

**KALYAN JEWELLERS W.L.L.**

**DOHA – QATAR**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
MARCH 31, 2023**

**KALYAN JEWELLERS W.L.L.**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

For the year ended March 31, 2023

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QR. 99-8

RN: 44/FA/FY2024

## INDEPENDENT AUDITOR'S REPORT

**To The Shareholders**  
**Kalyan Jewellers W.L.L.**  
**Doha-Qatar**

### Opinion

We have audited the financial statements of Kalyan Jewellers W.L.L. (the "Company"), which comprise the statement of financial position as at March 31, 2023, 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 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 March 31, 2023 and its financial performance and 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 other ethical requirements that are relevant to our audit of the Company's financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities. 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 IFRS, the applicable provisions of the Qatar Commercial Companies Law and Company's article of association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Kalyan Jewellers W.L.L., Doha-Qatar (continued)

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

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

As part of an audit in accordance with ISA's, we exercise professional judgement 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Kalyan Jewellers W.L.L., Doha-Qatar (continued)

### **Report on Other Legal and Regulatory Requirements**


Further, as required by the Qatar Commercial Companies' Law, we report the following:

- We are also in the opinion that the Company maintained proper books of account and the physical inventory verification has been duly carried out.
- We obtained all the information and explanations, which we considered necessary for our audit.
- To the best of our knowledge and belief and according to the information given to us, except as mentioned below, no contraventions of the applicable provisions of Qatar Commercial Companies' Law and the Company's Articles of Associations were committed during the year, which would materially affect the Company's activities or its financial position.
- 
- The accumulated losses of the Company as of March 31, 2023 amounted to QR. 11,205,767 contravening the Qatar Commercial Companies' Law. The Law states that should the Company's losses exceed 50% of the capital of the Company, the partners should either dissolve the Company or increase its capital.

As mentioned in Note 24 to the financial statements, the Company has appointed an independent external auditor to perform an independent assessment of the Company's compliance with the "Law No. (20) of 2019 on Anti-Money Laundering and Terrorist Financing" as required by the Ministry of Commerce and Industry "MOCI". The report of the independent external auditor has identified certain areas of non-compliance with the "Law No. (20) of 2019 on Anti-Money Laundering and Terrorist Financing". Management is in the process of remediation of these non-compliances. Accordingly, we do not give an opinion on the compliance with the relevant AML regulations.

**Doha – Qatar**  
**June 6, 2023**

**For Deloitte & Touche**  
**Qatar Branch**



**Midhat Salha**  
**Partner**  
**License No. 257**

# KALYAN JEWELLERS W.L.L.

## STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

	Notes	March 31, 2023 QR.	March 31, March 31, 2022 QR.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Furniture, fixtures and equipment	5	7,113,353	7,891,784
Right-of-use-assets	6	46,277,500	44,150,814
<b>Total non-current assets</b>		<b>53,390,853</b>	<b>52,042,598</b>
<b>Current assets</b>			
Inventories	7	112,627,624	85,413,632
Due from a related party	8(a)	-	68,488,489
Trade receivables	9	836,883	565,112
Other receivables	9	497,362	360,963
Cash and bank balances	10	12,518,726	15,324,738
<b>Total current assets</b>		<b>126,480,595</b>	<b>170,152,934</b>
<b>TOTAL ASSETS</b>		<b>179,871,448</b>	<b>222,195,532</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	200,000	200,000
Partner's current account		45,390,278	104,850,276
Accumulated losses		(11,205,767)	(13,778,849)
<b>Net equity</b>		<b>34,384,511</b>	<b>91,271,427</b>
<b>Non-current liabilities</b>			
Employees' end of service benefits	11	424,095	392,153
Lease liabilities	14	1,945,216	-
<b>Total non-current liabilities</b>		<b>2,369,311</b>	<b>392,153</b>
<b>Current liabilities</b>			
Trade payables		22,882,209	10,946,104
Lease liabilities	14	1,299,658	896,503
Bank borrowings	12	1,054,073	2,000,938
Loan from shareholder	8(c)	97,772,514	98,094,047
Due to a related party	8(b)	7,524,894	6,131,116
Accrued expenses and other liabilities	13	12,584,278	12,463,244
<b>Total current liabilities</b>		<b>143,117,626</b>	<b>130,531,952</b>
<b>Total liabilities</b>		<b>145,486,937</b>	<b>130,924,105</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>179,871,448</b>	<b>222,195,532</b>

These financial statements were approved and authorized by the partners for issue on -----, 2023.

Nasser Darwish A Mashhadi

Kalyan Jewellers L.L.C

This statement has been prepared by the Company and stamped by the Auditors for identification purposes only.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

- 4 - 06 JUN 2023

Signed for Identification  
Purposes Only



**KALYAN JEWELLERS W.L.L.****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended March 31, 2023

	Notes	March 31, 2023 QR.	March 31, 2022 QR.
Revenue	15	200,838,792	173,469,323
Cost of sales	16	(173,341,046)	(140,990,208)
		27,497,746	32,479,115
Other income		105,442	819,239
Depreciation	5	(946,860)	(832,093)
Amortization of right-of-use assets	6	(4,516,578)	(4,585,066)
General and administrative expenses	17	(10,698,211)	(10,837,477)
Finance costs		(7,808,920)	(6,505,845)
<b>Profit for the year</b>		<b>3,632,619</b>	<b>10,537,873</b>
Income tax	18	(1,059,537)	-
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>2,573,082</b>	<b>10,537,873</b>

This statement has been prepared by the Company and stamped by the Auditors for identification purposes only.





