZT") for all the years up to 2010.

During the year 2019, the GAZT issued revised assessments for years 2011 to 2016 and demanded an additional tax and zakat liability of SR 38,183 (excluding delay fine) and SR 9,161,672, respectively. The Company has filed an appeal against the revised assessments with the General Secretariat of Tax Committee (GSTC).

The Company submitted its tax and zakat returns for years 2017 and 2018 with the GAZT. However, the returns are still under GAZT's review.

24. RELATED PARTY TRANSACTIONS AND BALANCES

The Company in the normal course of business carries out transactions with its related parties. Related parties' transactions are carried out on an arm's length basis and conditions approved by the Company and its 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 company 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.

During the year ended 31 December 2019 and 2018, the Company entered into the following related party transactions.

Transactions:

Related parties	**Relationship**	**Nature**	**31 December 2019**	31 December 2018
Wipro Limited India	**Ultimate parent**	Technical services	**36,623,971**	37,292,625
		Support services	**32,499,617**	29,219,726
		Corporate guarantee commission	**882,729**	963,320
		Cost reimbursement	**1,629,544**	-
Dar Al Riyadh Holding Company Limited	**Shareholder**	Technical services	**3,248,611**	3,248,918
		Miscellaneous services	**5,250**	-
		Corporate guarantee commission	**121,863**	121,863
		Zakat expense transfer	**3,147,691**	4,424,918
Dar Al Riyadh Consultants	**Affiliate**	Miscellaneous services	**-**	-
		Support services	**2,228,312**	1,730,796
Designit Sweden AB	**Affiliate**	Support services	**2,500,882**	-
Wipro Travel Services Limited	**Affiliate**	Travel services	**3,608,756**	3,185,401
Wipro IT Services SE	**Parent**	Tax expense transfer	**9,363,694**	1,503,750
Wipro Bahrain limited Co. SPC	Affiliate	Cost reimbursement	**58,578**	-
Wipro Doha LLC	Affiliate	Cost reimbursement	**1,316**	-

Balances:

Due from related parties:

	31 December 2019	31 December 2018
Tax reimbursable from Wipro IT Services SE	**40,066,171**	65,633,531
Zakat reimbursable from Dar Al Riyadh Holding Company Limited	**20,120,139**	23,795,844
Wipro Information technology (Egypt) SAE	**5,806**	5,806
	60,192,116	89,435,181

Balances (continued)

Due to related parties:

	31 December 2019	31 December 2018
Wipro Limited India	**70,708,729**	205,628,640
Wipro Travel Services Limited	**4,340,032**	2,027,585
Dar Al Riyadh Holding Company Limited	**2,681,709**	10,161,083
Wipro Bahrain Limited WLL	**95,245**	28,704
Wipro Doha LLC	**-**	1,360
	77,825,715	217,847,372

25. OPERATING LEASE

The Company has operating leases for various office spaces. These leases are between one to three years with options to renew at the end of lease terms. Lease payments are as per the agreed terms and conditions of the relevant lease contract. Lease expenses for the year ended 31 December 2019 1,673,998 amounted to (2018: SR 3,059,485).

At 31 December, the Company's obligations under non-cancellable operating leases are payable as follows:

	31 December 2019	31 December 2018
Within one year	**1,574,504**	1,455,750
One year to five years	**1,574,504**	-

26. FINANCIAL INSTRUMENTS RISK AND MANAGEMENT

Fair Value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Management does not believe that the fair values of the Company's financial assets and liabilities differ materially from their carrying values.

Categories of financial assets and financial liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities:

	31 December 2019	31 December 2018
Financial assets		
Financial assets at amortized cost:		
Rent deposit	**104,609**	312,951
Retention receivables	**24,327,559**	48,386,807
Trade receivables	**201,435,777**	263,767,983
Due from related parties	**47,761,799**	89,435,181
Cash and cash equivalents	**146,258,106**	354,583,304
Financial liabilities		
Financial liabilities at amortized cost:		
Trade payables	**20,388,116**	27,971,734
Due to related parties	**77,906,783**	217,847,372

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management monitors fluctuations in foreign currency exchange rates and records its effects, if applicable, in the unconsolidated financial statements, and believes that the Company is not significantly vulnerable to exchange rate changes because the official currency of the Company is the Saudi Riyal, and all transactions are currently in Saudi Riyals, or United States Dollars, which currency is fixed to the Saudi Riyal.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity is managed by management periodically ensuring its availability in amounts sufficient to meet any future commitments. The Company does not consider itself exposed to significant risks in relation to liquidity.

Credit risk
Credit risk is the risk that other parties will fail to discharge their obligations and cause the Company to incur a financial loss. Financial instruments that subject the Company to concentrations of credit risk consist of its bank balance, trade receivable and certain other receivables. The Company deposits its cash balances with a major high credit-rated financial institution and does not believe that there is a significant risk of non-performance by this financial institution. Trade receivable comprises amounts due from high profile companies in the Kingdom of Saudi Arabia, whilst other receivables include advances to suppliers. Management monitors this exposure and does not believe that the credit risk is material.

Commission rate risk

The Company's financial assets and liabilities as at the balance sheet date, except for short term borrowings are not exposed to commission rate risk. Commission for short term borrowings is fixed. Commission rate risk is monitored on an ongoing basis.

27. CONTINGENCIES AND COMMITMENTS

At December 31, 2019, the Company has outstanding letters of credit of SR Nil (2018: SR 1.86 million) and letters of guarantee of SR 170 million (2018: SR 106 million and 2016: SR 179.29 Million) issued in the normal course of business.

28. SUBSEQUENT EVENTS

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

29. APPROVAL OF UNCONSOLIDATED FINANCIAL STATEMENTS

These unconsolidated financial statements were authorized for issue and approved on 11 June, 2020 (corresponding to 18 Shawwal 1441H) by the Board of Directors of the Company.