

**CLOUDSOCIUS DMCC**

**DUBAI**

Annual report and financial statements

Year ended January 31, 2021

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Manager's Report

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The Manager has pleasure in submitting his annual report and financial statements of Cloudsocius DMCC, Dubai (the "Company") for the year ended January 31, 2021.

*Activities*

The principal activities of the Company include providing information technology consultancies, computer systems consultancies, internet consultancy, internet content, software house and IT infrastructure.

*Financial position*

During the year, the Company achieved a turnover of AED 9,111,036 as compared to AED 6,633,390 in the prior year. The net liabilities at the year end amounted to AED 4,150,693 (2020: 1,238,658).

*Auditors*

A resolution to reappoint BDO Chartered Accountants & Advisors as the auditors for the ensuing year will be put to the members at the Annual General Meeting.

For and on behalf of the Board of Directors

  
\_\_\_\_\_  
Jake Michael Callaway  
Manager  
June 10, 2021



## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Cloudsocius DMCC, Dubai

Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Cloudsocius DMCC, Dubai ("the Company") which comprise the statement of financial position as at January 31, 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at January 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

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

### Other Matter

The financial statements of the Company for the year ended January 31, 2020 were audited by another auditor who expressed an unmodified opinion on these financial statements on July 12, 2020.

### Responsibilities of the Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and their presentation in compliance with the applicable provisions of Dubai Multi Commodities Centre Authority Company Regulations 2020, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

بي دي أو محاسبون قانونيون ومستشارون شركة مساهمة مسجلة بدبي وعضو بشركات بي دي أو العالمية المحدودة، وبضمنها محدود من المملكة المتحدة، وتشكل جزء من شبكة بي دي أو العالمية ذات عضوية مستقلة.

BDO Chartered Accountants & Advisors, a partnership firm registered in Dubai, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

Branch Offices: Abu Dhabi, Sharjah, JAFZ & SAIF Zone.

**INDEPENDENT AUDITOR'S REPORT (Continued)**

**To the Shareholder of Cloudsocius DMCC, Dubai (Continued)**

**Report on the Audit of the Financial Statements (Continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on Other Legal and Regulatory Requirements**

We have obtained all the information and explanations, which were necessary for the purpose of our audit and no violation of the Dubai Multi Commodities Centre Authority (DMCCA) Company Regulations of 2020 ("the Regulation") came to our attention which would materially affect the Company's financial position.

- a) based on the information that has been made available to us during the audit of the financial statements of the Company for the year ended January 31, 2021, nothing has come to our attention that causes us to believe that the activities undertaken by the Company and as disclosed in Note 1 to these financial statements are, in all material aspects, different from the activities permitted under the license to the Company by DMCCA.
- b) the financial statements of the Company comply, in all material aspects, with the applicable provisions of the Regulation.



**BDO CHARTERED ACCOUNTANTS & ADVISORS  
DUBAI**

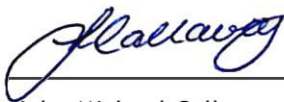
Yunus Saifee  
Reg. No. 418  
June 10, 2021

CLOUDSOCIUS DMCC, DUBAI

Statement of financial position as at January 31, 2021

	Note	AED	2020 AED
<b>Non current assets</b>			
Intangible assets	7	63,011	87,476
Property and equipment	8	11,321	46,710
Total non current assets		74,332	134,186
<b>Current assets</b>			
Trade and other receivables	9	3,840,297	2,252,807
Due from related parties	10	576,601	-
Bank balances and cash	11	619,101	234,782
Total current assets		5,035,999	2,487,589
<b>Current liabilities</b>			
Trade and other payables	12	2,071,468	748,977
Due to related parties	10	6,772,870	2,828,194
Total current liabilities		8,844,338	3,577,171
Net current liabilities		(3,808,339)	(1,089,582)
<b>Non current liabilities</b>			
Provision for employees' end of service benefits	13	416,686	283,262
<b>Net liabilities</b>		<b>(4,150,693)</b>	<b>(1,238,658)</b>
<b>Equity</b>			
Share capital	14	50,000	50,000
Accumulated deficit		(4,200,693)	(1,288,658)
<b>Total equity</b>		<b>(4,150,693)</b>	<b>(1,238,658)</b>