**KALYAN JEWELLERS W.L.L.****STATEMENT OF CHANGES IN EQUITY**

For the year ended March 31, 2023

	<b>Share capital</b>	<b>Partner's current account</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>
Balance at April 1, 2021	200,000	104,850,276	(24,316,722)	80,733,554
Total comprehensive income for the year	-	-	10,537,873	10,537,873
Balance at March 31, 2022	200,000	104,850,276	(13,778,849)	91,271,427
Settlement of loan (Note 8)	-	(59,459,998)	-	(59,459,998)
Total comprehensive income for the year	-	-	2,573,082	2,573,082
<b>Balance at March 31, 2023</b>	<b>200,000</b>	<b>45,390,278</b>	<b>(11,205,767)</b>	<b>34,384,511</b>

This statement has been prepared by the Company and stamped by the Auditors for identification purposes only.





**KALYAN JEWELLERS W.L.L.**
**STATEMENT OF CASH FLOWS**

For the year ended March 31, 2023

	Note	March 31, 2023 QR.	March 31, 2022 QR.
<b>OPERATING ACTIVITIES</b>			
Profit for the year		2,573,082	10,537,873
<i>Adjustment for:</i>			
Depreciation of furniture, fixtures and equipment	5	946,860	832,093
Amortization of right-of-use assets	6	4,516,578	4,585,066
Provision for employees' end of service benefits	11	74,225	80,408
Gain on write-off of right-of-use assets	6, 14	-	(2,864)
Loss on disposal of furniture, fixtures and equipment		-	288,888
Finance costs		7,808,920	6,505,845
		<b>15,919,665</b>	<b>22,827,309</b>
<i>Changes in working capital:</i>			
Inventories		(27,213,992)	(7,200,223)
Due from a related party		9,242,090	-
Trade receivables		(485,370)	12,959
Other receivables		(136,399)	965,011
Trade payables		11,936,105	2,805,402
Due to a related party		1,393,778	(1,055,822)
Accrued expenses and other liabilities		121,034	(904,115)
<b>Cash generated from operations</b>		<b>10,776,911</b>	<b>17,450,521</b>
End of service benefits paid	11	(42,283)	(42,393)
<b>Net cash generated from operating activities</b>		<b>10,734,628</b>	<b>17,408,128</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of furniture, fixtures and equipment	5	(168,429)	(629,885)
Proceeds from disposal of right of use assets (key money)		-	17,649
Acquisition of right of use assets (key money)	6	-	(4,999,998)
Margin deposits	10	(122,253)	(5,271,364)
<b>Net cash used in investing activities</b>		<b>(290,682)</b>	<b>(10,883,598)</b>
<b>FINANCING ACTIVITIES</b>			
Bank borrowings	12	(946,865)	2,000,938
Payment of principal portion of lease liability		(4,294,893)	(4,723,198)
Payment of interest portion of lease liability		(140,353)	(158,000)
Finance costs paid		(7,668,567)	(6,412,189)
Payment against loan from shareholders		(321,533)	(1,033,314)
<b>Net cash used in financing activities</b>		<b>(13,372,211)</b>	<b>(10,325,763)</b>
Net decrease in cash and cash equivalents		(2,928,265)	(3,801,233)
Cash and cash equivalents at beginning of the year	10	10,053,374	13,854,607
<b>Cash and cash equivalents at end of the year</b>	10	<b>7,125,109</b>	<b>10,053,374</b>

Refer note 23 for the non-cash transactions.

This statement has been prepared by the Company and stamped by the Auditors for identification purposes only.



THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

# KALYAN JEWELLERS W.L.L.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

### 1. GENERAL INFORMATION

Kalyan Jewellers W.L.L. (the “Company”) is a limited liability Company registered in the State of Qatar under Commercial Registration No. 67939. The Registered Office of the Company is situated in Abdul Jaleel Center, 3<sup>rd</sup> Floor, Unit No-303, Najma Airport road, Doha-Qatar.

The Company is a retailer in jewellery and ornaments. The Company’s ownership details are as follows:

	<u>Nationality</u>	<u>Amount</u> <u>QR.</u>	<u>%</u>
Nasser Darwish A Mashhadi	Qatari	102,000	51
Kalyan Jewellers L.L.C.	Emirati	98,000	49
		<u>200,000</u>	<u>100</u>

The Company is a subsidiary of Kalyan Jewellers L.L.C. (Intermediate Holding Company) and ultimate controlling party is Kalyan Jewellers India Ltd (the “Ultimate Parent Company”).

#### 1.1 Commercial Companies’ Law

The accumulated losses of the Company as of March 31, 2023 amounted to QR. 11,205,767 (March 31, 2022: QR. 13,778,849) contravening the Qatar Commercial Companies’ Law. The said law states that should the Company’s losses exceed 50% of the capital of the Company, the partners should dissolve the Company or increase its capital. The partners will be jointly and severally responsible for the Company’s liabilities.

