WIPRO GULF LLC

Financial statements for the year ended 31 March 2023

Contents	**Page**

Commercial registration number	1092545
Members	Wipro Holdings (UK) Limited Wipro Information Technology Netherlands BV
Registered office	P O Box 137 Postal code 102 Muscat Sultanate of Oman
Banker	HSBC Bank Oman SAOG
Auditors	BDO LLC Suites 601 & 602 Pent House, Beach one bldg. Way number 2601, Shatti ai qurum PO Box 1176, PC 112, Ruwi Muscat Sultanate of Oman

Members' report

Members submit their report and the audited financial statements for the year ended 31 March 2023.

Principal activities

The principal activities of the Company are system analysis, designing and programming of special programs, development of computer network and maintenance and design of websites.

Basis of preparation of accounts

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards and the Commercial Companies Law and Regulations of the Sultanate of Oman.

Results and appropriations

The results of the Company for the year ended 31 March 2023 are set out on page 6 of the financial statements.

Auditors

The financial statements have been audited by BDO LLC who offer themselves for re-appointment.

On behalf of Wipro Gulf LLC

Sd/-
Saleh Shamsa Al Habsi
(Authorised signatory)

Date: 08 Jun 2023

Tel: +968 2495 5100
Fax: +968 2464 9030
www.bdo.com.om

Suite No. 601 & 602
Pent House, Beach One Bldg
Way No. 2601, Shatti Al Qurum
PO Box 1176, Ruwi, PC 112
Sultanate of Oman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIPRO GULF LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wipro Gulf LLC (the Company), which comprise the statement of financial position as at 31 March 2023, the statement of profit or loss and other comprehensive income, the statement of changes in members' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS's).

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Members' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIPRO GULF LLC (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

We report that the financial statements of the Company as at, and for the year ended 31 March 2023 in all material respects, comply with the applicable provisions of the Commercial Companies Law and Regulations of the Sultanate of Oman.

Sd/-

Muscat | ***BDO LLC***

Date : June 08, 2023

WIPRO GULF LLC
Statement of financial position as at 31 March 2023
(Expressed in Omani Rial)

	Notes	31 March 2023	31 March 2022
ASSETS			
Non-current assets			
Equipment and furniture	7	36,447	16,430
Right-of-use assets	6	-	15,024
Deferred tax assets	22	-	35,664
Total non-current assets		36,447	67,118
Current assets			
Inventories	8	-	110,001
Trade and other receivables	9	1,132,363	1,147,587
Cash and bank balances	10	717,543	718,124
Total current assets		1,849,906	1,975,712
Total assets		**1,886,353**	**2,042,830**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	150,000	150,000
Legal reserve	23	50,000	50,000
Actuarial gain	12	88,247	82,509
Retained earnings		63,632	1,121,793
Total capital and reserves		351,879	1,404,302
Non-current liabilities			
Employees' benefit liabilities	12	3,158	8,067
Lease liabilities	6	-	3,321
Total non-current liabilities		3,158	11,388
Current liabilities			
Lease liabilities	6	-	12,248
Employees' benefit liabilities	12	22,808	47,570
Trade and other payables	13	1,284,825	567,322
Provision for expected losses	14	223,683	-
Total current liabilities		1,531,316	627,140
Total liabilities		1,534,474	638,528
Total equity and liabilities		**1,886,353**	**2,042,830**

The financial statements, as set out on pages 5 to 29, were approved and authorized for issue by the members on 8th June 2023 and signed on their behalf by:

Sd/-
Authorised Manager
Saleh Shamsa Al Habsi

Date: 08 Jun 2023

WIPRO GULF LLC

Statement of profit or loss and other comprehensive income for the year ended 31 March 2023
(Expressed in Omani Rial)

	Notes	31 March 2023	31 March 2022
Revenue from contracts with customers	19	1,863,912	3,000,624
Direct costs	15	(2,570,256)	(1,902,669)
Gross (loss)/profit		(706,344)	1,097,955
Expected credit losses allowance	9	(24,877)	(39,844)
Provision for expected losses on contracts in progress	14	(223,683)	-
Other income	20	28,200	14,098
		(926,704)	1,072,209
Expenses			
General and administrative expenses	16	(53,416)	(104,507)
Business promotion expenses	17	(12,289)	(40,003)
Foreign exchange losses, net		(6,093)	(19,046)
Finance costs	18	(481)	(1,658)
Amortisation of right-of-use assets	6	(9,053)	(12,016)
Depreciation	7	(14,460)	(10,517)
(Loss)/profit before tax for the year		(1,022,496)	884,462
Income tax	22	(35,664)	(5,302)
Net (loss)/profit for the year		(1,058,160)	879,160
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial gain	12	5,738	40,048
Total other comprehensive income		5,738	40,048
Total comprehensive income for the year		**(1,052,422)**	**919,208**