The financial statements have been approved by the Board of Directors on June 10, 2021 and are signed on its behalf by:

  
 Jake Michael Callaway  
 Manager



The notes on pages 8 to 28 form part of these financial statements

## Statement of profit or loss and other comprehensive income for the year ended January 31, 2021

	Note	AED	2020 AED
Revenue	15	9,111,036	6,633,390
Other income	16	818,352	41,164
		<u>9,929,388</u>	<u>6,674,554</u>
Consultancy charges		(2,246,284)	(608,018)
External contractor fees		(413,633)	(246,426)
Salaries and other staff benefits		(7,122,026)	(5,342,619)
Administration and general expenses	17	(1,545,528)	(1,043,194)
Intercompany recharge expenses		(736,538)	(316,312)
Share warrants expense		(683,127)	-
Allowance for expected credit losses	9	(94,287)	-
<b>Net loss and total comprehensive loss for the year</b>		<u><u>(2,912,035)</u></u>	<u><u>(882,015)</u></u>

The notes on pages 8 to 28 form part of these financial statements

## Statement of changes in equity for the year ended January 31, 2021

	Share capital AED	Accumulated deficit AED	Total equity AED
Balance at February 1, 2019	50,000	(406,643)	(356,643)
Total comprehensive loss for the year	-	(882,015)	(882,015)
<b>Balance at February 1, 2020</b>	<b>50,000</b>	<b>(1,288,658)</b>	<b>(1,238,658)</b>
Total comprehensive loss for the year	-	(2,912,035)	(2,912,035)
<b>Balance at January 31, 2021</b>	<b>50,000</b>	<b>(4,200,693)</b>	<b>(4,150,693)</b>



## Statement of cash flows for the year ended January 31, 2021

	Note	AED	2020 AED
<b>Cash flows from operating activities</b>			
Net loss for the year		(2,912,035)	(882,015)
Adjustments for:			
Amortisation of intangible assets	7	45,978	33,644
Depreciation on property and equipment	8	10,306	33,169
Allowance for expected credit losses	9	94,287	-
Additional provision for employees' end of service benefits	13	153,832	95,295
Operating loss before working capital changes		(2,607,632)	(719,907)
Increase in trade and other receivables	9	(1,681,777)	(833,697)
Increase in due from related parties	10	(576,601)	-
Increase in trade and other payables	12	1,322,491	79,114
Increase in due to related parties	10	3,944,676	1,582,273
Cash generated from operations		401,157	107,783
Employees' end of service benefits paid	13	(20,408)	-
<i>Net cash generated from operating activities</i>		<b>380,749</b>	<b>107,783</b>
<b>Cash flows from investing activities</b>			
Additions to intangible assets	7	(21,513)	(121,120)
Purchase of property and equipment	8	(6,135)	(15,066)
Proceeds from disposal of property, plant and equipment	8	31,218	-
<i>Net cash generated from/ (used in) investing activities</i>		<b>3,570</b>	<b>(136,186)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>384,319</b>	<b>(28,403)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>234,782</b>	<b>263,185</b>
<b>Cash and cash equivalents at end of the year</b>	11	<b>619,101</b>	<b>234,782</b>

The notes on pages 8 to 28 form part of these financial statements

**1 Status and activity**

Cloudsocius DMCC, Dubai ("the Company") is a limited liability company incorporated under the Implementing Regulations issued by Dubai Multi Commodities Centre Authority. The registered address of the Company is Unit No. 1605, Indigo Icon, Plot No. JLT-PH1-F3A, Jumeirah Lakes Towers, Dubai, United Arab Emirates.

The Company is a wholly-owned subsidiary of WEARE 4C UK Limited ("the Parent Company"), an entity registered in London, United Kingdom. The Ultimate Holding Company is Wipro Limited, an entity registered in India ("the Ultimate Parent").

The Company is engaged in providing information technology consultancies, computer systems consultancies, internet consultancy, internet content, software house and IT infrastructure.

The financial statements for the year ended January 31, 2021 were authorised for issue by the Board of Directors on June 10, 2021.