#### 1.2 Going concern

The Company, as at 31 March 2023 has working capital deficit of QR 16,637,031 [2022: working capital of QR 39,620,982]. The Company will be able to continue as a going concern with the continuing financial support of its shareholders and profitable operations. The shareholders have confirmed to the management of the Company that they will provide adequate financial support to the Company to meet its obligations as they fall due and the management believe that Company will be able to make profitable operations in the future. Accordingly, these financial statements have been prepared on a going concern basis.

## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the IASB and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations effective as of January 1, 2022:

### 2.1 New and amended IFRS Standards and interpretations that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2022, have been adopted in these financial statements.

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<p><i>Amendments to IFRS 3 – Reference to the Conceptual Framework</i></p> <p>In May 2020 the IASB issued amendments to update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.</p> <p>The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.</p> <p>They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.</p> <p>Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.</p>	Beginning on or after January 1, 2022
<p><i>Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use</i></p> <p>The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The Company measures the cost of those items in accordance with IAS 2 Inventories.</p> <p>The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.</p>	January 1, 2022

## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

### 2.1 New and amended IFRS Standards and interpretations that are effective for the current year (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
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<i>Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use (continued)</i>	January 1, 2022
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If not presented separately in the statutory statement of profit or loss and other comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statutory statement of profit or loss and other comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments.

The Company shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

<i>Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract</i>	January 1, 2022
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The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the Company has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the Company first applies the amendments. Comparatives are not restated.

Instead, the Company shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.



**2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)**

**2.1 New and amended IFRS Standards and interpretations that are effective for the current year (continued)**

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
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*Annual Improvements to IFRS Standards 2018–2020*

January 1, 2022

The Annual Improvements include amendments to four Standards.

*IFRS 1 First-time Adoption of International Financial Reporting Standards-Subsidiary as a first time adopter*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

*IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition on financial liabilities*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date first applies the amendment.

*IFRS 16 Leases*

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

*IAS 41 Agriculture*

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

**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**

The Company has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
<p data-bbox="244 660 1149 728"><i>IFRS 17 Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17)</i></p> <p data-bbox="244 750 1149 851">IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.</p> <p data-bbox="244 873 1149 1008">IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.</p> <p data-bbox="244 1030 1149 1164">The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.</p> <p data-bbox="244 1187 1149 1489">In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.</p> <p data-bbox="244 1512 1149 1579">IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.</p> <p data-bbox="244 1601 1149 1729">For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.</p>	<p data-bbox="1149 660 1447 694">January 1, 2023</p>

## 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)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<p><i>Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i></p> <p>The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.</p>	Available for optional adoption/ effective date deferred indefinitely
<p><i>Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current</i></p> <p>The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p> <p>In November 2022, IAS 1 has been amended to specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or noncurrent.</p> <p>An entity is required to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.</p> <p>The 2022 amendments deferred the effective date of the amendments to <i>IAS 1 Classification of Liabilities as Current or Non-current</i> published in January 2020 by one year to annual reporting periods beginning on or after 1 January 2024. The amendments are applied retrospectively.</p>	January 1, 2023. Early application 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)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<p><i>Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies</i></p> <p>The IASB has amended IAS 1 require entities to disclose its “material accounting policies” instead of its ‘significant accounting policies’ with ‘material accounting policy information’. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are also added.</p> <p>To support the amendments, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2. The amendments to IAS 1 are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.</p>	January 1, 2023. Early application permitted
<p><i>Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates</i></p> <p>The IASB has amended IAS 8 to define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. Accounting policies may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.</p> <p>The IASB has retained the concept of changes in accounting estimates in the Standard, even though the definition was deleted, with the following clarifications:</p> <ul style="list-style-type: none"> <li>▪ A change in accounting estimate that results from new information or new developments is not the correction of an error</li> <li>▪ The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.</li> </ul> <p>The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.</p>	January 1, 2023. Early application 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 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

January 1, 2023. Early application permitted

The amendments provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

## 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)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
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*Amendments to IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions*

January 1, 2024. Early application permitted

The amendments requires a seller-lessee to subsequently measure lease liabilities by determining “lease payments” and “revised lease payments” arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

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 as highlighted in previous paragraphs, 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

### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), applicable provisions of Qatar Commercial Companies’ Law, whose certain provisions were amended by Law no. 8 of 2021 and the Company’s article of association.

### Basis of preparation

The financial statements have been prepared under the historical cost convention. The principal accounting policies are set out below. These financial statements are presented in Qatari Riyal (QR), which is the Company’s functional and reporting currency.

**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Furniture, fixtures and equipment**

Furniture, fixtures and equipment are stated at cost less accumulated depreciation and any impairment in value. 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is charged to statement of profit or loss on a straight-line method basis over the estimated useful lives of the assets.

The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis.

The carrying values of furniture, fixtures and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of the fair value less costs to sell and their value in use.

**Impairment of tangible assets**

At each statement of financial position date, the Company 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When 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.

The recoverable amount is the higher of fair value less costs of disposal 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 the statement of 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of 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.

**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Foreign currencies**

Transactions in foreign currencies are initially recorded at the approximate functional currency rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the approximate exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**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 recognized 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.

**Employees' end of service benefits**

A provision is made for employees end of service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salary and accumulated period of service as at the reporting date.

**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 profit or loss.

**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.



**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

**Financial assets (continued)**

*Classification of financial assets*

*Debt instruments designated at amortized 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.

*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. 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.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "Other income" line item.

*Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses on trade receivables, due from a related party and bank balances that are measured at amortized cost. 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 and due from a related party. 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.

**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Financial instruments (continued)****Financial assets (continued)***Impairment of financial assets (continued)*

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-months 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.

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-months 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.

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.

**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial instruments (continued)**

**Financial assets (continued)**

*Impairment of financial assets (continued)*

(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. 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 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)**

**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.

*Financial liabilities measured subsequently at amortised cost*

Financial liabilities 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 profit or loss.

**Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method for gold and gold ornaments measured in weight and specific costing method for diamonds. Cost includes expenditure incurred in acquiring the inventories, cost of production or conversion and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Provision is made for obsolete and slow-moving items based on management's judgment.

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

**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contingent liabilities**

Contingent liabilities are not recognised/recorded in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

**Leases**

*The Company as a 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; 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.

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.

**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (continued)**

*The Company as a lessee (continued)*

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 any 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 'Furniture, fixtures and equipment' policy.

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.

**Revenue recognition**

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume discounts, which are estimated based on the historical data or forecast and projections. The Company recognizes revenue when it transfers control over goods or services to its customers.

The stand-alone selling prices are determined based on the observable price at which the Company sells the products and services on a standalone basis. For items that are not sold separately the Company estimates standalone selling prices using other methods.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

**Events after the reporting date**

The financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are discussed on the financial statements when material.

#### **4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

##### **Critical judgments and estimates**

The preparation of the financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Critical judgements**

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

##### *Revenue recognition*

Management considers recognizing revenue over time, if one of the following criteria is met, otherwise revenue will be recognized at a point in time:

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

##### *Judgements in determining the timing of satisfaction of performance obligations*

For performance obligations satisfied at a point in time, the Company considers the general requirements of control (i.e. direct the use of asset and obtain substantially all benefits) and the following non-exhaustive list of indicators of transfer of control:

- Entity has present right to payment
- Customer has legal title
- Entity has transferred legal possession
- Customer has significant risk and rewards
- Customer has accepted the asset

##### *Going concern*

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue a going concern. Therefore, the financial statements are prepared on a going concern basis.



**4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

**Critical judgements (continued)**

*Significant increase in credit risk*

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

*Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

*Shareholder Account*

Management has considered the detailed criteria for the recognition of equity instrument in IAS 32: *Financial Instruments: Presentation*, and in particular whether the equity instrument i.e. shareholder account represents a residual interest in the assets of an entity after deducting all of its liabilities. Based on their assessment, management is satisfied that the recognition of the shareholder's account as an equity instrument is appropriate and is in the nature of equity.

**4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

**Estimates**

*Impairment of tangible useful lives*

The Company's management assess whether there are indicators to suspect that tangible have suffered impairment in accordance with accounting policies stated in Note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates. The Company's management determines as well the useful lives and related depreciation charge. The depreciation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

Management assessed that the there are no indicators of impairment affecting the Company's tangible assets that the useful lives are reasonable.

*Inventories*

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventories to their realisable value are made at product group level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues. Based on the above factors, the Company has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

*Discounting of lease payments*

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

*Assessment as to whether the right-of-use assets are impaired*

In estimating the recoverable amount of the right-of-use asset, the management have made assumptions about the achievable market rates for similar properties with similar lease terms.

*Recoverability of key money*

In order to be able to operate from key locations in Qatar, the Company has paid key money in case of some retail stores. The Company's management believes that it will be able to fully recover the amount of key money when they exit from the retail store premises and therefore does not expect any write-offs on account of key money. This will therefore not have any adverse impact on the Company's future profitability.

**KALYAN JEWELLERS W.L.L.****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2023

**5. FURNITURE, FIXTURES AND EQUIPMENT**

	<b>Electrical equipment</b>	<b>Computer equipment</b>	<b>Furniture and fixtures</b>	<b>Motor vehicle</b>	<b>Total</b>
	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>
<b>Costs:</b>					
At March 31, 2021	1,507,128	668,534	12,691,805	330,764	15,198,231
Additions during the year	64,435	43,950	521,500	-	629,885
Disposals during the year	(259,311)	-	(298,980)	(72,500)	(630,791)
At March 31, 2022	1,312,252	712,484	12,914,325	258,264	15,197,325
Additions during the year	99,469	41,666	27,294	-	168,429
<b>At March 31, 2023</b>	<b>1,411,721</b>	<b>754,150</b>	<b>12,941,619</b>	<b>258,264</b>	<b>15,365,754</b>
<b>Accumulated depreciation:</b>					
At March 31, 2021	809,337	662,916	5,137,555	187,894	6,797,702
Charge for the year	121,740	6,974	679,026	24,353	832,093
Depreciation related to disposals	(197,562)	-	(71,841)	(54,851)	(324,254)
At March 31, 2022	733,515	669,890	5,744,740	157,396	7,305,541
Charge for the year	141,190	19,947	759,859	25,864	946,860
<b>At March 31, 2023</b>	<b>874,705</b>	<b>689,837</b>	<b>6,504,599</b>	<b>183,260</b>	<b>8,252,401</b>
<b>Carrying amounts:</b>					
<b>At March 31, 2023</b>	<b>537,016</b>	<b>64,313</b>	<b>6,437,020</b>	<b>75,004</b>	<b>7,113,353</b>
At March 31, 2022	578,737	42,594	7,169,585	100,868	7,891,784
Depreciation rates	10%	33%	7%	10%	

**KALYAN JEWELLERS W.L.L.****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2023

**6. RIGHT-OF-USE-ASSETS**

The Company leases several retail shops. The average lease term is ranging between 2 years to 5 years.