WIPRO GULF LLC
Statement of changes in members' equity for the year ended 31 March 2023
(Expressed in Omani Rial)

	Share capital	Legal reserve	Actuarial gain	Retained earnings	Total
At 1 April 2021	150,000	50,000	42,461	8,742,633	8,985,094
Net profit for the year	-	-	-	879,160	879,160
Other comprehensive income:					
Items that will not be reclassified to profit and loss					
Actuarial gain	-	-	40,048	-	40,048
Total comprehensive income	-	-	40,048	879,160	919,208
Transaction with owners					
Dividend declared and paid during the year	-	-	-	(8,500,000)	(8,500,000)
At 31 March 2022	150,000	50,000	82,509	1,121,793	1,404,302
Net loss for the year	-	-	-	(1,058,160)	(1,058,160)
Other comprehensive income:					
Items that will not be reclassified to profit and loss					
Actuarial gain	-	-	5,738	-	5,738
Total comprehensive income	-	-	5,738	(1,058,160)	(1,052,422)
At 31 March 2023	**150,000**	**50,000**	**88,247**	**63,632**	**351,879**

WIPRO GULF LLC
Statement of cash flows for the year ended 31 March 2023
(Expressed in Omani Rial)

	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Operating activities			
(Loss)/profit before tax for the year		(1,022,496)	884,462
Adjustments for:			
Interest income	20	(25,584)	(8,595)
Covid-19 rent concession	20	(2,616)	(5,424)
Depreciation	7	14,460	10,517
Amortisation	6	9,053	12,016
Finance costs	18	481	1,658
(Reversal)/provision for employees' benefit liabilities	12	(976)	40,600
Provision for expected losses on contracts in progress	14	223,683	-
		(803,995)	935,234
Inventories		110,001	(110,001)
Trade and other receivables		15,224	548,578
Trade and other payables		717,502	(1,074,978)
Prepayments		-	218
Cash generated from operations		38,732	299,051
Employees benefit liabilities paid	12	(22,957)	(62,628)
Income tax paid	22	-	(149)
Net cash generated from operating activities		15,775	236,274
Investing activities			
Purchase of equipment and furniture	7	(34,525)	(20,170)
Interest income received	20	25,584	8,595
Net cash used in investing activities		(8,941)	(11,575)
Financing activities			
Finance costs paid	18	(481)	(1,658)
Payment of lease liabilities-principal	6	(6,934)	(6,202)
Dividend paid		-	(8,500,000)
Net cash used in financing activities		(7,415)	(8,507,860)
Net change in cash and cash equivalents		(581)	(8,283,161)
Cash and cash equivalents at the beginning of year		718,124	9,001,285
Cash and cash equivalents at the end of year	10	717,543	718,124

1 Legal status and activities

Wipro Gulf LLC ("the Company") is a limited liability company registered with the Ministry of Commerce, Industry and Investment Promotion in accordance with the applicable provisions of the Commercial Companies Law, of the Sultanate of Oman. The registered address of the company is at P.O.Box 137, Postal code 102, Muscat, Sultanate of Oman. The Company is a subsidiary of Wipro Holdings (UK) Limited incorporated in the United Kingdom. Wipro Limited, incorporated in India is the ultimate

The principal activities of the Company include system analysis, designing and programming of special programs, development of computer network and maintenance and design of websites.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and the applicable provision of the Commercial Companies Law and Regulations of the Sultanate of Oman.

Basis of measurement

The financial statements have been prepared under the historical cost convention and going concern assumption. The preparation of financial statements is in conformity with IFRS that requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies.

Functional currency

The financial statements are presented in Rial Omani (RO), which is the functional and reporting currency of the Company.

3 Effect of adoption of new accounting standards

Standards, amendments and interpretations effective and adopted in the year 2022-23

The following new standards, amendment to existing standards or interpretations to published standards are mandatory for the first-time and have been adopted in the preparation of the financial statements for the year ended 31 March 2023:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
Amendments to IAS 37	Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
Amendments to IFRS 1, IFRS 9 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IFRS 3	References to Conceptual Framework	1 January 2022

Amendments to IAS 37: Onerous Contracts: Cost of Fulfilling a Contract

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

This amendment had no impact on the financial statements of the Company as all costs relating to the onerous contracts have been considered to arrive at cost of fulfilling the contract.