These financial statements are presented in UAE Dirhams (AED).

**2 Going concern considerations**

These financial statements are prepared on a going concern assumption, which assumes that the Company will continue to operate as a going concern for the foreseeable future. During the year, the Company had incurred a net loss of AED 2,912,035 (2020: AED 882,015). As at the date of statement of financial position, the Company had net liabilities of AED 4,150,693 (2020: AED 1,238,658).

The continuance of the Company's operations is dependent on the introduction of sufficient funds by the Parent Company and its future profitability. The Parent Company has confirmed that it will continue to support financially the future operations of the Company.

**3 Basis of preparation**

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs). The financial statements have been prepared under historical cost convention, except where otherwise stated in the accounting policies in Note 5. The financial statements are also in compliance with the Dubai Multi Commodities Centre Authority Company Regulations 2020.

Early 2020, a global pandemic situation has arisen from the outbreak of the SARS-CoV-2 virus. This pandemic situation represents a challenge to the global economy with no historic precedent and has created a significant uncertainty on future economic outlook globally, with scenarios ranging from rapid recovery to a prolonged economic downturn.

At the date of this report, all employees of the Company are safe and remain productive sparing few instances. The Company has taken measures to protect employees and support the ongoing efforts by implementing remote working "work from home" practice to contain the pandemic in line with local and global health authorities. In terms of business impact, the Company has so far seen very limited impact as the demand for software and related services has remained strong.

However, the long-term impact will depend on the overall development of the pandemic itself and the public measures taken to contain the spread of the virus, which in some scenarios could impact the Company through lower growth rates, increasing credit risk and challenges in recruiting and on-boarding new staff.

The Company had available cash of AED 619,101 as at January 31, 2021. During the year, the Company has generated a revenue of 9,111,036 (2020: AED 6,633,390). The Company has taken various measures to manage the business through this crisis.

**3 Basis of preparation *(Continued)***

The management of the Company continues to monitor SARS-CoV-2 virus related developments in order to both address any new market opportunities and implement mitigating measures where necessary. The management deems the Company's liquidity and financing to be satisfactory and views the financial statements and the Company's performance as a basis for the Company to continue as a going concern.

**4 Adoption of new and revised International Financial Reporting Standards (IFRSs)***(a) New standards, interpretations and amendments adopted at January 1, 2020*

The Company has adopted the following standards, new standards and amendments in the annual financial statements for the year ended January 31, 2021 which have not had a significant effect on the Company:

- *Definition of a Business* (Amendments to IFRS 3);
- *IAS 1 Presentation of Financial Statements* and *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment - Disclosure Initiative - Definition of Material);
- *Revisions to the Conceptual Framework for Financial Reporting*; and
- *Interest Rate Benchmark Reform* (Amendments to IFRS 9, IAS 39 and IFRS 7)

*(b) New standards, interpretations and amendments effective from June 1, 2020*

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

1. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
2. The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
3. There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

However, there were no rent concessions granted to the Company during the year which satisfy the criteria as per these amendments. Furthermore, the Company has no existing long-term lease contracts during the year.

*(c) New standards, interpretations and amendments not yet effective*

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

- *Interest Rate Benchmark Reform - IBOR 'phase 2'* (Amendments to IFRS 9, IAS 32, IFRS 7, IFRS 4, and IFRS 16) - Effective from January 1, 2021;
- *Onerous Contracts - Cost of Fulfilling a Contract* (Amendments to IAS 37) - Effective from January 1, 2022;
- *Property, Plant and Equipment: Proceeds before Intended Use* (Amendments to IAS 16) - Effective from January 1, 2022;
- *Annual Improvements to IFRS Standards 2018-2020* (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41) - Effective from January 1, 2022;

**4 Adoption of new and revised International Financial Reporting Standards (IFRSs) (*Continued*)***(c) New standards, interpretations and amendments not yet effective*

- *References to Conceptual Framework* (Amendments to IFRS 3) - Effective from January 1, 2022; and
- *Classification of liabilities as current or non-current* (Amendments to IAS 1) - Effective from January 1, 2023

The Company is currently assessing the impact of these new accounting standards and amendments and does not believe that these amendments will have a significant impact on the financial statements.

