Kalyan Jewelers for Golden Jewelries W.L.L.

Annual Financial Statements
and
Independent Auditor's Report
31 March 2021

Contents

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KALYAN JEWELERS FOR GOLDEN JEWELRIES W.L.L

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of the Kalyan Jewelers for Golden Jewelries W.L.L (the "Company"), which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, the statement of changes in 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 2021 and 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 (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 for such internal control as management determines is necessary to enable the preparation of the 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.

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.

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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 to 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

Furthermore, in our opinion, proper books of account have been kept by the Company and the financial statements are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit; and that financial statements incorporate all information that is required by the Companies Law No. 1 of 2016 and its executive regulations, as amended; and by the Company's Articles of Association, as amended; that an inventory was duly carried out; and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its executive regulations, as amended, or of the Company's Articles of Association, as amended, have occurred during the year ended 31 March 2021 that might have had a material effect on the business of the Company or on its financial position.

Talal Y. Al-Muzaini
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Kuwait
13 July 2021

Kalyan Jewelers for Golden Jewelries W.L.L.

Statement of Financial Position as at 31 March 2021

		Kuwaiti Dinars	
	Note	**2021**	**2020**
ASSETS			
Current assets			
Cash and cash equivalents	5	183,508	134,409
Trade and other receivables	6	830,955	715,662
Inventories	7	4,334,860	4,525,889
		5,349,323	5,375,960
Non-current assets			
Property and equipment	8	592,642	651,106
Right of use assets	9	1,961,367	2,172,914
		2,554,009	2,824,020
Total assets		7,903,332	8,199,980
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	10	5,050,147	5,024,738
Lease liability	11	150,734	216,091
		5,200,881	5,240,829
Non-current liabilities			
Post-employment benefits		68,748	52,909
Lease liability	11	252,925	381,618
		321,673	434,527
Total liabilities		5,522,554	5,675,356
Equity			
Share capital	12	50,000	50,000
		50,000	50,000
Member's fund	12	2,330,778	2,474,624
Members' equity		2,380,778	2,524,624
Total liabilities and equity		7,903,332	8,199,980

The accompanying notes are an integral part of these financial statements

N. R. Venkatraman
Company Manager

Statement of Comprehensive Income – year ended 31 March 2021

	Note	Kuwaiti Dinars	
		2021	**2020**
Revenue		5,556,473	9,540,019
Cost of sales		(4,605,781)	(8,278,276)
Gross profit		950,692	1,261,743
Selling and distribution expenses		(101,520)	(214,126)
General and administrative expenses	13	(718,116)	(937,871)
Depreciation and amortization	8,9	(309,686)	(286,800)
Finance cost		(31,048)	(33,165)
Other income		65,832	-
Net loss for the year		(143,846)	(210,219)
Other comprehensive income		-	-
Total comprehensive loss for the year		(143,846)	(210,219)

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

Kalyan Jewelers for Golden Jewelries W.L.L

Statement of Changes in Equity - year ended 31 March 2021

	Kuwaiti Dinars			
	Share capital	**Accumulated deficit**	**Member's fund**	**Total**
Balance at 1 April 2019	50,000		2,755,343	2,805,343
Total comprehensive loss for the year	-	(210,219)	-	(210,219)
Movement in member's fund	-		(70,500)	(70,500)
Transfer of accumulated deficit to member's fund	-	210,219	(210,219)	-
Balance at 31 March 2020	50,000		2,474,624	2,524,624
Balance at 1 April 2020	50,000	-	2,474,624	2,524,624
Total comprehensive loss for the year		(143,846)	-	(143,846)
Transfer of accumulated deficit to member's fund		143,846	(143,846)	-
Balance at 31 March 2021	50,000		2,330,778	2,380,778

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows - year ended 31 March 2021

