

# **INDO COUNT GLOBAL DMCC**

**Financial statements and independent auditor's report  
Year ended 31 March 2022**

# INDO COUNT GLOBAL DMCC

**Financial statements and independent auditor's report**  
**Year ended 31 March 2022**

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**INDEPENDENT AUDITOR'S REPORT**

To the Shareholder of **INDO COUNT GLOBAL DMCC**

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of **INDO COUNT GLOBAL DMCC** (the "Company"), which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, 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) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates (UAE), and we have fulfilled our other ethical responsibilities 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.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the applicable provisions of Dubai Multi Commodities Centre DMCC 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.

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## **INDEPENDENT AUDITOR'S REPORT**

(continued)

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. 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 gives a true and fair view.

*continued...*



**INDEPENDENT AUDITOR'S REPORT**

(continued)

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 further confirm that the financial statements comply with the applicable provisions of the Dubai Multi Commodities Centre Authority Regulations 2020. Also, in our opinion, the Company has undertaken only the activities permitted under its license.

For PKF



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**S. D. Pereira**

Partner

Registration No. 552

Dubai

United Arab Emirates

29 April 2022

# INDO COUNT GLOBAL DMCC

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2022 AED	2021 AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	72,222	109,614
<b>Current assets</b>			
Trade and other receivables	7	2,173,638	85,973
Prepayments		76,408	--
Cash and cash equivalents	8	415,031	1,947,127
		<b>2,665,077</b>	<b>2,033,100</b>
<b>Total assets</b>		<b>2,737,299</b>	<b>2,142,714</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity funds</b>			
Share capital	9	2,750,000	2,750,000
Accumulated losses		(173,269)	(634,424)
		<b>2,576,731</b>	<b>2,115,576</b>
<b>Non-current liabilities</b>			
Provision for staff end-of-service benefits	10	21,640	--
<b>Current liabilities</b>			
Accruals		46,346	27,138
Other current liabilities	11	92,582	--
		<b>138,928</b>	<b>27,138</b>
<b>Total liabilities</b>		<b>160,568</b>	<b>27,138</b>
<b>Total equity and liabilities</b>		<b>2,737,299</b>	<b>2,142,714</b>

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 1 to 3.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Approved and authorised for issue by the directors on 22 April 2022 and signed on their behalf by Mr. Kunal Haresh Bilakhia.

For **INDO COUNT GLOBAL DMCC**

  
DIRECTOR



# INDO COUNT GLOBAL DMCC

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 AED	2021 AED
Revenue	14	1,984,600	--
Other operating income	15	14,273	164
Staff costs	16	(978,526)	--
Depreciation	6	(42,269)	(44,136)
Other operating expenses	17	(516,923)	(207,139)
Interest income on term deposits		--	3,444
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>461,155</b>	<b>(247,667)</b>
<b>Other comprehensive income:</b>			
Other comprehensive income for the year		--	--
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>461,155</b>	<b>(247,667)</b>

The accompanying notes form an integral part of these financial statements.  
The report of the independent auditor is set forth on pages 1 to 3.

## INDO COUNT GLOBAL DMCC

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital AED	Accumulated losses AED	Total AED
Balance at 1 April 2020	2,750,000	(386,757)	2,363,243
Total comprehensive income for the year	--	(247,667)	(247,667)
Balance at 31 March 2021	2,750,000	(634,424)	2,115,576
Total comprehensive income for the year	--	461,155	461,155
Balance at 31 March 2022	<b>2,750,000</b>	<b>(173,269)</b>	<b>2,576,731</b>

The accompanying notes form an integral part of these financial statements.  
The report of the independent auditor is set forth on pages 1 to 3.



# INDO COUNT GLOBAL DMCC

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	2022 AED	2021 AED
<b>Cash flows from operating activities</b>		
Profit/(loss) for the year	461,155	(247,667)
Adjustments for:		
Depreciation of property, plant and equipment	42,269	44,136
Bad debts written off	--	14,273
Interest income on term deposits	--	(3,444)
Provision for staff end-of-service benefits	21,640	--
	<u>525,064</u>	<u>(192,702)</u>
Changes in:		
- Trade and other receivables	(2,087,665)	1,873
- Prepayments	(76,408)	--
- Accruals	19,208	(12,611)
- Other current liabilities	92,582	--
Net cash used in operating activities	<u>(1,527,219)</u>	<u>(203,440)</u>
<b>Cash flows from financing activities</b>	<u>--</u>	<u>--</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(4,877)	--
Decrease in other financial assets	--	1,468,700
Interest received	--	10,224
Net cash (used in)/from investing activities	<u>(4,877)</u>	<u>1,478,924</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,532,096)</b>	1,275,484
<b>Cash and cash equivalents at beginning of year</b>	<b>1,947,127</b>	671,643
<b>Cash and cash equivalents at end of year (note 8)</b>	<b>415,031</b>	1,947,127

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 1 to 3.