**Other**

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

- *IFRS 17 Insurance Contracts* (effective January 1, 2023) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023.

**5 Significant accounting policies**

The significant accounting policies adopted by the Company are as follows:

***Intangible assets***

Intangible assets acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are then amortised using the straight line method over their useful lives. Amortisation is included in the administrative and general expenses in the statement of profit or loss and other comprehensive income.

The significant intangibles recognised by the Company and their useful economic lives are as follows:

Customer interface software	3 years
Real estate development accelerator	3 years

***Property and equipment***

Property and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Property and equipment is subsequently measured at cost less accumulated depreciation and impairment.

The cost of replacing a part of property and equipment is recognised in the carrying amount of the items if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

The routine servicing of the property and equipment is recognised in the statement of profit or loss and other comprehensive income.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of items of property and equipment is determined as the difference between the sales proceeds and the carrying value of the assets and it is recognised in the statement of profit or loss and other comprehensive income.

**5 Significant accounting policies (Continued)****Depreciation**

Depreciation is provided consistently on the straight-line basis so as to write off the cost of property and equipment over their estimated useful lives as follows:

Office equipment	3 years
Furniture and fixtures	3 years

**Financial assets**

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

**Amortised cost**

These assets arise principally from the provision of services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition of issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

From time to time, the Company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of profit or loss and other comprehensive income.

Impairment provisions for other financial assets are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk (see below) since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those, where credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Lifetime expected credit losses represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month expected credit losses represent the portion of lifetime expected credit losses that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company's financial assets measured at amortised cost comprise trade and other receivables and due from related parties in the statement of financial position.

**Fair value through other comprehensive income (FVTOCI)**

These financial assets are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

The Company does not have any investments or financial assets which are designated at fair value through other comprehensive income.

**5 Significant accounting policies *(Continued)******Financial assets (Continued)******Fair value through profit or loss (FVTPL)***

By default, all other financial assets not classified as amortised cost or FVTOCI are measured subsequently at fair value through profit or loss. These financial assets are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income in the finance income or expense line.

***Amortised cost and effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

***Significant increase in credit risk***

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

**5 Significant accounting policies *(Continued)******Financial assets (Continued)******Significant increase in credit risk (Continued)***

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are more than 90 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

***Definition of default***

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

***Credit-impaired financial assets***

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

**5 Significant accounting policies *(Continued)***

***Financial assets (Continued)***

***Credit-impaired financial assets (Continued)***

- The disappearance of an active market for that financial asset because of financial difficulties.

***Write-off***

The Company writes off a financial asset when there is information indicating that the receivables is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the receivables has been placed under liquidation or has entered into bankruptcy proceedings or in the case of trade receivables, when the amounts are long overdue, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

***Derecognition of financial asset***

The Company derecognises a financial asset when, and only when:

- The contractual rights to the cash flows from the financial asset expire, or
- It transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset in the statement of financial position.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

***Cash and cash equivalents***

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents include cash and bank balances free of encumbrance.

***Financial liabilities***

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

***Fair value through profit or loss***

These are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The Company does not have any liabilities which are to be designated as financial liabilities at fair value through profit or loss.

***Other financial liabilities***

Other financial liabilities include trade and other payables, due to related parties and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

***Provision for employees' end of service benefits***

Provision is made for employees' end of service benefits on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of statement of financial position.



**5 Significant accounting policies *(Continued)******Leases***

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use and asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The Company obtains substantially all the economic benefits from use of the asset; and
- (c) The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option;
- any penalties payable for termination the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

**5 Significant accounting policies *(Continued)******Leases (Continued)***

When the Company revises its estimate of the term of any lease (because, for example it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension of the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and the right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in the statement of profit or loss and other comprehensive income. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

***Provisions***

Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provision is recognised after considering the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the statement of profit or loss and other comprehensive income when the changes arise.

***Share based compensation***

The grant-date fair value of share-based compensation arrangements granted to employees is generally recognized as an expense, with a corresponding increase in liability or equity, over the vesting period of the awards, depending on the type of share-based payment arrangement. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. If the share based payment is equity settled, the number of shares that can be granted to the eligible employees are subject to employee's level and will be determined by the management.