	Note	Kuwaiti Dinars	
		2021	**2020**
Cash flows from operating activities			
Net loss for the year		(143,846)	(210,219)
Adjustments:			
Depreciation on property and equipment	8	60,857	59,666
Amortization of right-of-use assets	9	248,829	227,134
Provision for impairment of trade and other receivables		1,015	-
Finance cost		31,048	33,165
Provision for post-employment benefits		16,713	13,297
Operating profit before changes in working capital		214,616	123,043
Changes in working capital:			
Trade and other receivables		(116,308)	(116,501)
Inventories		191,029	(469,180)
Trade and other payables		25,409	638,913
Cash flow from operating activities		314,746	176,275
Payment for indemnity		(874)	(1,099)
Net cash generated from operating activities		313,872	175,176
Cash flows from investing activities			
Purchase of property and equipment	8	(2,393)	(54,964)
Net cash used in investing activities		(2,393)	(54,964)
Cash flows from financing activities			
Finance cost paid		(31,048)	(33,165)
Payment of principal element of lease liability		(231,332)	(202,315)
Net cash used in financing activities		(262,380)	(235,480)
Net increase/(decrease) in cash and cash equivalents		49,099	(115,268)
Cash and cash equivalents			
at beginning of year		134,409	249,677
at end of year	5	183,508	134,409

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

1. Constitution and activities

Kalyan Jewelers for Golden Jewelries W.L.L ("the Company") is a limited liability company, incorporated in Kuwait on 20 May 2014.

The Company's objective is trading in gold jewelry.

The address of the registered office of the Company is P.O Box 3839, Safat 13002, Kuwait.

These financial statements were approved for issue by the members on 13 July 2021.

2. Application of new and revised international financial reporting standards ("IFRSs")

2.1 New and amended IFRSs that are effective from 1 April 2020

2.1.1 Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Company has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

The Company received rent concession amounting to KD 65,832 which is recorded in the statement of comprehensive income as 'other income'.

2.1.2 Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts report in these financial statements:

- *Amendments to References to the Conceptual Framework in IFRS Standards*
- *Amendments to IFRS 3 Definition of a business*
- *Amendments to IAS 1 and IAS 8 Definition of material*

2. Application of new and revised international financial reporting standards ("IFRSs") (continued)

2.1 New and amended IFRSs that are effective from 1 April 2020 (continued)

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these financial statements and have not had any material impact on the financial statements but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	**Effective for annual periods beginning on or after**
Definition of a Business - Amendments to IFRS 3 *Business Combinations* The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	1 January 2020
Amendments to *References to the Conceptual Framework in IFRS Standards* Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	1 January 2020
IFRS 7 Financial Instruments: Disclosures and IFRS 9 - Financial Instruments Amendments regarding pre-replacement issues in the context of the IBOR reform.	1 January 2020

Management anticipates that these 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, except for IFRS 16 as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

2.2 New and amended IFRSs in issue but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	***Effective for annual periods beginning on or after***
IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

2. Application of new and revised international financial reporting standards ("IFRSs") (continued)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to IFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16 *Property, Plant and Equipment—Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*	1 January 2022

Management anticipates that these 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 amendment, may have no material impact on the financial statements of the Company in the period of initial application.

3. Basis of preparation and significant accounting policies

3.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). These financial statements are prepared under the historical cost basis of measurement.

The functional and presentation currency of the Company is Kuwaiti Dinars.

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect amounts reported in these financial statements, as actual results could differ from those estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving high degree of judgments or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3.2 Significant accounting policies

Revenue recognition

Sale of goods

Revenue from the sale of products is recognised at the point in time when control is transferred to the customer. Revenue is measured based on the transaction price, which is the consideration, net of customer incentives, discounts, variable considerations, payments made to customers, other similar charges, as specified in the contract with the customer.

3. Basis of preparation and significant accounting policies (continued)

3.2 Significant accounting policies (continued)

Revenue recognition (continued)

Sale of goods (continued)

The Company is also engaged in trading of jewellery to its related parties. Revenue is recognised point in time when the control of the goods is transferred to the customer when the goods are delivered to the customer. Delivery occurs when the goods are shipped to the customer's location.

Interest income

Interest income is recognized on a time proportion basis using the effective interest method.

Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of these financial statements, the financial performance and financial position of the Company are expressed in Kuwaiti Dinars which is the functional currency of the Company and the presentation currency for these financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the dates of the transactions.

At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in statement of comprehensive income.