# INDO COUNT GLOBAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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### 1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **INDO COUNT GLOBAL DMCC** (the "Company") is a limited liability company registered in Dubai, United Arab Emirates, in accordance with the provisions of Dubai Multi Commodities Centre DMCC Company Regulations, 2003, as amended by DMCC Regulation No. 1 of 2007, DMCC Regulation No. 1 of 2009 and DMCC Regulation No. 1 of 2013 (repealed by Dubai Multi Commodities Centre Authority Regulation 2020). The registered address is Unit No. 2105, Platinum Tower, plot No. JLT-PH1-I2, Jumeirah Lakes Towers, Dubai, UAE. The Company was registered on 8 November 2017.
- b) The Company is licensed by DMCCA (trade license No. DMCC- 361213) to trade in textiles, threads and yarns, curtains and upholstery fabrics, cotton and natural fibers, blankets, towels, linens, spinning and weaving equipment and spare parts.

The Company has also obtained a service license (license No. DMCC- 825871) to provide marketing management services.

- c) The parent and ultimate parent company is Indo Count Industries Limited, India.

### 2. BASIS OF PREPARATION

#### a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 January 2021, and the requirements of Dubai Multi Commodities Centre Authority Regulations 2020.

#### b) Basis of measurement

The financial statements are prepared using historical cost. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### c) Going concern

The financial statements are prepared on a going concern basis.

When preparing the financial statements, management makes an assessment of the Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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The outbreak of COVID-19 continues to cause disruptions in normal lives and business in several ways. The uncertainty due to COVID-19 outbreak with regard to the future impact on the Company's business performance has also been considered as part of management's assessment of the Company's ability to continue as a going concern.

As the impact of COVID-19 continues to evolve, the Company will continue to monitor the situation and its impacts on the financial statements (note 5).

d) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams ("AED") which is also the Company's functional currency.

e) **Adoption of new International Financial Reporting Standards**

*Amendments, improvements and interpretations effective for the current period*

The following amendments which became effective 1 January 2021, did not have any significant impact on the Company's financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark - Phase 2

***New and revised IFRSs in issue but not yet effective***

The following amendments, improvements and interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (1 January 2022)
- Annual Improvements to IFRS Standards 2018-2020 (1 January 2022)
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (1 January 2023)
- Definition of Accounting Estimates – Amendments to IAS 8 (1 January 2023)
- Disclosure of Accounting Policies – Amendments to IAS 1 (1 January 2023)

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted, and which have been consistently applied, are as follows:



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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### a) **Property, plant and equipment**

Furniture, fixtures and office equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of 3 to 5 years.

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 expenditure will flow to the Company and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income/expenses' in profit or loss.

### b) **Impairment of tangible assets**

At each reporting date, the management reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

c) **Staff benefits**

The Company provides staff end-of-service benefits to its non-UAE national employees as per the applicable local laws. The entitlement to these benefits is based on the employees' last drawn salary and length of services which is accrued over the period of employment. Provision for staff end-of-service benefits is disclosed as non-current liability.

Provision is also made for employees' entitlement to annual leave and air fare for eligible employees as per the policy of the Company. Provision relating to annual leave and air fare are disclosed as current liability as employees are entitled to redeem these benefits at any point of time after the reporting period.

d) **Revenue recognition**

The Company has provided marketing management services during the year.

Revenue from contracts with customers is recognised when the control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Company satisfies a performance obligation at a point in time or over time.

# INDO COUNT GLOBAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

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 of recognising revenue.

### ***Sale of services***

The Company provides services that are sold separately. The Company has concluded that revenue from sale of services should be recognised over time.

### e) **Leases**

The Company leases office. Rental contract is typically made for fixed period of 1 year but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, however leased assets may not be used as security for borrowing purposes.

### *Short-term leases*

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

### f) **Cash and cash equivalents**

Cash and cash equivalents comprise of balances in bank current and call deposit accounts.