**5 Significant accounting policies *(Continued)***

***Share capital***

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

***Revenue recognition***

***Performance obligations and timing of revenue recognition***

The Company's revenue is derived from providing services including information technology consultancies, computer systems consultancies, internet consultancy, internet content, software house and IT infrastructure.

***Recognition of revenue***

Revenue from professional and managed services is recognised over time.

***Identification of the contract***

A contract is an agreement between two or more parties that establishes enforceable rights and obligations and determines that enforceability is a question of law. The Company enters written agreements only. An agreement must be signed by both parties within a reporting period to be able to recognise revenue in that period. Revenue resulting from an agreement signed at a later point in time is recognised in the period in which the agreement was signed.

Revenue from an agreement which grants the customer the right to terminate with no resulting materially disadvantageous payments, is only recognised in the period that is not subject to the termination right.

***Identification of contractual obligations***

Contracts with customers often include various services. The services are usually to be treated as separate contractual performance obligations. The relevant portion of the contractual price is recognised separately.

***Determination of transaction price***

The Company also exercises judgment when determining the consideration expected to be received in exchange for the transfer of services to a customer. This includes estimations as to whether and to what extent the customer is entitled to subsequent concessions or payments and whether the customer will pay the contractually agreed consideration as expected. In this exercise of judgment, primarily previous experiences with a specific or a comparable customer are considered. These estimates are reviewed at every balance sheet date. The Company's contracts generally do not contain variable considerations. There may, however, be individual cases when retrospective adjustments are made to the transaction price, which must be recognised as revenue corrections on the date they were made.

***Allocation of transaction price to performance obligations***

For all contracts, there is a fixed unit price for each performance obligation specified in the contract.

**5 Significant accounting policies (*Continued*)**

***Value added tax (VAT)***

Value added tax (VAT) asset/liability is recognised in the financial statements of the Company based on the requirements of the regulations as defined by Federal Tax Authority (FTA).

Expenses and assets are recognised net of the amount of value added tax except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as a part of the acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax payable to, the taxation authority is included as a part of payables in the financial statements.

***Foreign currencies***

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated.

***Contingent liabilities***

Contingent liabilities are a possible obligation that arise from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company, or a present obligation that arises from past events where it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

**6 Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in Note 5, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

***Key sources of estimation uncertainty***

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

***Useful life of intangible assets***

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset. Intangible assets of the Company represent customer interface software and real estate development accelerator. Management has estimated a life of 3 years to amortise the intangibles. Revisions to these adjustments would be required if there are significant change in the assumptions.

**6 Critical accounting judgments and key sources of estimation uncertainty *(Continued)******Useful life of property and equipment***

Property and equipment is depreciated over its estimated useful life, which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

***Expected credit loss allowance for financial assets***

The Company uses a provision matrix to calculate Expected Credit Losses ("ECLs") for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

***Satisfaction of performance obligations***

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. Revenue from sale of software license is recognised at a point in time as of the date on which the customer receives access to and thus control over the software. Revenue from maintenance and services is recognised when the services are rendered and are spread over the period of the contract. Revenue is accrued to the extent of the completed stages for the services whereby the service has been provided and amount realisable can be estimated reliably.

***Percentage of completion***

For revenue generated from professional services, the Company reviews the percentage of completion of each project and considers the same against the actual invoicing done. Percentage of completion involves estimates and is determined based on the actual number of hours spent by the technical personnel of the Company as compared to the total expected hours. Such estimation is done by the technical personnel of the Company involved in such projects based on their professional experience, technical requirements and activities to be performed on the projects.

***Assessment of key sources of estimation uncertainty due to COVID-19***

The extent to which the coronavirus pandemic impacts the Company's business, operations and financial results is uncertain and depends on many factors and future developments, that the Company may not be able to estimate reliably at this point in time.

These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by government authorities to reduce the spread of the pandemic, and the impact of those actions on economic activity, the business of the Company's customers and other factors.

As of the date of the preparation of these financial statements, the COVID-19 outbreak does not significantly impact the Company's operations. The Company will continue to evaluate the nature and extent of the impact on its business and financial results.