Inventory

The cost of new diamond jewellery and other precious stone jewellery are determined based on the specific identification method.

The cost of gold, old diamonds and gold jewellery (including making charges), owned by the Company is determined on the basis of weighted average cost for the reporting period.

Cost of unfixed gold is determined on the basis of bullion rate prevailing as at the date of reporting and a corresponding liability towards suppliers is recorded at same amount.

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

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. All other repairs and maintenance expenses are charged to statement of comprehensive income in the period in which they are incurred.

3. Basis of preparation and significant accounting policies (continued)

3.2 Significant accounting policies (continued)

Property and equipment (continued)

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

Computer equipment	3 years
Electrical equipment	10 years
Motor vehicles	10 years
Furniture and fixtures	15 years

The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Provisions

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

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 flows 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 the receivable can be measured reliably

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

3. Basis of preparation and significant accounting policies (continued)

3.2 Significant accounting policies (continued)

Impairment of non-financial assets (continued)

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 for which the estimates of future cash flows have not been adjusted.

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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

Leasing

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease 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 economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
- The lease liability is presented as a separate line in the statement of financial position.
- The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. Basis of preparation and significant accounting policies (continued)

3.2 Significant accounting policies (continued)

Leasing (continued)

The Company as lessee (continued)

- The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, plant and equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ‘Other expenses’ in the statement of comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

3. Basis of preparation and significant accounting policies (continued)

3.2 Significant accounting policies (continued)

Post-employment benefits

The Company is liable under Kuwait labour law to make payments under defined benefit plans to employees, at cessation of employment.

This liability, which is unfunded, represents the amount payable to employees as a result of involuntary termination on the statement of financial position date and approximates the present value of the final obligation.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Basis of preparation and significant accounting policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(ii) Debt instrument designated at other comprehensive income (continued)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

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

Amortised cost and effective interest rate method

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

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

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if theequity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

3. Basis of preparation and significant accounting policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Equity instruments designated as at FVTOCI (continued)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in 'other comprehensive income' section of the statement of comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

3. Basis of preparation and significant accounting policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

(i) Significant increase in credit risk

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

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

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

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

1. The financial instrument has a low risk of default,

2. The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

3. Basis of preparation and significant accounting policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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 an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. Basis of preparation and significant accounting policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the statement of comprehensive income to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the statement of comprehensive income incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in 'other comprehensive income' section of the statement of comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in 'other comprehensive income' section of the statement of comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in statement of comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognized in 'other comprehensive income' section of the statement of comprehensive income are not subsequently reclassified to the statement of comprehensive income; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of comprehensive income.

3. Basis of preparation and significant accounting policies (continued)

3.2 Significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

4. Critical accounting judgements and key sources of estimation uncertainty

While applying the accounting policies as stated in Note 3, management of the Company has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

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

Useful lives and depreciation of property and equipment

The cost of property and equipment is depreciated over the estimated useful life, which is based on the expected usage of the asset, expected physical wear and tear, and the repairs and maintenance program and the residual value. The Company reviews the estimated useful lives of property and equipment at the end of each annual reporting period. The management has not considered any residual value as it is deemed immaterial.

Inventories measurement

Inventories are held at the lower of cost and net realisable value. For individually significant amounts, an estimation of net realisable value is performed on an individual basis and for those which are not individually significant, a collective assessment is made and a provision is applied according to the inventory type, based on historical selling prices.

Impairment of right-of-use asset

As at 31 March 2021, management assessed whether there are indications that right-of-use assets which are included in its statement of financial position are not impaired. Management determined that the carrying amount of the assets will be recovered in full, over the defined amortisation periods.

Estimation of the lease term and useful lives of right-of-use assets recognized under IFRS 16

The Company has leased shops and office premises for a period of more than one year. The Management determined the lease contract considering the remaining the lease term. Accordingly, the Management considers the estimated useful life of the 'Right to Use (RoU)' assets for the remaining the lease term.

Incremental borrowing rate

The Company's Management determines the present value of future lease payments by discounting using incremental borrowing rate. Incremental borrowing rate is set at 6.5% (31 March 2020: 6.5%). The Management assumes that the Company can obtain borrowings at a rate equivalent to 6.50% for a similar amounts, terms and security.