	<u>March 31, 2023</u> QR.	<u>March 31, 2022</u> QR.
<b>Right-of-use assets:</b>		
Opening	50,097,706	43,775,529
Additions	6,643,264	7,812,472
Deletion due to renewal	(7,079,494)	(1,490,296)
March 31,	<u>49,661,476</u>	<u>50,097,705</u>
<b>Amortization:</b>		
Opening	5,946,892	2,654,984
Charge for the year	4,516,578	4,585,066
Deletion due to renewal	(7,079,494)	(1,293,159)
March 31,	<u>3,383,976</u>	<u>5,946,891</u>
<b>Net carrying amount</b>	<u>46,277,500</u>	<u>44,150,814</u>

*Amounts recognised in statement of profit and loss:*

Amortization of right-of-use assets	<u>4,516,578</u>	<u>4,585,066</u>
Finance cost on lease liabilities (Note 14)	<u>140,353</u>	<u>158,000</u>

*Amount recognised in statement of cash flows:*

Amortization of right-of-use assets	<u>4,516,578</u>	<u>4,585,066</u>
Finance cost on lease liabilities (Note 14)	<u>140,353</u>	<u>158,000</u>
Principal element of lease payments	<u>4,294,893</u>	<u>4,723,198</u>

**7. INVENTORIES**

	<u>March 31, 2023</u> QR.	<u>March 31, 2022</u> QR.
Gold jewellery	90,595,633	64,925,649
Diamond jewellery	22,031,991	20,487,983
	<u>112,627,624</u>	<u>85,413,632</u>

**8. RELATED PARTY BALANCES AND TRANSACTIONS**

Related parties, as defined in International Accounting Standard 24: Related *Party Disclosures*, include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

*(a) Due from a related party*

	Relationship	March 31, 2023 QR.	March 31, 2022 QR.
Kalyan Jewellers FZE	Under common control	-	68,702,088
Less: Provision for expected credit losses		-	(213,599)
		<u>-</u>	<u>68,488,489</u>

During the current year, due from a related party amounting to QR 68,702,088 has been transferred to loan from shareholder.

Balance due from a related party is from a company which is under common control and this company is supported by the ultimate parent, Kalyan Jewellers India Limited, for any financial or liquidity issues).

*(b) Due to a related party*

	Relationship	March 31, 2023 QR.	March 31, 2022 QR.
Kalyan Jewellers LLC	Shareholder	7,524,894	6,131,116
		<u>7,524,894</u>	<u>6,131,116</u>

*(c) Loan from a shareholder*

	Relationship	March 31, 2023 QR.	March 31, 2022 QR.
Kalyan Jewellers LLC	Shareholder	97,772,514	98,094,047
		<u>97,772,514</u>	<u>98,094,047</u>

Loan from shareholder pertains to funds received from Kalyan Jewellers LLC that were converted from partner's current account to shareholder loan during the year 2021. This loan carries interest at a rate ranging from 8% to 9% (2022: 6.5%). The fair value of the loan approximates its carrying value as the loan is payable on demand and is short term.

During the current year, due from a related party amounting to QR 68,702,088 has been transferred to loan from shareholder. Further QR 59,459,998 of additional capital contribution has been transferred to loan from shareholder. These transactions have been approved by the board.

**KALYAN JEWELLERS W.L.L.****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2023

**8. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)***(d) Transactions with related parties*

During the year, the Company entered into the following transactions with related parties:

	<u>March 31, 2023</u> QR.	<u>March 31, 2022</u> QR.
Finance Costs	<u>7,542,336</u>	<u>6,207,190</u>
Administrative support fee (Note 17)	<u>312,000</u>	<u>312,000</u>

**9. TRADE AND OTHER RECEIVABLES**

	<u>March 31,</u> <u>2023</u> QR.	<u>March 31,</u> <u>2022</u> QR.
Trade receivables	1,060,737	575,367
Less: provision for doubtful debts	(223,854)	(10,255)
<b>Total trade receivables</b>	<u>836,883</u>	<u>565,112</u>
Advance to suppliers	229,234	64,283
Deposits	225,580	219,580
Prepaid expenses	42,548	77,100
<b>Total other receivables</b>	<u>497,362</u>	<u>360,963</u>
<b>Total trade and other receivables</b>	<u>1,334,245</u>	<u>926,075</u>

**10. CASH AND BANK BALANCES**

	<u>March 31,</u> <u>2023</u> QR.	<u>March 31,</u> <u>2022</u> QR.
Cash on hand	722,272	646,558
Bank balances	<u>6,402,837</u>	<u>9,406,816</u>
	<u>7,125,109</u>	<u>10,053,374</u>
Margin deposit (1)	<u>5,393,617</u>	<u>5,271,364</u>
Cash and cash equivalents	<u>12,518,726</u>	<u>15,324,738</u>

(1) Margin deposit represents the amount deposited for obtaining the bank overdraft facility of QR 5,000,000.