The Company has reviewed the key sources of estimation uncertainties against the backdrop of the COVID-19 pandemic. Management believes that all sources of estimation uncertainty remain unchanged from those described above. The Company will continue to monitor the situation, and any changes required will be reflected in future reporting periods.

## Notes to the financial statements for the year ended January 31, 2021 (Continued)

**7 Intangible assets**

The intangible assets of the Company comprise of customer interface software and internally generated intangibles which are being amortised over the period of 3 years.

	AED	2020 AED
<b>Cost</b>		
Opening balance	121,120	-
Additions during the year	21,513	121,120
	<u>142,633</u>	<u>121,120</u>
<b>Amortisation</b>		
Opening balance	33,644	-
Amortisation during the year	45,978	33,644
	<u>79,622</u>	<u>33,644</u>
<b>Carrying amount</b>		
Closing balance	<u>63,011</u>	<u>87,476</u>

**8 Property and equipment**

Movements in property and equipment are given on page 28.

The Company leases its office space located in Dubai, UAE. In the lease agreement, the periodic rent is fixed over the lease term. The Company has no variable lease payments, residual value guarantees, and leases not yet commenced to which they have committed.

The rent expense from this short-term lease during the year amounted to AED 122,507.

**9 Trade and other receivables**

	AED	2020 AED
Trade receivables	3,112,168	504,564
Less: Allowance for expected credit losses	(94,287)	-
Trade receivables (net)	<u>3,017,881</u>	<u>504,564</u>
Unbilled receivables	582,348	1,537,199
Deposits	72,994	71,406
Staff advances	18,512	25,000
<b>Trade and other receivables classified as amortised cost</b>	<u>3,691,735</u>	<u>2,138,169</u>
Add: Prepayments	148,562	114,638
	<u>3,840,297</u>	<u>2,252,807</u>

Unbilled receivables represents amounts that fulfills the revenue recognition criteria but would be billed based on contractual terms.

The carrying value of trade and other receivables classified at amortised cost approximate to their fair value.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

## Notes to the financial statements for the year ended January 31, 2021 (Continued)

**9 Trade and other receivables (Continued)**

The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers.

The Company has identified the industry specific corporate default rates, country wise default swap rates and inflation rate as the key macroeconomic factors in the countries where the Company operates.

As at 31 January 2021, the Company has recorded specific provision amounting to AED 94,287 which is based on the lifetime expected credit losses of the full value of trade receivables.

	AED	2020 AED
<b>Amounts past due but not impaired:</b>		
1-30 days	919,325	15,697
31-120 days	554,967	103,904
More than 120 days	-	8,498
	<u>1,474,292</u>	<u>128,099</u>
<b>Amounts past due and provided:</b>		
121-180 days	36,535	-
More than 180 days	57,752	-
	<u>94,287</u>	<u>-</u>
Trade receivables past due	1,568,579	128,099
Trade receivables not past due	1,543,589	376,465
<b>Total trade receivables</b>	<u><u>3,112,168</u></u>	<u><u>504,564</u></u>

**10 Related party disclosures**

Related parties include the Ultimate Parent, Parent Company and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due to/from such parties, which have been disclosed separately in the financial statements, are unsecured, interest-free and are repayable on demand.

The significant related party transactions during the period are as follows:

	AED	2020 AED
<b>Ultimate Parent Company</b>		
- Revenue (Professional services)	58,189	-
<b>Parent Company</b>		
- Revenue (Professional services)	192,577	-
- Consultancy charges	1,171,213	648,952
- Intercompany recharge expense	196,986	6,620
<b>Key management personnel</b>		
- Managerial remuneration	<u>533,400</u>	<u>508,000</u>