3 Effect of adoption of new accounting standards (continued)

Standards, amendments and interpretations effective and adopted in the year 2022-23 (continued)

Amendments to IAS 16: Property, Plant and Equipment: Proceeds Before Intended Use

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment, any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it is being constructed but before start of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

This amendment had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Annual Improvements to IFRS Standards 2018-2020

- Amendments to IFRS 1- Subsidiary as a First-time Adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
- IAS 41 Agriculture – Taxation in Fair Value Measurements

These amendments had no impact on the financial statements of the Company.

Amendments to IFRS 3: References to Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business

This amendment had no impact on the financial statements of the Company.

Standards, amendments and interpretations issued but not yet effective in the year 2022-2023

The following new/amended accounting standards and interpretations have been issued, but are not mandatory and have not been adopted in preparing the financial statements for the year ended 31 March 2023:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IFRS 16	Leases: Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024

Management anticipate that the new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may not have any material impact on financial statements in the period of initial application.

4 Summary of significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these financial statements is set out below. These policies have been applied to all the years presented, unless

(a) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. 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.

Financial assets

The Company determines the classification of its financial assets at initial recognition. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Classification

The financial assets are classified in the following measurement categories:
i. those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
ii. those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

The Company has classified fair value measurements on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:
· quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
· inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
· inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies debt instruments at amortised cost based on the below:
a) The asset is held within a business model with the objective of collecting the contractual cash flows; and
b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR).

4 Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets. ECL are the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the company expects to receive. The ECL considers the amount and timing of payments and, hence, a credit loss arises even if the company expects to receive the payment in full but later than when contractually due. The ECL method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognising allowance for ECL in profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 months ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. '12 months ECL' represents the ECL resulting from default events that are possible within 12 months after the reporting date. 'Lifetime ECL' represent the ECL that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short-duration, normally less than 12 months and hence the loss allowance measured as lifetime ECL does not differ from that measured as 12 months ECL. The Company uses the practical expedient in IFRS 9 for measuring ECL for trade receivables using a provision matrix based on ageing of the trade receivables.

The Company uses historical loss experience and derived loss rates based on the past twelve months and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

Income recognition

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets, interest income is recognised using the EIR, which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument and continues unwinding the discount as interest income. Interest income on impaired financial assets is recognised using the original EIR.

4 Summary of significant accounting policies (continued)

(a) **Financial instruments (continued)**

Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. The classification depends on the business model for managing the financial liabilities and the contractual terms of the cash flows.

Classification

The financial liabilities are classified in the following measurement categories:

a. Those to be measured as financial liabilities at fair value through profit or loss; and
b. Those to be measured at amortised cost.

Measurement

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortised cost like borrowings are accounted at the fair value determined based on the EIR method after considering the directly attributable transaction costs.

The EIR method calculates the amortised cost of a debt instrument by allocating interest charged over the relevant EIR period. The EIR is the rate that exactly discounts estimated future cash outflows (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company's financial liabilities include lease liabilities, trade and other payables. The Company measures financial liabilities at amortised cost

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(b) Impairment of non-financial assets

The carrying amount of the Company's assets or its cash generating unit, other than financial assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other asset and groups. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

(c) Foreign currencies

RO is the functional and presentation currency of the Company. Any currency other than the functional currency is considered as a foreign currency. Transactions in foreign currencies are translated to RO at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to RO using the closing rate at the reporting date. Gains and losses arising from foreign currency transactions are recognised in profit or loss.

4 Summary of significant accounting policies (continued)

(d) Cash equivalents

For the purposes of the statement of cash flows, the Company considers banks balances and bank deposits with a maturity of less than three months from the date of placement to be part of cash and cash equivalents.

(e) Leases - the Company as a lessee

The Company assessed whether a contract is or contains a lease , at the inception of the contract. The Company recognises a right- to- use asset and a corresponding lease liability with respect to all these arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

(f) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(g) Provision for end-of-service benefits

In respect of Omani employees, contributions are made in accordance with the Oman Social Insurance Law and recognised as an expense in profit or loss as incurred.