5. Cash and cash equivalents

	Kuwaiti Dinars	
	2021	**2020**
Cash in hand	17,351	35,270
Current accounts with banks	166,157	99,139
	183,508	134,409

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Central Bank of Kuwait and are sovereign guaranteed. Accordingly, the management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

6. Trade and other receivables

	Kuwaiti Dinars	
	2021	**2020**
Trade receivables	10,962	-
Provision for expected credit losses	(1,015)	-
Net trade receivables	9,947	-
Prepayments, advances and deposits	821,008	715,662
	830,955	715,662

The carrying value of trade and other receivables approximates its fair value.

The Company does not sell on credit. The trade receivable balance as at the reporting date represents amounts receivable on credit card sales, which is generally realised within a maximum of one week.

The carrying amounts of the Company’s trade and other receivables are denominated in the following currencies:

	Kuwaiti Dinars	
	2021	**2020**
UAE Dirhams	171,836	1,510
US Dollars	19,536	17,920
Kuwaiti Dinars	639,583	696,232
	830,955	715,662

7. Inventories

Inventory as at 31 March 2020, included gold ornaments weighing 3,853 grams valuing approximately Kuwaiti Dinar 48,726 which is collected by the Ministry of Commerce and Industry (MoCI) - Precious Mineral department for testing. Considering the delay in receiving the goods back from the Ministry, the Company created a provision for an equivalent amount of the value of inventory with MoCI. During the year, the Company has received the entire gold inventory which was under the possession of MoCI. Accordingly, the provision created against these inventories was reversed during the year.

8. Property and equipment

	Kuwaiti Dinars				
	Computer equipment	Electrical equipment	Furniture and fittings	Motor vehicles	Total
Cost					
As at 1 April 2019	37,509	162,472	934,238	20,945	1,155,164
Additions	-	6,200	48,764	-	54,964
Transfer	-	-	-	-	-
As at 31 March 2020	37,509	168,672	983,002	20,945	1,210,128
Additions	-	-	2,393	-	2,393
Disposal	-	-	-	-	-
As at 31 March 2021	37,509	168,672	985,395	20,945	1,212,521
Accumulated depreciation					
As at 1 April 2019	31,725	106,675	354,441	6,515	499,356
Charge for the year	2,970	9,377	45,548	1,771	59,666
As at 31 March 2020	34,695	116,052	399,989	8,286	559,022
Charge for the year	1,942	9,634	47,515	1,766	60,857
As at 31 March 2021	36,637	125,686	447,504	10,052	619,879
Net book value					
As at 31 March 2021	872	42,986	537,891	10,893	592,642
As at 31 March 2020	2,814	52,620	583,013	12,659	651,106

9. Right of use assets

	Kuwaiti Dinars
Cost	
As at 1 April 2019	1,478,874
Addition during the year	1,127,842
As at 31 March 2020	2,606,716
Addition during the year	37,282
As at 31 March 2021	2,643,998
Amortization	
As at 1 April 2019	206,668
Charge for the year	227,134
As at 31 March 2020	433,802
Charge for the year	248,829
As at 31 March 2021	682,631
Net book value	
As at 31 March 2021	1,961,367
As at 31 March 2020	2,172,914

The management tests right of use assets annually for impairment, or more frequently if there are indicators that they may be impaired.

9. Right of use assets (continued)

The recoverable amount of the right-of-use asset as a cash-generating unit is determined based on a "value in use" calculation which uses cash flow projections based on financial budgets approved by the management covering a five-year period, and a discount rate of 12.4% per annum (31 March 2020: 9.3% per annum). There is a growth of 15% in the cash flow projections for the financial year ending 2021-22. Thereafter, the sales are expected to normalize and the growth rate continues to be at 10% per annum for the remaining years (31 March 2020: 10% per annum).
Cash flows beyond that five-year period have been extrapolated using a steady 2.8% per annum (31 March 2020: 2.8% per annum) growth rate.

The steady growth rate of 2.8% per annum is estimated by the management of the Company based on past performance of the cash-generating unit and their expectations of market development.