**10. CASH AND BANK BALANCES (CONTINUED)**

Bank balances are assessed to have low credit risk of default since these banks are highly regulated by Qatar Central Bank and have high credit rating according to international credit agencies. Accordingly, management of the Company estimates the loss allowance on bank balances 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.

**11. EMPLOYEES' END OF SERVICE BENEFITS**

	<b>March 31, 2023 QR.</b>	March 31, 2022 QR.
Balance at April 1,	<b>392,153</b>	354,138
Provision for the year	<b>74,225</b>	80,408
Paid during the year	<b>(42,283)</b>	(42,393)
Balance at March 31,	<b>424,095</b>	392,153

**12. BANK BORROWINGS**

	<b>March 31, 2023 QR.</b>	March 31, 2022 QR.
Bank overdraft	<b>1,054,073</b>	2,000,938
	<b>1,054,073</b>	2,000,938

**Bank overdraft**

The Company has an overdraft facility from a local bank of amount QR 5,000,000. As at the reporting date, the unutilized facility amounts to QR 3,945,927 (2022: QR 2,999,062). This facility is obtained for managing working capital requirements of the Company and carries interest 6% (2022: 5.25%) per annum.

**13. ACCRUED EXPENSES AND OTHER LIABILITIES**

	<b>March 31, 2023 QR.</b>	March 31, 2022 QR.
Advance from customers	<b>11,874,263</b>	12,050,569
Accrued expenses	<b>710,015</b>	412,675
	<b>12,584,278</b>	12,463,244



**KALYAN JEWELLERS W.L.L.****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2023

**14. LEASE LIABILITIES**

	<b>March 31, 2023</b>	March 31, 2022
	<b>QR.</b>	QR.
Opening balance	<b>896,503</b>	3,007,228
Addition	<b>6,643,264</b>	2,812,472
Interest expense on lease liabilities (Note 6)	<b>140,353</b>	158,000
Lease termination, renewal and modification	-	(199,999)
Lease payments	<b>(4,435,246)</b>	(4,881,198)
	<b>3,244,874</b>	896,503

Maturity analysis of lease liabilities:

Not later than 1 year	<b>1,299,658</b>	896,503
Later than 1 year and not later than 5 years	<b>1,945,216</b>	-
	<b>3,244,874</b>	896,503

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

**15. REVENUE**

The Company derives its revenue from contracts with customers for sales of goods recognised at a point in time in the following major revenue line.

	<b>March 31, 2023</b>	March 31, 2022
	<b>QR.</b>	QR.
<b><i>Revenue - point in time</i></b>		
Sale of jewelry and ornaments	<b>200,841,812</b>	173,475,081
Discount on promotional sales	<b>(3,020)</b>	(5,758)
	<b>200,838,792</b>	173,469,323

All the above revenue of the Company have been derived from its operation in the State of Qatar. The Company has no business operations in other jurisdictions.

**KALYAN JEWELLERS W.L.L.****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended March 31, 2023

**16. COST OF SALES**

	<b>March 31, 2023</b>	March 31,
	<b>QR.</b>	2022
		<b>QR.</b>
Opening inventory balance (Note 7)	<b>85,413,632</b>	78,213,409
Purchases during the year	<b>189,111,120</b>	139,479,749
Other direct expenses	<b>11,443,918</b>	8,710,682
<b>Goods available for sale</b>	<b>285,968,670</b>	226,403,840
Ending inventory balance (Note 7)	<b>(112,627,624)</b>	(85,413,632)
Cost of goods sold	<b>173,341,046</b>	140,990,208

**17. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>March 31, 2023</b>	March 31,
	<b>QR.</b>	2022
		<b>QR.</b>
Salaries and staff benefits	<b>4,349,262</b>	4,145,952
Advertising and promotion	<b>2,493,397</b>	3,072,862
Rent	<b>788,450</b>	821,473
Communication and utilities	<b>704,874</b>	558,959
Administrative support fee [Note 8(d)]	<b>312,000</b>	312,000
Bank charges and commission	<b>196,514</b>	84,574
Travelling	<b>189,501</b>	137,622
Repairs and maintenance	<b>184,901</b>	126,211
Recruitment expenses	<b>139,543</b>	104,337
Insurance	<b>88,392</b>	86,152
Printing, postage and courier	<b>64,859</b>	45,113
Staff refreshment	<b>54,136</b>	45,030
Office supplies	<b>56,418</b>	4,037
Professional fees	<b>23,010</b>	262,741
Loss on disposal of assets	<b>-</b>	288,888
Other expenses	<b>1,052,954</b>	741,526
	<b>10,698,211</b>	10,837,477

**18. INCOME TAX**

	<b>March 31, 2023 QR.</b>	March 31, 2022 QR.
<i><b>Current income tax</b></i>		
Current income tax charge	<b>397,866</b>	-
Adjustments for prior year income tax	<b>661,671</b>	-
Income tax included in the statement of profit or loss	<b>1,059,537</b>	-

For the purpose of determining the taxable results for the year, the accounting profit of the companies were adjusted for tax purposes.