For non-Omani employees, provision is made for amounts payable under the Oman Labour Law, based on the employees' accumulated periods of service at the statement of financial position date. This provision is classified as a non-current liability.

Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the statement of financial position date. These accruals are included in current

(h) Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

4 Summary of significant accounting policies (continued)

(i) Taxation

Income tax is provided for in accordance with the fiscal regulations of the Sultanate of Oman.

Income tax on the results for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax-rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of the previous year.

Deferred taxation is provided using the liability method providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is calculated adopting a tax-rate that is the rate that is expected to apply to the periods when it is anticipated that the liabilities will be settled, and which is based on tax-rates (and laws) that have been enacted at the statement of financial position date.

Deferred taxation is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

(j) Revenue

The Company derives revenue primarily from software development, maintenance of software/hardware and related services, business process services, sale of IT and other products.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognise revenue, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, 3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognise revenues when a performance obligation is satisfied.

At contract inception, the Company assesses its promise to transfer products or services to a customer to identify separate performance obligations. The Company applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and are distinct in the context of the contract, if not, the promised products or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligations based on their relative stand-alone selling price or residual method. Standalone selling prices are determined based on sale prices for the components when it is regularly sold separately. In cases where the Company is unable to determine the stand-alone selling price, the Company uses third-party prices for similar deliverables or the Company uses expected cost-plus margin approach in estimating the stand-alone selling price.

For performance obligations where control is transferred over time, revenue is recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the promised products or services to be provided.

The method for recognizing revenue and costs depends on the nature of the services rendered.

Time and materials contracts

Revenue and costs relating to time and materials contracts are recognised as the related services are rendered.

4 Summary of significant accounting policies (continued)

(j) Revenue (continued)

Fixed-price development contracts

Revenue from fixed-price contracts, including software development, and integration contracts, where the performance obligations are satisfied over time, are recognised using the "percentage-of-completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. If the Company is not able to reasonably measure the progress of completion, revenue is recognised only to the extent of costs incurred for which recoverability is probable. When total cost estimates exceed revenue in an arrangement, the estimated losses are recognised in profit and loss in the period in which such losses become probable based on the current contract estimates as an onerous contract provision.

A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets primarily relate to unbilled amounts on fixed-price development contracts and are classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Unbilled revenue on other than fixed price development contracts are classified as a financial asset where the right to consideration is unconditional upon passage of time.

Maintenance contracts

Revenue related to fixed-price maintenance, testing and business process services are recognised based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenue is recognised as the service is performed using the percentage of completion method. When services are performed through an indefinite number of repetitive acts over a specified period, revenue is recognised on a straight-line basis over the specified period unless some other method better represents the stage of completion. In certain projects, a fixed quantum of service or output units is agreed at a fixed price for a fixed term. In such contracts, revenue is recognised with respect to the actual output achieved till date as a percentage of total contractual output. Any residual service unutilised by the customer is recognised as revenue on completion of the term.

Products

Revenue on product sales are recognised when the customer obtains control of the specified asset.

(k) Equipment and furniture

Equipment and furniture are stated at historical cost less accumulated depreciation and impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Da08th Jun 2023

4 Summary of significant accounting policies (continued)

(k) Equipment and furniture (continued)

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over the estimated useful lives of the assets as follows:

Description	Estimated useful life in years
Furniture and fixtures	5
Computers	2
Office equipments	5

The residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Repairs and renewals are charged to profit or loss when the expenditure is incurred.

Gains and losses on disposal of furniture and equipment are determined by reference to their carrying amount and are taken into account in determining net profit or loss.

When significant parts of furniture and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the furniture and equipment as a replacement if the recognition criteria are satisfied.

(l) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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. Fair values have been determined for measurement and/or disclosure purposes based on certain methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the resultant provisions and changes in fair value for the period. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Management evaluates these estimates and assumptions on an ongoing basis.

Key sources of estimation uncertainty

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

a) **Useful lives of property and equipment**

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

5 Critical accounting judgements and key sources of estimation uncertainty (continued)

b) **Revenue recognition**

The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labour costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognised revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable. To date, the Company has not incurred a material loss on any fixed price fixed time frame contract.

c) **Allowance for ECL**

An assessment is made at each statement of financial position date to determine whether there is objective evidence that specific financial assets maybe impaired. For individually significant amounts, this estimate is performed on an individual basis. Estimated irrecoverable amounts are based on historical experience adjusted appropriately for the future expectations.

d) **Contingencies**

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

e) **Going concern**

The management of the Company reviews the financial position of the Company on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due. In addition, the members of the Company ensure that they provide adequate financial support to fund the requirements of the Company to ensure the going concern status of the Company.

f) **Impairment reviews**

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring inter alia an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

a. Growth in earnings before interest, tax, depreciation and amortisation (EBITDA), calculated as adjusted operating profit before depreciation and amortisation;
b. Timing and quantum of future capital expenditure;
c. Long-term growth rates; and
d. Selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results.