Sensitivity analysis

The Company has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which right-of- use assets is allocated. The management believe that any reasonably possible change in the key assumptions on which the recoverable amount of the right-of-use assets is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

At the beginning and end of the financial year the recoverable amount of the right-of-use asset was substantially in excess of its book value.

Weighted average cost of capital:

At the CGU level, had the weighted average cost of capital for each shop been increased by 2% (31 March 2020: 2%) (other key assumptions remaining constant), no impairment charge would be recorded in the books of the entity.

Terminal growth rates:

At the CGU level, had the terminal growth rates for each shop been reduced to 2% (31 March 2020: 2%) (other key assumptions remaining constant), no impairment charge would be recorded in the books of the entity.

10. Trade and other payables

	Kuwaiti Dinars	
	2021	**2020**
Trade payables		
- Related party	4,094,219	2,922,161
- Others	346,235	1,404,353
Accrued expenses	50,354	47,760
Advances from customers	559,339	650,464
	5,050,147	5,024,738

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	Kuwaiti Dinars	
	2021	**2020**
UAE Dirhams	4,094,219	2,944,973
Kuwaiti Dinars	955,183	2,079,378
Others	745	387
	5,050,147	5,024,738

11. Lease liability

	Kuwait Dinars 2021	Kuwait Dinars 2020
As at 1 April	597,709	152,829
Additions during the year	37,281	647,195
Interest expenses on lease liability	31,048	33,165
Payment of lease liability including interest	(262,379)	(235,480)
As at 31 March	403,659	597,709

	Kuwait Dinars 2021	Kuwait Dinars 2020
Non-current portion	252,925	381,618
Current portion	150,734	216,091
	403,659	597,709

12. Equity

Share capital

Share capital of the Company comprises of 100 shares of KD 500 each paid in cash, as follows:

Name of member	Number of shares 2021	Number of shares 2020	Kuwait Dinars 2021	Kuwait Dinars 2020
Bader Nasser Turky Al Otaibi	50	50	25,000	25,000
Sheikh Dawood Salman Al Sabah	1	1	500	500
Kalyan Jewelers, Emirati L.L.C	49	49	24,500	24,500
	100	100	50,000	50,000

Member's fund

This represents amounts provided by a member to fund the Company's operations which the Company may repay if adequate funds are available. Accordingly, it is classified as equity.

The members resolved to absorb the accumulated losses amounting to KD 143,846 (31 March 2020: KD 210,219) by transferring the accumulated losses to member's funds.

Statutory reserve

As required by the Companies Law No. 1 of 2016 and its executive regulations and the Company's Articles of Association, as amended, 10% of the profit for the year is to be transferred to the statutory reserve. The Companies Law No. 1 of 2016 permits discontinuance of transfer to statutory reserve when this reserve equals 50% of the share capital. The reserve can be utilised only for distribution of up to 5% dividend in years when the retained earnings are inadequate for this purpose. In the absence of profit during the year, no amount was appropriated to statutory reserve.

13. General and administrative expenses

	Kuwaiti Dinars	
	2021	**2020**
Brand sharing fees	291,221	291,218
Staff cost	200,008	236,108
Management fees	112,328	112,327
Foreign exchange (gain)/ loss	(126,552)	81,691
Rent	41,260	53,760
Legal and professional fees	105,110	35,164
Travel and conveyance expense	4,610	14,674
Others	90,131	112,929
	718,116	937,871

14. Related party transactions and balances

In the ordinary course of business, the Company enters into transactions with related parties (group companies). Pricing policies and terms of these transactions are approved by the Company's management. Transactions and balances with related parties not disclosed elsewhere in these financial statements are as follows:

	Kuwaiti Dinars	
	2021	**2020**
Transactions		
Cost of sales	2,228,442	1,260,870
General and administrative expenses	463,459	434,553
	2,691,901	1,695,423

15. Financial instruments – fair value and risk management

The Company's assets and liabilities include the following financial instruments.

Cash and cash equivalents
Trade and other receivables (excluding prepayments)
Trade and other payables
Lease liability

Fair value

The estimated fair values of financial assets and liabilities approximated their respective net book values at the reporting date.