The tax reconciliation is presented as follows:

	<b>March 31, 2023 QR.</b>	March 31, 2022 QR.
Profit before tax	<b>3,632,619</b>	10,537,873
<b>Adjustments for:</b>		
<i>Provision for EOSB</i>	<b>74,225</b>	80,408
<i>Sponsorship fees to the parent</i>	<b>312,000</b>	312,000
<i>Unutilized carryforward losses</i>	-	(4,043,662)
<i>Deduction Amount of Qatari and Resident national GCC Country</i>	<b>(40,188)</b>	(71,569)
Taxable income	<b>3,978,656</b>	6,815,050
Income tax @ 10%	<b>397,866</b>	681,505

**19. FINANCIAL INSTRUMENTS**

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument. Financial assets comprise cash and bank balances, due from a related party, trade receivables and other debit balances. Financial liabilities comprise trade payables, due to a related party, loan from a related party, bank borrowings, lease liabilities and accrued expenses. Accounting policies for the financial assets and liabilities are set out in Note 3.

**19. FINANCIAL INSTRUMENTS (CONTINUED)***Fair value of financial instruments*

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, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of financial instruments is not materially different from their carrying values.

	March 31, 2023		March 31, 2022	
	Carrying amount (QR)	Fair value (QR)	Carrying amount (QR)	Fair value (QR)
Due from a related party (Note 8(a))	-	-	68,702,088	68,702,088
Trade receivables (Note 9)	1,060,737	1,060,737	575,367	575,367
Deposits and other receivables (Note 9)	225,580	225,580	219,580	219,580
Cash and bank balances (Note 10)	12,518,726	12,518,726	15,324,738	15,324,738
	<u>13,805,043</u>	<u>13,805,043</u>	<u>84,821,773</u>	<u>84,821,773</u>
Bank borrowings (Note 12)	1,054,073	1,054,073	2,000,938	2,000,938
Due to a related party (Note 8(b))	7,524,894	7,524,894	6,131,116	6,131,116
Loan from shareholder (Note 8(c))	97,772,514	97,772,514	98,094,047	98,094,047
Trade payables	22,882,209	22,882,209	10,946,104	10,946,104
Accrued expenses (Note 13)	710,015	710,015	412,675	412,675
Lease liabilities (Note 14)	3,244,874	3,244,874	896,503	896,503
	<u>133,188,579</u>	<u>133,188,579</u>	<u>118,481,383</u>	<u>118,481,383</u>

**20. FINANCIAL RISK MANAGEMENT**

The activities of the Company expose it to routine financial risks, including the effects of defaults by customers, movement in interest rates and liquidity. The Company's management seeks to minimize potential adverse effects on the financial performance of the Company by taking appropriate steps to address specific risk management areas, such as credit risk, interest rate risk, foreign currency and liquidity risk management.

*Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at March 31, 2023, the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

**20. FINANCIAL RISK MANAGEMENT (CONTINUED)***Credit risk (continued)*

In order to minimise credit risk, the Company has tasked its management to develop and maintain the Company's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	When there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	When there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that there is a severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Company's financial assets, contract assets and financial guarantee contracts, as well as the Company's maximum exposure to credit risk by credit risk rating grades:

March 31, 2023	Note	12-month or lifetime ECL	Gross carrying QR.	Loss allowance QR.	Net carrying amount QR.
Bank balances	10	12-month ECL	6,402,837	-	6,402,837
Margin deposits		12-month ECL	5,393,617	-	5,393,617
Trade receivables	9	Lifetime ECL	1,060,737	(223,854)	836,883
Deposits	9	Lifetime ECL	225,580	-	225,580
March 31, 2022	Note	12-month or lifetime ECL	Gross carrying QR.	Loss allowance QR.	Net carrying amount QR.
Bank balances	10	12-month ECL	9,406,816	-	9,406,816
Margin deposits		12-month ECL	5,271,364	-	5,271,364
Trade receivables	9	Lifetime ECL	575,367	(10,255)	565,112
Deposits	9	Lifetime ECL	219,580	-	219,580
Due from a related party	8 (a)	Lifetime ECL	68,702,088	(213,599)	68,488,489

**20. FINANCIAL RISK MANAGEMENT (CONTINUED)*****Credit risk (continued)***

For trade receivables, deposits and due from a related party, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The Company always measures the loss allowance for trade receivables and due from a related party at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables and due from a related party are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The loss allowance as at March 31, 2023 was determined as follows for trade receivables and due from related a party:

March 31, 2023	Days past due						Total
	Up to 30	31 – 60	61-90	91-180	181-365	Over 365	
	days	days	days	days	days	days	
	QR	QR	QR	QR	QR	QR	QR
<b>Gross carrying amount</b>							
- Trade receivables	1,060,737	-	-	-	-	-	1,060,737
<b>Loss allowance</b>	(223,854)	-	-	-	-	-	(223,854)
							<b>836,883</b>

March 31, 2022	Days past due						Total
	Up to 30	31 – 60	61-90	91-180	181-365	Over 365	
	days	days	days	days	days	days	
	QR	QR	QR	QR	QR	QR	QR
<b>Gross carrying amount</b>							
- Trade receivables	575,367	-	-	-	-	-	575,367
- Due from a related party (Note 8(a))	-	-	-	-	-	68,702,088	68,702,088
<b>Loss allowance</b>	(10,255)	-	-	-	-	(213,599)	(223,854)
							<b>69,053,601</b>

***Interest rate risk***

Interest rate risk is the risk of changes in market interest rates affecting the overall return of the Company. The Company is exposed to interest rate risk as they have exposure in loans.