5 Critical accounting judgements and key sources of estimation uncertainty (continued)

g) Taxation

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of the existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to the assumptions, could necessitate future adjustments to taxable income and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible Tax Authority.

6 Leases

	2023	2022
a) Right-of-use assets		
At 1 April 2022	15,024	27,040
Less: Lease cancellation	(5,971)	-
Less: amortisation charge	(9,053)	(12,016)
At 31 March 2023	-	15,024

	2023	2022
b) Lease liabilities		
At 1 April 2022	15,569	27,195
Add: interest expense (Note 18)	481	1,658
Less: lease payments	(6,847)	(7,860)
Less : Lease cancellation	(6,587)	-
Less: rent concession (Note 20)	(2,616)	(5,424)
At 31 March 2023	-	15,569
Current portion	-	12,248
Non-current portion	-	3,321

The Company had entered into a lease agreement in respect of building for an annual rent of RO 13,284 for a period of 3 years from July 2020 to June 2023, discounted at the Company's incremental borrowing rate.

The lease has been cancelled effective 31 December 2022.

7 Equipment and furniture

	Furniture and fixtures	Computer and office equipment	Total
2022			
Cost:			
At 31 March 2021	30,000	33,167	63,167
Additions during the year	-	20,170	20,170
At 31 March 2022	30,000	53,337	83,337
Additions during the year	-	34,525	34,525
Deletions during the year	-	(7,340)	(7,340)
At 31 March 2023	30,000	80,522	110,522
Accumulated Depreciation:			
At 31 March 2021	30,000	26,390	56,390
Charge for the year	-	10,517	10,517
At 31 March 2022	30,000	36,907	66,907
Charge for the year	-	14,460	14,460
Deletions during the year	-	(7,292)	(7,292)
At 31 March 2023	30,000	44,075	74,075
Net book value			
At 31 March 2023	-	36,447	36,447
At 31 March 2022	-	16,430	16,430

8 Inventories

	2023	2022
Trading goods	-	110,001
	-	110,001

9 Trade and other receivables

	2023	2022
Trade receivables (gross)	375,059	372,137
Less: ECL allowance	(64,721)	(39,844)
Trade receivables (net)	310,338	332,293
Contract assets (Note 19)	546,275	616,665
Prepayments	46,268	34,796
Unbilled revenue	177,924	152,178
Other receivables	51,558	11,655
	1,132,363	1,147,587

a) Trade receivables are generally on 30 to 60 days credit terms.

b) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

c) The Company applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime ECL allowance for trade receivables and other financial assets. To measure ECL on a collective basis, trade receivables and other financial assets are grouped based on similar credit risk and ageing. The expected credit loss rates are based on the Company's historical credit losses experienced over the period of 3 to 5 years. The historical losses are then adjusted for the current and forward-looking information on macroeconomic factors affecting the Company's customers.

d) At 31 March 2023, the lifetime ECL allowance for trade receivables is as follows:

	Upto 180 days	180 days to 365 days	More than 365 days	Total
Gross carrying amount	306,019	6,644	62,396	375,059
Loss allowance	1,205	1,120	62,396	64,721

At 31 March 2022, the lifetime ECL allowance for trade receivables is as follows:

	Upto 180 days	180 days to 365 days	More than 365 days	Total
Gross carrying amount	312,618	30,269	29,250	372,137
Loss allowance	3,126	7,468	29,250	39,844

e) **Movement in expected credit loss allowance:**

	2023	2022
Opening balance	39,844	-
Charge during the year	24,877	39,844
Closing balance	64,721	39,844

10 Cash and bank balances

	2023	2022
Cash at bank	717,543	718,124
	717,543	718,124

The current account balances with banks are non-interest bearing.

11 Share capital

The share capital registered with the Ministry of Commerce, Industry and Investment Promotion, is RO 150,000 (2022: RO 150,000), comprising of 150,000 shares of RO 1 each (2022: 150,000 shares of RO 1 each).