### g) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

### h) **Provisions**

A provision is recognised when the Company has a present obligation (legal or constructive) 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

i) **Value added tax**

The Company charges and recovers Value Added Tax (VAT) on every taxable supply and deemed supply, in accordance with the Federal Decree-Law No. (08) of 2017. Irrecoverable VAT for which Company cannot avail the credit is charged to the relevant expenditure category or included in costs of non-current assets. The Company files its VAT returns and computes the payable tax (which is output tax less input tax) for the allotted tax periods and deposits the same within the prescribed due dates of filing VAT return and tax payment. VAT receivable and VAT Payable are offset and the net amount is reported in the statement of financial position as the Company has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

j) **Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period. or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period. or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

### k) **Financial instruments**

#### ***Classification***

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at FVTPL or at amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

#### ***Recognition***

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

#### ***Derecognition***

Financial assets are de-recognised when, and only when,

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

Financial liabilities are de-recognised when, and only when, they are extinguished i.e. when obligation specified in the contract is discharged, cancelled or expired.

#### ***Measurement***

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Transactions costs of financial assets carried at FVTPL are expensed in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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The following accounting policies apply to the subsequent measurement of financial assets and liabilities.

### *Financial assets at amortised cost*

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition) using the effective interest method.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The financial assets at amortised cost comprise of trade and other receivables and cash and cash equivalents.

### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost comprise of accruals.

### *Impairment of financial assets*

The Company recognised an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances are measured on either of the following basis:

- 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: ECLs that result from all possible default events over the expected life of a financial instrument.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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The Company measures the loss allowance at an amount equal to lifetime ECLs, except for the following which are measured as 12-month ECLs:

- Bank balances and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. The Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Company considers a financial asset to be in default when:

- The customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset. For financial assets carried at FVTOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

### **Offsetting**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.



### ***Equity***

Equity instruments issued by the Company are recorded at the value of proceeds received towards interest in share capital of the Company.

### **l) Fair value measurement**

The Company discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

### **4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

#### **Classification of financial assets**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

#### **Impairment**

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

The Company applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs or Lifetime ECLs depending on credit risk characteristics and how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

### **Recognition of revenue and allocation of transaction price**

#### *Identification of performance obligations*

The Company provides marketing services as a single performance obligation.

#### *Determine timing of satisfaction of performance obligation*

The Company concluded that revenue from marketing services is to be recognised over time as the customer simultaneously receives the benefit as the company performs.

## 5. **KEY SOURCES OF ESTIMATION UNCERTAINTY**

Key assumptions made 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, are as follows:

### **Carrying values of property, plant and equipment**

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

### **Impairment**

Assessments of net recoverable amounts of property, plant and equipment are based on assumptions regarding future cash flows expected to be received from the related assets.

### **Impairment of financial assets**

The loss allowance for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of key assumptions and inputs used are disclosed in note 3(k).

### **Staff end-of-service benefits**

The Company computes the provision for the liability to staff end-of-service benefits stated at AED 21,640 (previous year Nil), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

### **Impact of Covid-19**

Since the Covid-19 outbreak is evolving, the Company continues to assess the impact on its operations on a regular basis. The management believes that there exists a material uncertainty in respect of expected duration and its potential impact on the overall economy including the operations of the Company. However, the management concluded that there is no significant impact of Covid-19 on its operations and/or cash flows due to nature of the Company's business activities.



# INDO COUNT GLOBAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 6. PROPERTY, PLANT AND EQUIPMENT

		<b>Furniture, fixtures and office equipment AED</b>
<b>Cost</b>		
At 1 April 2020 and 31 March 2021		201,319
Additions		4,877
At 31 March 2022		<b>206,196</b>
<b>Accumulated depreciation</b>		
At 1 April 2020		47,569
Depreciation		44,136
At 31 March 2021		91,705
Depreciation		42,269
At 31 March 2022		<b>133,974</b>
<b>Carrying amount</b>		
At 1 April 2020		153,750
At 31 March 2021		109,614
At 31 March 2022		<b>72,222</b>

	<b>2022 AED</b>	2021 AED
<b>7. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	<b>2,156,023</b>	73,400
Deposits	<b>16,000</b>	11,000
Other receivable	<b>1,615</b>	1,573
	<b>2,173,638</b>	85,973

There is no allowance for expected credit losses for trade receivables (previous year Nil).

The age analysis of trade receivables not impaired are as follows:

Not past due	<b>2,082,623</b>	--
Past due	<b>73,400</b>	73,400

The Company does not hold any collateral against trade receivables (previous year Nil).