**20. FINANCIAL RISK MANAGEMENT (CONTINUED)*****Interest rate risk (continued)******Interest rate sensitivity analysis***

For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

At March 31, 2023, the impact of changing the interest rates on borrowings by 50 basis point higher/lower with all other variables held constant on the profit for the year would have been QR. 8,333 (2022: Nil) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

***Foreign currency risk***

The Company undertakes certain transactions denominated in foreign currencies. There are no significant exchange rate risks as most of these transactions are in Arab Emirates Dirham (AED) and United States Dollar (USD) which is pegged to the Qatar Riyal (QR).

***Liquidity risk***

Liquidity risk represents the risk that the Company will not be able to settle its financial obligations due to cash and liquidity problems. Liquidity risk arises from the inability to collect payments from customers as and when they become due. The financial statements are prepared going concern basis which is dependent upon the continuous financial support by the Emirati partner to meet financial obligations of the Company when they fall due.

***Maturity profiles***

The table below summarizes the maturity profile of the financial assets and financial liabilities of the Company with agreed repayment periods. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**March 31, 2023**

	<b>Up to a year</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>
<i>Non – derivative financial assets</i>				
Trade receivables	<b>1,060,737</b>	-	-	<b>1,060,737</b>
Deposits	<b>225,580</b>	-	-	<b>225,580</b>
Cash and bank balances	<b>12,518,726</b>	-	-	<b>12,518,726</b>
	<b>13,805,043</b>	-	-	<b>13,805,043</b>



**20. FINANCIAL RISK MANAGEMENT (CONTINUED)***Maturity profiles (continued)***March 31, 2023**

	<u>Up to a year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	QR.	QR.	QR.	QR.
<i>Non – derivative financial liabilities</i>				
Due to a related party	7,524,894	-	-	7,524,894
Loan from a shareholder	97,772,514	-	-	97,772,514
Trade payables	22,882,209	-	-	22,882,209
Accrued expenses	710,015	-	-	710,015
Bank overdraft	1,054,073	-	-	1,054,073
Lease liabilities	1,299,658	1,945,216	-	3,244,874
	<u>131,243,363</u>	<u>1,945,216</u>	<u>-</u>	<u>133,188,579</u>

**March 31, 2022**

	<u>Up to a year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	QR.	QR.	QR.	QR.
<i>Non – derivative financial assets</i>				
Due from a related party	68,702,088	-	-	68,702,088
Trade receivables	575,367	-	-	575,367
Deposits	219,580	-	-	219,580
Cash and bank balances	15,324,738	-	-	15,324,738
	<u>84,821,773</u>	<u>-</u>	<u>-</u>	<u>84,821,773</u>

	<u>Up to a year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	QR.	QR.	QR.	QR.
<i>Non – derivative financial liabilities</i>				
Due to a related party	6,131,116	-	-	6,131,116
Loan from a shareholder	98,094,047	-	-	98,094,047
Trade payables	10,946,104	-	-	10,946,104
Accrued expenses	412,675	-	-	412,675
Bank overdraft	2,000,938	-	-	2,000,938
Lease liabilities	896,503	-	-	896,503
	<u>118,481,383</u>	<u>-</u>	<u>-</u>	<u>118,481,383</u>

**21. CAPITAL MANAGEMENT**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of shareholders' funds. The Company's overall strategy remains unchanged from the previous year.

The Company receive/provides funds from/(to) related parties for working capital requirement whenever required.

The capital structure of the Company consists of net debt and equity of the Company, comprising the borrowings, share capital, partner's current account net of accumulated loss.

**22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The below table details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes.

	<u>At April 1, 2022</u> QR.	<u>Financing cash flows</u> QR.	<u>Other changes</u> QR.	<u>At March 31, 2023</u> QR.
Bank borrowings	<u>2,000,938</u>	<u>(946,865)</u>	<u>-</u>	<u>1,054,073</u>
Lease liabilities	<u>896,503</u>	<u>(4,435,246)</u>	<u>6,783,617</u>	<u>3,244,874</u>

	<u>At April 1, 2021</u> QR.	<u>Financing cash flows</u> QR.	<u>Other changes</u> QR.	<u>At March 31, 2022</u> QR.
Bank borrowings	<u>-</u>	<u>2,000,938</u>	<u>-</u>	<u>2,000,938</u>
Lease liabilities	<u>3,007,228</u>	<u>(4,881,198)</u>	<u>2,770,473</u>	<u>896,503</u>

**23. NON-CASH TRANSACTIONS**

	<u>March 31, 2023</u> QR.	<u>March 31, 2022</u> QR.
Settlement of loan against the partner's current account (Note 8)	59,459,998	-
Write-off of right-of-use assets against terminated contracts (Note 6)	-	197,135
Write-off of lease liability against terminated contracts (Note 14)	-	199,999
	<u>                    </u>	<u>                    </u>

**24. ANTI-MONEY LAUNDRY COMPLIANCE**

The Company has appointed an independent external auditor to perform an independent assessment of the company's compliance with the "Law No. (20) of 2019 on Anti-Money Laundering and Terrorist Financing" as required by the Ministry of Commerce and Industry "MOCI" for the period from July 1, 2019 till July 31, 2021. The report of the independent external auditor has identified certain areas of non-compliance with the "Law No. (20) of 2019 on Anti-Money Laundering and Terrorist Financing". Management is in the process of remediation of these non-compliances.

**25. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved and authorized by the partners for issue on June 6, 2023.