A break-down of the share capital as at 31 March 2023 and 2022 is as set out below:

	2023		2022	
	%	Amount	%	Amount
Wipro Holdings (UK) Limited	99.90	149,850	99.90	149,850
Wipro Information Technology Netherlands BV	0.10	150	0.10	150
	100.00	150,000	100.00	150,000

12 Employee benefit liabilities

	2023	2022
Opening balance	55,637	117,713
(Reversal)/provision for the year	(976)	40,600
Less: actuarial gain	(5,738)	(40,048)
Payments during the year	(22,957)	(62,628)
Closing balance	25,966	55,637
Current portion	22,808	47,570
Non-current portion	3,158	8,067
	25,966	55,637

Total number of employees as at 31 March 2023 are 15 employees (2022: 26 employees).

The costs, assets and liabilities of the defined benefit schemes operated by the Company are determined using methods relying on actuarial estimates and assumptions. The Company takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect in profit or loss and other comprehensive income and the statement of financial position.

Financial assumptions- Gratuity Particulars	**2023**	**2022**
Discount rate (per annum)	5.50%	5.25%
Salary growth rate (per annum)	2.00%	3% for the first year and 2% thereafter

Discount rate is the rate which is used to discount future benefit cashflows to determine the present value of the defined benefit obligation at the valuation date. The rate is based on the prevailing market yields of high quality corporate bonds at the valuation date for the expected term of the obligation. In countries where there is no such bonds, the market yields at the valuation date on government bonds for the expected term is used.

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

12 Employee benefit liabilities (continued)

Demographic assumptions

Particulars	2023			2022		
Withdrawal rates, based on band: (per annum)	**Band B3 and Below**	**Band C**	**Band D and above**	**Band B3 and Below**	**Band C**	**Band D and above**
Upto 20 years	39.07%	36.00%	27.97%	47.56%	38.59%	30.76%
21 to 30 years	39.07%	36.00%	27.97%	47.56%	38.59%	30.76%
31 to 35 years	39.03%	36.00%	27.97%	45.78%	38.59%	30.76%
36 to 45 years	31.92%	36.00%	27.97%	35.94%	38.59%	30.76%
46 to 50 years	31.92%	33.19%	27.97%	35.94%	34.16%	30.76%
51 to 55 years	31.92%	33.19%	27.97%	35.94%	34.16%	30.76%
Above 56 years	31.92%	33.19%	27.97%	35.94%	34.16%	30.76%

	2023		2022	
	Decrease	**Increase**	**Decrease**	**Increase**
Discount Rate (- / + 0.5%)	17,902	17,722	32,389	32,076
(% change compared to base due to sensitivity)	0.5%	-0.5%	0.5%	-0.5%
Salary Growth Rate (- / + 0.5%)	17,719	17,905	32,071	32,393
(% change compared to base due to sensitivity)	-0.5%	0.5%	-0.5%	0.5%
Attrition Rate (- / + 5%)	17,812	17,812	32,232	32,232
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%
Mortality Rate (- / + 10%)	17,812	17,812	32,232	32,232
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

Assumptions- Leave encashment	**2023**	**2022**
Mortality Rate (of IALM 2012-14)	100.00%	100.00%
Rate of Leave Availment (per annum):(assumed to apply in all future projection years)		
- For Direct Employees, based on rank:		
Band B3 and Below	10.96%	11.22%
Band C	6.26%	7.19%
Band D and above	6.05%	5.51%
- For Assignees / Expats, based on rank:		
Band B3 and Below	8.18%	7.31%
Band C	5.80%	5.81%
Band D and above	1.77%	3.09%
Rate of Leave Encashment during employment (per annum)	0.00%	0.00%

Sensitivity Analysis

Particulars	2023		2022	
	Decrease	**Increase**	**Decrease**	**Increase**
Discount rate (- / + 1%)	8,249	8,057	23,693	23,117
(% change compared to base due to sensitivity)	1.20%	-1.20%	1.20%	-1.20%
Salary growth rate (- / + 1%)	8,059	8,250	23,124	23,693
(% change compared to base due to sensitivity)	-1.20%	1.20%	-1.20%	1.20%
Attrition rate (- / + 50%)	7,986	8,239	24,056	23,064
(% change compared to base due to sensitivity)	-2.00%	1.10%	2.80%	-1.50%
Mortality rate (- / + 10%)	8,153	8,153	23,406	23,405
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

13 Trade and other payables

	2023	2022
Trade payables	9,338	21,818
Due to related parties (Note 21)	1,054,723	83,473
Contract liabilities (Note 19)	92,006	181,348
Accrued expenses	48,330	196,589
Other payables	80,428	84,094
	1,284,825	567,322

Trade payables are generally settled within 90 days of the suppliers' invoice date.