Fair values of the financial instruments carried at amortised cost approximate their carrying value. This is based on Level 3 inputs, with the discount rate that reflects the credit risk of counterparties, being the most significant input.

Risk Management

The Company's use of financial instruments exposes it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Company continuously reviews its risk exposures and takes measures to limit it to acceptable levels. Risk management is carried out by the finance department under policies approved by management. Finance department identifies and evaluates financial risks in close co-operation with the Company's operating units. Management provides principles for overall risk management, as well as policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk and liquidity risk.

15. Financial instruments – fair value and risk management (continued)

Risk Management (continued)

The significant risks that the Company is exposed to are discussed below:

(a) Market risk

Market risk, comprising of foreign currency risk, interest rate risk and equity price risk arises due to movements in foreign currency rates, interest rates and market prices of assets respectively.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign currency rates. The Company is primarily exposed to foreign currency risk as a result of foreign exchange gains/losses on translation of foreign currency denominated liabilities such as trade payables and due to related parties. The Company manages its foreign currency risk by setting limits on exposures to currency and counterparty and transacting business in major stable currencies. As at the financial position date, the Company is mainly exposed to UAE Dirhams.

The following are the significant net exposures of the Company denominated in foreign currency, represented in equivalent Kuwaiti Dinar:

	Kuwaiti Dinars	
	(Payable)/Receivable	
	2021	**2020**
UAE Dirhams	(3,922,383)	(2,943,463)
Others	18,791	17,533
	(3,903,592)	(2,925,930)

As at 31 March 2021, if Kuwaiti Dinars had strengthened by 5% against the UAE Dirhams with all other variables remaining constant, loss for the year would have been lower by KD 196,119 (31 March 2020: KD 147,173) as a result of foreign exchange difference on translation.

A 5% of weakening of Kuwaiti Dinars against UAE Dirhams would have had the equal but the opposite effect on the loss.

(i) Interest rate risk

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

As at the statement of financial position date, the Company is not exposed to any interest rate risk.

(ii) Equity price risk

This is a risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to individual instrument or its issuer or factors affecting all instruments, traded in the market. Equity price risk arises from the change in fair values of quoted equity securities.

As at the statement of financial position date, the Company is not exposed to any equity price risk.

15. Financial instruments – fair value and risk management (continued)

Risk Management (continued)

(c) Credit risk

Credit risk is the risk that counterparty will cause a financial loss for the Company by failing to discharge an obligation. Financial assets, which potentially subject the Company to credit risk, consist principally balances with banks and trade and other receivables. The Company manages this risk by maintaining accounts with high credit rating financial institutions.

The Company's maximum exposure to credit risk is as follows:

	Kuwaiti Dinars	
	2021	**2020**
Balances with banks	166,157	99,139
Trade and other receivables	74,857	64,855
	241,014	163,994

(d) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Finance department maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the financial position to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows.

	Kuwaiti Dinars			
	Less than 1 Year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
31 March 2021				
Trade and other payables	4,490,808	-	-	-
Lease liability	150,734	239,083	358,625	-
31 March 2020				
Trade and other payables	5,024,738	-	-	-
Lease liability	246,380	148,000	270,000	-

16. Capital risk management

The Company’s objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Management considers net debt and equity as its total capital for the purpose of capital management. Net debt is total borrowings as shown in financial position less cash and cash equivalents. As at 31 March 2021, the total capital of the Company for the purpose of capital management is KD 2,380,778 (31 March 2020: KD 2,524,624). In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to members, return capital to members, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. As at 31 March 2021 the gearing ratio was nil (31 March 2020: Nil).

17. Impact of COVID-19

The outbreak of COVID-19 pandemic across the globe has caused disruption to business and economic activities and uncertainties in the global economic environment. During the year, there were several lockdown measures implemented by the Government of Kuwait to restrict the spread of the pandemic. This has resulted in a decrease in the revenue of the Company compared to the previous year. Management considered the impact of the pandemic on the significant estimates and judgements applied by them in arriving at the Company's reported amounts of financial and non-financial assets as of 31 March 2021. Management also assessed that the Company has adequate liquidity to settle its current liabilities.