## 10 Related party disclosures (Continued)

	AED	2020 AED
<b>Other related parties</b>		
- Revenue (Professional services)	255,181	-
- Other income (Referral fees)	273,626	-
- Other income (Reimbursement income)	397,507	-
- Consultancy charges	1,075,071	629,180
- Intercompany recharge expense	539,553	620,247
- Warrants expense	<u>683,127</u>	<u>-</u>
Related party balances are as under:		
	AED	2020 AED
<b>Payables</b>		
<b>Parent Company</b>		
- Wipro Weare4C UK Limited	3,681,252	2,325,403
<b>Other related parties</b>		
- Wipro 4C NV	3,028,428	439,601
- Wipro 4C Danmark ApS	<u>63,190</u>	<u>63,190</u>
	<u>6,772,870</u>	<u>2,828,194</u>
<b>Payables</b>		
- End of service benefits payable to Managing Director	<u>137,916</u>	<u>103,581</u>
<b>Receivables</b>		
<b>Ultimate Parent Company</b>		
- Wipro Limited	58,189	-
<b>Other related parties</b>		
- Wipro 4C NV	255,181	-
- Wipro 4C Danmark ApS	<u>263,231</u>	<u>-</u>
	<u>576,601</u>	<u>-</u>

The Company applies the IFRS 9 simplified approach for measuring expected credit losses using a lifetime expected credit loss provision for the balance which are due from related parties. As at 31 January 2021, there is no material lifetime expected credit loss provision for due from related parties. The amount expected to be received in the next 12 months from the date of financial statements is considered as current receivable.

Due to related parties balance includes an amount of AED 683,127 relating to the warrants payable to Wipro 4C NV as per the Warrants plan issued by Wipro 4C NV for employees of Cloudsocius DMCC.



## Notes to the financial statements for the year ended January 31, 2021 (Continued)

11	Bank balances and cash	AED	2020 AED
	Cash on hand	-	1,645
	Current accounts with banks	619,101	233,137
		<u>619,101</u>	<u>234,782</u>
12	Trade and other payables	AED	2020 AED
	Trade payables	157,810	147,362
	Employee benefits payable	596,485	434,176
	Retention payable	548,429	-
	Bonus payable	232,746	-
	Deferred revenue	340,395	-
	VAT payable	79,871	39,969
	Accruals and other payables	115,732	127,470
		<u>2,071,468</u>	<u>748,977</u>
13	Provision for employees' end of service benefits	AED	2020 AED
	Opening balance	283,262	187,967
	Additional provision made during the year	153,832	95,295
	Payments made during the year	(20,408)	-
	Closing balance	<u>416,686</u>	<u>283,262</u>
14	Share capital	AED	2020 AED
	Authorised, issued and paid up capital: 50 ordinary shares of AED 1,000 each	50,000	50,000

## 15 Revenue

**Disaggregation of revenue**

The Company has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and
- enable users to understand the relationship with revenue nature wise.

**15 Revenue (Continued)**

Timing of transfer of services 2021	Professional services	Managed administration services	Total
	AED	AED	AED
Over time	8,813,805	297,231	9,111,036
	<u>8,813,805</u>	<u>297,231</u>	<u>9,111,036</u>
Timing of transfer of services 2020	Professional services	Managed administration services	Total
	AED	AED	AED
Over time	6,473,307	160,083	6,633,390
	<u>6,473,307</u>	<u>160,083</u>	<u>6,633,390</u>

The revenue is generated mainly in UAE only.

**16 Other income**

	AED	2020 AED
Reimbursement income	544,726	41,164
Referral fees	273,626	-
	<u>818,352</u>	<u>41,164</u>

**17 Administration and general expenses**

	AED	2020 AED
Rent and license fees	150,742	166,310
Communication	155,359	103,244
Travelling and conveyance	154,528	229,277
Sales commission and other marketing expenses	667,536	244,184
Legal and professional fees	108,980	97,923
Bad debts written off	22,575	18,205
Bank charges	39,970	4,356
Net exchange loss	98,471	20,380
Amortisation of intangible assets	45,978	33,644
Depreciation on property and equipment	10,306	33,169
Loss on disposal of property and equipment	31,477	-
Other	59,606	92,502
	<u>1,545,528</u>	<u>1,043,194</u>

**18 Financial instruments - risk management**

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

**Capital risk management**

The capital is managed by the Company in a way that it is able to continue as a going concern while maximising returns to the Parent Company.

The capital structure of the Company consists of equity attributable to equity holder, comprising of authorised, issued and paid up capital.