14 Provision for expected losses

	2023	2022
Provision for expected losses	223,683	-
	223,683	-

The movement in provision for expected losses are as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
Provided during the year and closing balance	223,683	-

Provision for expected losses is made for all future losses that are foreseen in bringing the contracts to completion from the reporting date.

15 Direct costs

	Year ended 31 March 2023	Year ended 31 March 2022
Staff costs	457,306	777,295
Sub-contract costs	2,102,715	1,086,204
Miscellaneous expenses	10,235	39,170
	2,570,256	1,902,669

16 General and administrative expenses

	Year ended 31 March 2023	Year ended 31 March 2022
Staff costs	10,850	15,463
Telephone expenses	2,463	47,408
Rent	1,004	-
Professional services	31,509	31,478
Travel expenses	568	2,280
Miscellaneous expenses	7,022	7,878
	53,416	104,507

17 Business promotion expenses

	Year ended 31 March 2023	Year ended 31 March 2022
Staff costs	7,050	30,021
Travel expenses	641	41
Miscellaneous expenses	4,598	9,941
	12,289	40,003

18 Finance costs

	Year ended 31 March 2023	Year ended 31 March 2022
Interest on lease liabilities (Note 6)	481	1,658
	481	1,658

19 Revenue

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from IT services	1,863,912	3,000,624
Total revenue	1,863,912	3,000,624

Revenue is recognized over a period of time for services rendered in Sultanate of Oman.

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended 31 March 2023 and 2022 by offerings and contract-type.

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue by offerings		
IT implementation and maintenance services	1,863,912	3,000,624
Revenue by contract type		
Fixed price contracts	1,122,172	1,410,428
Time and materials based contracts	741,740	1,567,779
Element based contracts	-	22,417
	1,863,912	3,000,624

Revenue by type of customer	Year ended 31 March 2023	Year ended 31 March 2022
Government	734,483	852,211
Non-government	1,129,429	2,148,413
	1,863,912	3,000,624

Trade receivables and contract balances

The table below shows significant movements in contract assets (Note 9):

	Year ended 31 March 2023	Year ended 31 March 2022
Particulars		
Opening balance	616,665	336,815
Cost incurred and attributable profit	51,186	803,821
Progress billings	(121,576)	(523,971)
Closing balance	546,275	616,665

19 Revenue (continued)

The table below shows significant movements in contract liabilities (Note 13):

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Opening balance	(181,348)	(82,633)
Cost incurred and attributable profit	383,922	195,865
Progress billings	(294,580)	(294,580)
Closing balance	(92,006)	(181,348)

There are no revenues recognized during the reporting period from the performance obligations satisfied in previous periods.

20 Other income

	Year ended 31 March 2023	Year ended 31 March 2022
Interest income	25,584	8,595
Covid-19 rent concession (Note 6)	2,616	5,424
Miscellaneous income	-	79
	28,200	14,098

21 Transactions and balances with related parties

The Company, in the ordinary course of business, deals with parties, which fall within the definition of 'related parties' as contained in International Accounting Standard 24. Such transactions are entered at mutually agreed terms and approved by the Management. The balances due to related parties are unsecured, have no fixed repayment terms and have been disclosed separately in the statement of financial position.

Due to related parties (Note 13)	2023	2022
Wipro Travel Services Limited, India	436	690
Wipro Technologies Limited, India	1,038,613	82,783
Encore Theme Technologies Private Limited	15,674	-
	1,054,723	83,473

The following is a summary of significant transactions with related parties during the year:	Year ended 31 March 2023	Year ended 31 March 2022
Sub-contract charges	1,621,625	1,040,494
Expenses incurred by the Company on behalf of a related party	(2,662)	-
Service fees charged	86	138
Expenses paid on behalf of the Company by related parties	8,051	14,410

22 Taxation

No provision for income tax has been made for the year ended 31 March 2023, as the Company has reported a net taxable loss after giving due consideration to adjustments for potential allowances and disallowances. Income tax assessments are pending from the tax year 2020. The management considers that the amount of additional taxes, if any, that may become payable in relation to the open tax years for which assessments are pending would not be material to the Company's financial position as at 31 March 2023.