### 8. CASH AND CASH EQUIVALENTS

Bank balances in:		
Current account	<b>33,650</b>	81,800
Call deposit accounts	<b>381,381</b>	1,865,327
	<b>415,031</b>	1,947,127

# INDO COUNT GLOBAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2022 AED	2021 AED
<b>9. SHARE CAPITAL</b>		
<b>Issued and paid up</b>		
2,750 shares of AED 1,000 each held by Indo Count Industries Limited, India.	<u>2,750,000</u>	<u>2,750,000</u>
<b>10. PROVISION FOR STAFF END-OF-SERVICE BENEFITS</b>		
Opening balance	--	--
Provision for the year	<u>21,640</u>	--
Closing balance	<u>21,640</u>	--
<b>11. OTHER CURRENT LIABILITIES</b>		
VAT payable (net)	44,001	--
Accruals for staff benefits	<u>48,581</u>	--
	<u>92,582</u>	--

### 12. RELATED PARTIES

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise the parent company and the directors.

At the reporting date significant balance with parent company represents trade receivable balance of AED 2,156,023 (previous year AED 73,400).

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in note 18.

Significant transactions with parent company during the year represents revenue (marketing management services) of AED 1,984,600 (previous year Nil).

### 13. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to ensure that the Company continues as a going concern and to provide the shareholder with a rate of return on their investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Company is not exposed to any externally imposed capital requirements.

# INDO COUNT GLOBAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Funds generated from internal accruals are retained in the business, according to the business requirements and to maintain capital at desired levels.

### 14. REVENUE

The Company generates revenue from the transfer of services over time. The disaggregated revenue from contracts with customers by geographical segments, type of service and timing of revenue recognition is presented below. The management believes that this best depicts the nature, amount, timing and uncertainty of the Company's revenue and cash flows.

	<b>2022</b>	2021
	<b>AED</b>	AED
<b>Primary Geographical segments</b>		
- India	<u>1,984,600</u>	--
<b>Major service lines</b>		
- Marketing management services	<u>1,984,600</u>	--
<b>Timing of revenue recognition</b>		
- Over time	<u>1,984,600</u>	--
<b>15. OTHER OPERATING INCOME</b>		
Miscellaneous income	<u>14,273</u>	164
<b>16. STAFF COSTS</b>		
Staff salaries and benefits	956,886	--
Staff end-of-service benefits	21,640	--
	<u>978,526</u>	--
<b>17. OTHER OPERATING EXPENSES</b>		
Short-term lease expense	90,000	92,500
Bad debts written off	--	14,273
Utility expenses	17,709	12,321
Legal and professional expenses	87,719	76,233
Travel expenses	204,023	--
Other expenses	117,472	11,812
	<u>516,923</u>	207,139
<b>18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT</b>		
<b>Financial instruments</b>		
<i>Classification and fair values</i>		
The net carrying amounts and fair values as at the reporting date of financial assets and financial liabilities are as follows:		



# INDO COUNT GLOBAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	At amortised cost	
	2022	2021
	AED	AED
<b>Financial assets</b>		
Trade and other receivables	2,173,638	85,973
Cash and cash equivalents	415,031	1,947,127
	<u>2,588,669</u>	<u>2,033,100</u>
<b>Financial liabilities</b>		
Accruals	46,346	27,138

### ***Fair value measurement and disclosures***

The management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of cash and cash equivalents, trade and other receivables and accruals approximate their carrying amounts largely due to the short-term maturities of these instruments.

### **Financial risk management**

#### *Risk management objectives*

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability. The Company's risk management focusses on actively securing short to medium term cash flows by minimizing the exposure to financial markets.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up. As part of the Company's credit risk management, where it is considered necessary, issued by high credit quality financial institutions.

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally cash and cash equivalents and trade and other receivables.



# INDO COUNT GLOBAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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The Company's bank accounts are placed with high credit quality financial institutions.

The management assesses the credit risk arising from trade and other receivables taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date, 100% of trade receivables is due from the parent company (previous year 100% from parent company), situated in India. The parent company is also engaged in similar business.

Based on the assessment, the management believes that no impairment provision is required under IFRS 9.

### *Liquidity risk*

Liquidity risk is the risk that the Company may encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company limits its liquidity risk by ensuring adequate bank facilities are available.

The Company's financial liabilities comprising accruals are due for maturity in less than one year from the reporting date based on contractual payment dates.

### **Market risk**

Market risk is the risk that the changes in market prices, such as foreign currency exchange rates, interest rates and prices, will affect the Company's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns.

### *Currency risk*

Currency risk is the risk that the values of financial instruments will fluctuate because of changes in foreign exchange rates.

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed.

# INDO COUNT GLOBAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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### *Interest rate risk*

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

The Company is not exposed to any significant interest risk.

For **INDO COUNT GLOBAL DMCC**



**DIRECTOR**