As a risk management policy, the Company reviews its cost of capital and risks associated with capital. The Company balances its capital structure based on the above review.

**Market risk management**

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to individual investment or its issuer or factors affecting all financial assets traded in the market.

The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates (currency risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or the Company, or factors affecting all similar financial instruments traded in the market.

*Foreign currency risk management*

Foreign currency risk is the risk that the value of the financial instruments will fluctuate due to changes in foreign exchange rate.

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Company is mainly exposed to US Dollars (USD). But, as UAE Dirham (AED) is pegged to the US Dollar, the Company is not exposed to any significant exchange rate fluctuations.

*Interest rate risk management*

The Company is not exposed to interest rate risk as the Company has no borrowings.

**Credit risk management**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally bank balances, trade and other receivables and amounts due from related parties. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk on trade receivables and due from related parties is subjected to credit evaluations and an allowance has been considered based on the estimated irrecoverable amount, wherever applicable. The amounts presented in the statement of financial position relating to trade receivables are net of allowances for doubtful receivables. The Company has assessed that expected credit loss of due from related parties which is not material to financial statements and hence, no provision is considered.

**18 Financial instruments - risk management (Continued)****Credit risk management (Continued)**

Management considers higher risk in the current year due to the potential impact of COVID-19. Governments have imposed lock-down, increasing counterparty risk as financial and business processes are disrupted. During the year, payments from customers are slightly impacted by the COVID-19 pandemic. However, the management has assessed that the provisions against these customers are reasonable and reflect the expected credit losses as at the reporting date. The Company monitors the development closely and continuously reviews allowance for expected credit losses.

**Liquidity risk management**

Liquidity risk arises from the Company's management of working capital. It is the risk that an entity will encounter difficulty in meeting obligations associated with financial obligations as they fall due.

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cashflows. The risk to future revenue (professional and managed services) from customers not renewing software licenses is inherently seen as low due to the nature of the licenses sold, as these are crucial for IT infrastructure and customers are expected to prioritise and maintain IT spending through the COVID-19 pandemic.

	AED	2020 AED
<b>Financial assets</b>		
Amortised cost		
- Trade and other receivables (excluding prepayments)	3,691,735	2,138,169
- Due from related parties	576,601	-
- Bank balances and cash	619,101	234,782
	<u>6,887,437</u>	<u>2,372,951</u>
<b>Financial liabilities</b>		
Other financial liabilities		
- Trade and other payables	2,071,468	748,977
- Due to related parties	6,772,870	2,828,194
	<u>8,844,338</u>	<u>3,577,171</u>

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 cash and cash equivalents, trade and other receivables, due from related parties, trade and other payables and due to related parties approximates their fair value.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

At 31 January 2021	Less than 1 year (AED)
Trade and other payables	2,071,468
Due to related parties	6,772,870
<b>At 31 January 2020</b>	<b>Less than 1 year (AED)</b>
Trade and other payables	748,977
Due to related parties	2,828,194

**19 Contingent liabilities**

There were no material contingent liabilities at the date of statement of financial position.

**20 Comparative figures**

Previous year's figures, which were not material, have been regrouped or reclassified wherever necessary to make them comparable with those of the current year.

## Schedule of property and equipment

	Office equipment	Furniture and fixtures	Total
Cost	AED	AED	AED
At February 1, 2019	36,919	51,222	88,141
Additions during the year	10,066	5,000	15,066
At January 31, 2020	46,985	56,222	103,207
Additions during the year	6,135	-	6,135
Disposals during the year	(20,929)	(56,222)	(77,151)
At January 31, 2021	<b>32,191</b>	-	<b>32,191</b>
<b>Depreciation</b>			
At February 1, 2019	14,838	8,490	23,328
Charge for the year	14,567	18,602	33,169
At January 31, 2020	29,405	27,092	56,497
Charge for the year	10,306	-	10,306
On disposals during the year	(18,841)	(27,092)	(45,933)
At January 31, 2021	<b>20,870</b>	-	<b>20,870</b>
<b>Net book value</b>			
At January 31, 2021	<b>11,321</b>	-	<b>11,321</b>
At January 31, 2020	17,580	29,130	46,710