Income tax recognised in profit or loss:	2023	2022
Prior year tax	-	149
Deferred tax	35,664	5,153
	35,664	5,302

The movement in current tax provision is as under:	2023	2022
Prior year tax	-	149
Payments made during the year	-	(149)
At 31 March 2023	-	-

Deferred tax asset	2023	2022
Opening balance	35,664	40,817
Reversed during the year	(35,664)	(5,153)
Closing balance	-	35,664

Deferred tax liability of RO 13,237 on the actuarial gain on gratuity as at 31 March 2023 has been set-off against the deferred tax asset not recognised on tax losses.

Deferred tax asset of RO 260,185 (2022: RO 73,672) has not been recognised as on 31 March 2022, because of uncertainty of future taxable profits and to derive benefits therefrom, prior to expiry.

The following is a reconciliation of income taxes calculated on accounting profits at the applicable tax rate with the income tax expense for the year:

	2023	2022
Accounting (loss)/profit before tax	(1,022,496)	884,462
Tax on accounting profit before tax at 15%	(153,374)	132,669
Prior year tax	-	149
Deferred tax asset not recognised	153,374	(127,516)
	-	5,302

23 Legal reserve

In accordance with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman, an amount equivalent to 10 % of the Company's net profit before appropriations is required to be transferred to a non-distributable reserve until such time as a minimum of one-third of the share capital is set aside.

24 Contingent liabilities

	2023	2022
Advance payment guarantees and performance bonds	10,000	267,594
Tender bonds	-	77,000
	10,000	344,594

25 Financial assets and liabilities and risk management

(a) Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, trade and other receivables, due to related parties, lease liabilities and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(b) Risk management

Risk management is carried out by the Finance Department of the Company under the guidance of the senior management and Board of Directors. The senior management and Board of Directors provide significant guidance for overall risk management covering specific areas such as credit risk, interest rate risk, foreign exchange risk and investment of excess liquidity.

(c) Capital management

The primary objective of the management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise members' value. The Company manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 March 2023 and 2022.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign currency risk

Foreign exchange 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.

The majority of the Company’s financial assets and financial liabilities are either denominated in Omani Rial or currencies fixed against the Omani Rial. Hence the management believes that there would not be a material impact on the profitability if these foreign currencies weaken or strengthen against the Omani Rial with all other variables held constant.

For management considers that sensitivity analysis is not necessary due to the Company's limited exposure to foreign exchange risk.

(ii) Interest rate risk

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

The Company has no liabilities which can give exposure to interest rate risk.

(iii) Price risk

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 (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company has no equity investments which can give exposure to price risk.

25 Financial assets and liabilities and risk management (continued)

(e) Credit risk

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

The Company is potentially exposed to credit risk principally on its trade receivables, contract assets and cash and bank balances (Refer note 9 and 10). The credit risk on trade receivables are subjected to credit evaluations and a provision is made for estimated irrecoverable amounts. The amounts presented in the statement of financial position are net of provision for impaired trade receivables. The Company reduces its potential concentration of credit risk by spreading its exposure over a large number of customers. The Company's bank balances are held with high-credit quality financial institutions.

(f) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The Company's management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available, including unutilised credit facilities with banks, to meet any future commitments. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities and by continuously monitoring forecasted and actual cash flows.

At the end of the reporting period, the contractual maturity analysis in respect of financial liabilities is provided below:

Liabilities as at 31 March 2023	Total	Less than 1 year	Between 1 and 5 years
Trade and other payables	1,284,825	1,284,825	-
	1,284,825	1,284,825	-

Liabilities as at 31 March 2022	Total	Less than 1 year	Between 1 and 5 years
Lease liabilities	15,569	12,248	3,321
Trade and other payables	567,322	567,322	-
	582,891	579,570	3,321

26 Fair value of financial assets and liabilities

Financial instruments consist of financial assets and liabilities. Financial assets and liabilities carried on the statement of financial position include cash and bank balances, trade and other receivables, lease liabilities and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The fair value of financial assets and liabilities approximates their carrying value in the statement of financial position.

27 Subsequent notes

There were no events occurring subsequent to 31 March 2023 and before the date of the approval that are expected to have a significant impact on these financial statements.

28 Comparative figures

Certain comparative figures of the previous year have been either regrouped or reclassified, wherever necessary, in order to conform with the presentation adopted in the current year's financial statements. Such regrouping or reclassification did not affect previously reported results or members' equity.